Financial report

Half year 2019

CONTENTS

HALF-YEAR REPORT AS AT JUNE 30, 2019 2

Press release extract

- First half income statement 4
- Balance sheet and cash flow statement 12
- Outlook for 2019 13

Recent events 14
Risk factors 14
Appendices 15
Income statement broken down by business segment 16

CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2019 17

Consolidated statement of financial position 18
Consolidated income statement 19
Consolidated statement of comprehensive income 20
Consolidated statement of cash flows 21
Statement of changes in consolidated shareholders' equity 22
Notes to the consolidated financial statements as at June 30, 2019 23

STATUTORY AUDITORS' REVIEW REPORT ON THE 2019 HALF-YEAR FINANCIAL INFORMATION 67

DECLARATION BY THE PERSONS RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT 69

On the cover, Juscelino Kubitschek bridge at Brasília (Brasil)

HALF-YEAR REPORT AS AT JUNE 30, 2019

Press release extract

- **First half income statement** 4
- **Balance sheet and cash flow statement** 12
- **Outlook for 2019** 13

Recent events 14
Risk factors 14
Appendices 15
Income statement broken down by business segment 16

First half 2019 results

- **Sales of €1.3 billion, stable at constant scope and exchange rates**
- **EBITDA up 3.1% at constant scope and exchange rates and excluding a non-recurring settlement payment booked in the United States in the first half of 2018**
- **Stable cash flow of €173 million**
- **Net debt of €1,465 million versus €1 112 million at 30 June 2018**

Audited condensed consolidated income statement: information from the first half 2018 financial statements is presented on a proforma basis after taking into account IFRS 16.

(€ million)	**First half 2019**	**First half 2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**1,340**	1,281	+4.6%	**-0.6%**
EBITDA*	**228**	224	+1.7%	**-1.8%**
EBITDA margin (%)	***17.0***	*17.5*		
EBIT**	**97**	107	-9.4%	**-8.0%**
EBIT margin (%)	***7.2***	*8.4*		
Consolidated net income	**48**	61	-21.5%	**-17.4%**
Net margin (%)	***3.6***	*4.8*		
Net income, Group share	**46**	58	-20.7%	**-19.0%**
Cash flow	**173**	171	+0.9%	**-1.3%**

* EBITDA: sum of gross operating income and other income and expenses on ongoing business
** EBIT: EBITDA less net depreciation, amortisation and provisions on ongoing business.

Commenting on these figures, Guy Sidos, the Group's Chairman and CEO, said :

« *In the first half of 2019, solid performances in France, Asia and the United States (excluding the non-recurrence of the settlement payment booked in the first half of 2018) drove an increase in our sales and EBITDA. These results reflect a marked improvement in the operational profitability given the ongoing increase in consumed energy costs, the deteriorating macroeconomic situation in Turkey and the exceptional rainfalls in California that we experienced in the first half.*
On this basis, given the expected decline in energy costs in the second half, Vicat Group expects a marked improvement in its EBITDA and an increase in net income over the full year».

Important information:

- *In this press release, and unless indicated otherwise, all changes are stated on a year-on-year basis (2019/2018), and at constant scope and exchange rates.*
- *Figures for the first half of 2018 are presented on a proforma basis after taking account the effects relating to the application of IFRS 16, as disclosed on 29 April 2019 in the press release entitled "New Geographical Information and Impacts of IFRS 16", available on the company's website at www.vicat.fr.*
- *This press release may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets. These statements are by their nature subject to risks and uncertainties as described in the Company's annual report available on its website (www.vicat.fr). These statements do not reflect the future performance of the Company, which may differ significantly. The Company does not undertake to provide updates of these statements.*

Further information about Vicat is available from its website (www.vicat.fr).

1. First half income statement

1.1. Consolidated income statement

The Vicat Group's consolidated sales in the first half of 2019 came to €1,340 million, up +4.6% on a reported basis and stable (-0.6%) at constant scope and exchange rates compared with the first half of 2018.

Movements in consolidated sales resulted from:

- a positive scope effect of +4.9% that pushed sales €62 million higher, mainly related to the acquisition of Ciplan in Brazil. There was also a slightly positive scope effect in France following an acquisition in the Concrete & Aggregates business;
- a positive currency effect of +0.3%, which boosted sales by €4 million in the first half of 2019. The US dollar, Swiss franc and, to a lesser extent, the Egyptian pound all rose against the euro, offsetting the sharp decline in the Turkish lira and the fall in the Kazakhstani tenge;
- business levels fell -0.6% in organic terms. Growth in France, the United States, Kazakhstan, Italy and Egypt almost fully offset the contraction seen in Turkey, Switzerland, India and West Africa.

In the first-half of 2019, in Cement, operational sales rose +3.6% on a reported basis but fell -2.3% at constant scope and exchange rates. In the Concrete & Aggregates business, operational sales advanced +7.9% on a reported basis and +2.9% at constant scope and exchange rates.
In Other Products and Services, operational sales moved -3.6% lower on a reported basis and -3.8% lower at constant scope and exchange rates.

The Group's **consolidated EBITDA** totalled €228 million. At **constant scope and exchange rates and excluding the impact of the settlement payment in the Cement activity in the United States for an amount of €10.6 million**, EBITDA rose +3.1% (+6.7% on a reported basis), and so EBITDA margin increased by 30 basis points to +17.0% as opposed to +16.7% in 2018. This performance was recorded in a context of pursued increases in the costs of consumed energy of +8%. This inflation takes into account a strong impact of the devaluation of the Turkish lira on costs in Turkey.

Taking into account these factors, the improvement in EBITDA resulted mainly from:

- a substantial increase in EBITDA in India (+53.2%) supported by a solid rise in average selling prices, which comfortably offset the impact of lower volumes;
- significant EBITDA growth in France (+12.4%) resulting from a sharp improvement in EBITDA the Concrete & Aggregates business, supported by the continued upturn in Concrete prices;
- strong EBITDA growth in Kazakhstan (+50.4%), with the rise in selling prices easily offsetting the decline in sales volumes;
- a +3.4% increase (excluding the settlement payment) in the United States with higher prices making up for lower volumes in the Cement business, which was affected by very poor weather conditions in the first half of 2019.

Those positive developments compensated for:

- the very sharp decrease in EBITDA in Turkey (-86.9%), which was affected by a large fall in volumes, partly offset by a significant increase in average selling prices against the background of higher energy costs;
- a -6.5% fall in Switzerland, which was mainly affected by lower business levels in Other Products & Services and to a lesser extent in Concrete & Aggregates;
- a -45.8% decline in Egypt, where selling prices fell slightly while production and logistics costs rose sharply in a security and market context that remains deteriorated.

Including the settlement payment booked in the United States in 2018, EBITDA fell -1.8% at constant scope and exchange rates and rose +1.7% on a reported basis. The EBITDA margin on operational sales fell to 17.0% in the first half of 2019, down from 17.5% in the year-earlier period. The change in reported EBITDA reflects:

- a positive scope effect of +2.8% resulting in a €6 million positive impact, mainly related to the acquisition of Ciplan in Brazil;
- a positive currency effect of +0.7%, which had a positive impact of around €2 million in the first half of 2019;
- a -1.8% decline in business levels in organic terms, with a negative impact of around €4 million.

EBIT came to €97 million, down -9.4% on a reported basis and down -8.0% at constant scope and exchange rates relative to the first-half 2018 figure of €107 million. The EBIT margin on consolidated sales came to 7.2% compared with 8.4% during the first half of 2018. This decline was mainly the result of:

- an increase in depreciation, amortisation and provisions following the acquisition of Ciplan in Brazil and the start of operations at the Vernon plant in California and the Mumbai terminal in India;
- the non-recurrence of the settlement payment booked in the United States.

Excluding the settlement payment booked in the United States in 2018, EBIT was stable (+0.5%) on a reported basis and up +2.1% at constant scope and exchange rates in the first half of 2019.

Net interest expense rose by €6 million to €22 million, as opposed to €16 million in the first half of 2018, mainly because of:

- a €2 million increase in the cost of net debt, mainly as a result of assuming Ciplan's remaining debts. Excluding this element, the financial cost of the Group's debt was stable despite the higher level of outstanding debt, due to the lower interest rates;
- a €4 million deterioration in financial income and expense.

Tax expense was stable in the first half of 2019 because of lower pre-tax income. The increase in the apparent tax rate from 31% to 37% was mainly because of the tax rate being adjusted downward for loss-making subsidiaries in 2018.

Taking into account all these factors, consolidated **net income** totalled €48 million, down -17.4% at constant scope and exchange rates and down -21.5% on a reported basis. **Net income, Group share** was

down -19.0% at constant scope and exchange rates and down -20.7% on a reported basis to €46 million. **Excluding the impact of the settlement payment booked in the United States** in 2018, net income and net income, Group share were down -5.6% and -6.7% respectively at constant scope and exchange rates in the first half.

Cash flow came to €173 million, up +0.9% on a reported basis and down -1.3% at constant scope and exchange rates.

1.2. Income statement analysed by geographical region

1.2.1. Income statement, France

(€ million)	**First half 2019**	**First half 2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**500**	473	+5.8%	+5.1%
EBITDA	**84**	75	+12.8%	+12.4%
EBIT	**44**	34	+28.7%	+28.6%

Business levels in France remained buoyant in the first half of 2019 against a positive macroeconomic and sector backdrop. They were supported by strong activity in the infrastructure, industrial and commercial markets, which offset a decline in the residential market. The positive context allowed the Group to raise prices in all its main businesses.

The Group's sales rose +4.0% in France in the second quarter of 2019 on a reported basis and +2.6% at constant scope. The positive scope effect arose from a non-material acquisition in the Concrete & Aggregates business to strengthen the Group's local operations.

EBITDA margin on operational sales improved, despite higher energy costs, to 16.8% as opposed to 15.8% in the first half of 2018.

- *In the Cement business*, operational sales rose +4.0% in the first half. The improvement in sales was driven by a solid increase in average selling prices. Volumes were stable year-on-year. In the second quarter, operational sales were up +3.0%.

  With energy prices continuing to rise during the first-half period, the Group's EBITDA fell -1.1%.

- *The Concrete & Aggregates business* increased its operational sales by +8.1% at constant scope (+9.5% on a reported basis). That growth was the result of a sharp increase in prices in Concrete and, to a lesser extent, in Aggregates. Volumes were stable in Concrete but rose in Aggregates. In the second quarter, operational sales grew +5.9% at constant scope (+8.4% on a reported basis).

  As a result of these factors, EBITDA generated by this business in France rose +54.1% at constant scope (+56.5% on a reported basis) compared with the first half of 2018, and EBITDA margin on operational sales was up 350 basis points.

- *In the Other Products & Services business*, operational sales rose +2.5%. In the second quarter, operational sales were stable (-0.4%). EBITDA in this business fell -4.1%, with progress in the transport and construction chemicals markets partly offsetting sharply lower profitability in the paper market. EBITDA margin on consolidated sales fell 40 basis points.

1.2.2 Income statement for Europe excluding France

(€ million)	**First half 2019**	**First half 2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**182**	184	-1.2%	-4.4%
EBITDA	**38**	39	-3.1%	-6.3%
EBIT	**19**	22	-11.7%	-14.7%

First-half 2019 business levels in Europe excluding France continued the trend seen in late 2018. Consolidated sales in Switzerland fell because of a decline in the Precast business and to a lesser extent the Concrete business, partly offset by an upturn in Cement. In Italy, the Group's performance continued to improve.

In the second quarter, consolidated sales in the region as a whole fell -3.4% on a reported basis and -7.0% at constant scope and exchange rates.

Overall, the EBITDA margin on consolidated sales fell very slightly to 20.9% in the first half of the year from 21.2% in the first half of 2018.

In **Switzerland**, consolidated sales fell -3.3% on a reported basis and -6.7% at constant scope and exchange rates in the first half of 2019. In the second quarter, the Group's Swiss sales fell -4.8% on a reported basis and -8.5% at constant scope and exchange rates. EBITDA was down -6.5% at constant scope and exchange rates and -3.2% on a reported basis. The EBITDA margin on consolidated sales was stable.

- *In the Cement business*, operational sales moved up +3.9% on a reported basis and were stable (+0.3%) at constant scope and exchange rates. In the second quarter, sales rose +3.8% on a reported basis and were stable (-0.3%) at constant scope and exchange rates. Despite there being fewer business days than in the year-earlier period and despite the completion of some major projects, sales volumes were stable in the first half of 2019. Average selling prices fell slightly in the first-half period due to adverse movements in the product and client mix.

  In the circumstances, and given higher production costs, EBITDA in the Cement business fell -0.5% at constant scope and exchange rates but was up +3.0% on a reported basis. The EBITDA margin on consolidated sales was down 30 basis points.

- *In the Concrete & Aggregates business*, operational sales moved -5.8% lower at constant scope and exchange rates and fell -2.5% on a reported basis over the first half as a whole. In the second quarter, sales fell -9.3% at constant scope and exchange rates (-5.6% on a reported basis). Again, fewer business days and the absence of major projects in the first-half period as a whole led to a -10% fall in Concrete volumes sold. However, volumes were stable in Aggregates. Average selling prices rose substantially in Concrete but fell in Aggregates in the first half of 2019.

  EBITDA fell -4.3% at constant scope and exchange rates and -0.8% on a reported basis. This meant that the EBITDA margin on operational sales improved by around 30 basis points, thanks to cost-cutting efforts in place since 2018 in this business.

- *The Precast business* operational sales fell -15.0% at constant scope and exchange rates (-12.0% on a reported basis) due to tough competition in consumer products and weaker business levels in the rail

segment due to delays in the start of construction projects in the first half of 2019. In the second quarter, operational sales were down -15.5% at constant scope and exchange rates.

EBITDA in the Precast business was down -41.7% at constant scope and exchange rates and -39.6% on a reported basis in the first half of 2019. As a result, the EBITDA margin on consolidated sales fell by 220 basis points.

In **Italy,** consolidated sales rose +51.9%. The improvement resulted mainly from the inclusion of quick-setting cement sales in Italy. Nevertheless, the sector operating environment also improved slightly. Selling prices posted a solid increase over the first half as a whole. EBITDA was stable (-0.6%) year-on-year.

1.2.3 Income statement for the Americas region

(€ million)	**First half 2019**	**First half 2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**275**	194	+42.0%	+4.2%
EBITDA	**39**	40	-3.9%	-23.8%
EBIT	**8**	21	-63.0%	-55.3%

The Americas region was created after the acquisition of Ciplan in Brazil. Sales growth on a reported basis mainly reflects a positive scope effect, but also solid growth in the US business in the first half of 2019 despite particularly poor meteorological conditions in California. The change in EBITDA takes into account the €10.6 million settlement payment booked in the United States in the first half of 2018. Adjusted for that non-recurring item, EBITDA rose +30.4% on a reported basis in the Americas region, and +3.4% at constant scope and exchange rates.

In the **United States**, the macroeconomic and sector environment remained favourable. However, weather conditions were very challenging at the start of the year in California, causing Cement volumes across the region as a whole to fall. However, Concrete volumes rose slightly. With the market situation remaining conducive to price rises, the Group achieved a +11.7% increase in consolidated sales on a reported basis and a +4.2% rise at constant scope and exchange rates in the first-half period. After falling in the first quarter because of adverse weather conditions (down -3.7% at constant scope and exchange rates), consolidated sales resumed solid growth in the second (up +10.7% at constant scope and exchange rates). EBITDA totalled €33 million in the first half, down -23.8% compared with the first half of 2018 at constant scope and exchange rates. Adjusted for the settlement payment booked in the first half of 2018, EBITDA was up +3.4% at constant scope and exchange rates and the EBITDA margin was 15.2% versus 15.3% in the first half of 2018, despite higher energy costs.

- *In the Cement business*, operational sales grew by +0.3% at constant scope and exchange rates and were up +7.5% on a reported basis. After falling -6.2% at constant scope and exchange rates in the first quarter because of very challenging weather conditions, operational sales rebounded in the second quarter, rising +5.5% at constant scope and exchange rates. Because of exceptionally heavy rainfall in California between January and May, volumes were down almost -5% in the first half as a

whole. Average selling prices rose significantly across both US regions as price hikes introduced in 2018 and those announced during the first half of 2019 had their full impact.
However, because of the substantial increase in energy costs and the non-recurrence of the 2018 settlement payment, EBITDA in this business fell -35.6% at constant scope and exchange rates. Excluding the settlement payment, EBITDA was stable on a reported basis (-0.6%) and down -7.3% at constant scope and exchange rates.

- *In the Concrete business*, operational sales advanced +6.4% at constant scope and exchange rates and +14.0% on a reported basis. After first-quarter performance was affected by weather conditions (sales down -4.6% at constant scope and exchange rates) – particularly in California – sales growth resumed in the second quarter (up +15.6% at constant scope and exchange rates). In the first half as a whole, volumes rose by just over +1%, with growth in the South-East region offsetting the contraction in California. Prices posted a solid increase and rose more in California than in the South-East.
EBITDA generated by the Concrete business rose very sharply, coming in up +49.3% at constant scope and exchange rates (up +60.0% on a reported basis) in the first half. As a result, the EBITDA margin on operational sales rose by 190 basis points.

In Brazil, the situation is improving gradually after several years in which the macroeconomic environment was subdued. Sales generated since the Ciplan acquisition was completed on 21 January 2019 amounted to €59 million.

- *In the Cement business*, almost 900,000 tonnes were delivered and operational sales totalled €45 million. Volumes and prices both rose relative to 2018. EBITDA amounted to €4 million in the first half of 2019.
- *In the Concrete & Aggregates business,* operational sales came to €17 million. Concrete deliveries totalled almost 210,000 cubic meters and Aggregates volumes almost 872,000 tonnes. Volumes also increased in this business. Selling prices rose in Aggregates but fell again in Concrete. EBITDA amounted to €2 million in the first half of 2019.

1.2.4 Income statement for the Asia region (India and Kazakhstan)

(€ million)	**First half 2019**	**First half 2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**193**	200	-3.2%	-2.3%
EBITDA	**48**	32	+49.6%	+52.4%
EBIT	**31**	16	+93.8%	+98.4%

The Asia region enjoyed a positive macroeconomic and sector environment in the first half of 2019, supported by buoyant local markets. The Group focused on raising selling prices in order to offset the sharp increase in energy costs seen in recent years, and on improving its EBITDA margin.

In **India**, the Group posted consolidated sales of €162 million in the first half of 2019, down -5.8% at constant scope and exchange rates and down -5.3% on a reported basis. Those declines reflect the Group's strategy of focusing on raising prices. Volumes sold fell by almost -16% during the first half to approximately 2.8 million tonnes. Selling prices, meanwhile, rose sharply over the period as a whole.

Given these movements, and despite the increase in production costs arising from energy cost inflation, first-half EBITDA amounted to €36 million, up +53.2% at constant scope and exchange rates. The EBITDA margin on consolidated sales therefore improved significantly to 22.0% compared with 13.5% during the first half of 2018.

In **Kazakhstan**, consolidated sales moved +18.4% higher at constant scope and exchange rates and +9.2% higher on a reported basis. After a sharp increase in the first quarter (up +49.8% at constant scope and exchange rates), consolidated sales posted growth of +9.4% at constant scope and exchange rates in the second. In the domestic market, slightly affected by elections taking place in the second quarter, the Group redirected some of its volumes to more favourable export markets. In the circumstances, volumes fell by almost -5% in the first half. However, average selling prices rose very sharply in both the domestic and export markets.

As a result, and despite a substantial increase in energy costs, EBITDA generated during the period posted very strong growth of +50.4% at constant scope and exchange rates, coming in at €13 million. The EBITDA margin improved significantly to 41.0% from 32.3% in the first half of 2018.

1.2.5 Income statement for the Mediterranean region (Egypt and Turkey)

(€ million)	**First half 2019**	**First half 2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**75**	109	-31.8%	-18.5%
EBITDA	**-4**	14	n.a	n.a
EBIT	**-14**	4	n.a	n.a

The Mediterranean region was affected by a significant deterioration in the macroeconomic and sector situation in Turkey, resulting from the devaluation of the Turkish lira in August 2018. As a result, the base for comparison in the first half of 2018, when the Group also performed very strongly, was extremely high. In Egypt, the security situation and the competitive environment remained difficult throughout the period. Against that background, the Group made a loss of -€4 million at the EBITDA in the first half of 2019.

In **Turkey**, sales came to €57 million, down -23.3% at constant scope and exchange rates and down -40.1% on a reported basis. Sales fell -27.3% at constant scope and exchange rates in the first quarter and again by -20.0% at constant scope and exchange rates in the second. This sharp contraction in business levels was due to the impact of the August 2018 devaluation on the macroeconomic and sector environment, along with the sharp slowdown in Turkish manufacturing output.

First-half EBITDA amounted to €2 million, down from €18 million in the first half of 2018, a decline of -86.9% at constant scope and exchange rates and -89.8% on a reported basis.

- *In the Cement business*, first-half operational sales moved -24.2% lower at constant scope and exchange rates and -40.9% lower on a reported basis. After a decline in operational sales in the first quarter (down -27.1% at constant scope and exchange rates), business levels continued to contract in

the second quarter (down -22.1% at constant scope and exchange rates). The sharp decline was caused by a fall in sales volumes of more than -39%, partly offset by a large increase in average selling prices.
As a result of these factors and a sharp increase in energy costs, EBITDA in this business fell -78.6% at constant scope and exchange rates (down -83.3% on a reported basis), with the EBITDA margin on operational sales coming in at 5.2% versus 18.4% in the first half of 2018.

- *Operational sales in the Concrete & Aggregates business* fell -18.2% at constant scope and exchange rates and -36.2% on a reported basis. After a decline in operational sales in the first quarter (down -24.2% at constant scope and exchange rates), business levels continued to fall in the second quarter (down -13.0% at constant scope and exchange rates). Over the first half as a whole, sales volumes were down -32.3% in Concrete and -34.3% in Aggregates. Selling prices rose substantially over the period as a whole, in both Concrete and Aggregates. Against this backdrop, EBITDA was break-even in the first half of 2019, after making a profit of €5 million in the first half of 2018.

In **Egypt**, consolidated sales came to €18 million, up +12.6% at constant scope and exchange rates and up +23.6% on a reported basis. In the second quarter, sales fell -8.4% at constant scope and rose +1.8% on a reported basis. That increase over the first half as a whole reflects the low base for comparison in the first quarter, since sales in the first quarter of 2018 were affected by military operations that started in North Sinai in February 2018, causing the plant to stop production for two months. Sales therefore remained weak, against the background of a tough macroeconomic environment and major logistical challenges. Taking these factors into account, volumes rose +18.6% in the first half of 2019. Selling prices fell, with the competitive environment remaining under pressure by production of the Egyptian's army new plant.

The Group recorded a loss at the EBITDA level of -€6 million in the first half of 2019, compared with a loss of -€4 million in the first half of 2018.

1.2.6 Income statement for Africa

(€ million)	**First half 2019**	**First half 2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**115**	122	-5.7%	-5.9%
EBITDA	**23**	24	-3.7%	-3.8%
EBIT	**8**	9	-11.6%	-11.6%

In the **Africa** region, the macroeconomic and sector environment was positive. Housebuilding and ongoing public-sector major works projects helped to boost growth in the sector. However, first-half performance was affected by presidential and parliamentary elections in Senegal and the political decision to block price increases during the election period.

In the Cement business, sales fell -7.4% at constant scope and exchange rates. The decline was caused by a fall of nearly -7% in Cement volumes over the period as a whole as a result of production constraints, while selling prices were almost unchanged. Given these factors and the increase in production costs, EBITDA generated by this business fell -18.2% at constant scope and exchange rates.

In Senegal, consolidated sales in *the Aggregates business* were stable during the period. Price rises meant that EBITDA in this business rose by +21.0%.

2. Balance sheet and cash flow statement

At 30 June 2019, the Group had a solid financial position, with equity of €2,461 million compared to €2,329 million at 30 June 2018. Net debt totalled €1,465 million, compared to €1,112 million at 30 June 2018 under IFRS 16.

The Group's gearing was 59.5% at 30 June 2019 compared to 47.8% at 30 June 2018, while its leverage ratio rose to 2.95x from 2.32x at 30 June 2018. Excluding IFRS 16, the reference still used for the calculation of covenants, gearing at 30 June 2019 is 49.9% compared to 38.3% at 30 June 2018, and leverage is 2.8x compared to 2.0x at 30 June 2018.

Bank covenants do not pose a threat to either the Group's financial position or its balance sheet liquidity. At 30 June 2019, Vicat complied with all financial ratios required by covenants in its borrowing agreements.

Cash flow in the period came to €173 million, up +0.9% on a reported basis and down -1.3% at constant scope and exchange rates.

The Group's capital expenditure came to €108 million in the first half, up from €94 million in the first half of 2018. It is expected to total around €200 million in 2019 as a whole.

3. Outlook for 2019

In 2019, the macroeconomic context is likely to include broadly firm economic growth, although certain emerging-market regions will continue to face an uncertain political and sector environment.

Finally, consumed energy prices are likely to become much more favourable in the second half given the recent decline in energy prices, the Group's policy of hedging its energy requirements and its industrial strategy of replacing fossil fuels.

Against this background, the Group expects a marked improvement in its EBITDA and an increase in net income over the full year.

For 2019, the Group provides the following guidance concerning its markets:

*In **France***, the decrease in the level of activity in the residential market may be offset by good momentum in the public works, commercial and industrial markets in a context of rising prices.

Europe (excluding France)

- *In Switzerland*, the macroeconomic environment is likely to improve very slightly, and the Group anticipates a gradual improvement in volumes and selling prices in Cement, Concrete and Aggregates. Competition in the Precast business is likely to remain tough.
- *In Italy*, the Group's performance should benefit from a further improvement in the macroeconomic and sector background.

Americas region

- *In the United States*, the macroeconomic and sector context should remain favourable. The Group expects an improvement in volumes and a further rise in prices.
- *In Brazil*, after several years characterised by a very sharp drop in cement consumption, the latter has stabilised gradually in the last 24 months and totalled 54 million tonnes in 2018. Given recent political

developments and planned reforms, 2019 should show the first signs of a gradual upturn in both volumes and prices.

Asia region

- *In India*, the impact of government reforms should continue, benefiting the entire economy and the construction sector in particular. Against that background, cement consumption should see further substantial growth in 2019 and the competitive context is likely to improve gradually as all market players see their utilisation rates rise. Although selling prices may remain highly volatile, they should increase substantially over the year as a whole.
- *In Kazakhstan*, the 2018 performance constitutes a high base for comparison, although the context should remain favourable.

Mediterranean region

- *In Turkey*, the deterioration in the macroeconomic and sector environment following the devaluation of the Turkish lira in August 2018 is likely to have an impact throughout 2019. The expected increase in selling prices is likely to offset the combined impact caused by lower volumes and higher production costs. In this context, the Group nevertheless expects its performance in Turkey to deteriorate sharply in 2019 as a whole, with a less pronounced unfavourable base effect in the second semester.
- *In Egypt*, the security situation is likely to remain highly volatile and operating costs are expected to remain high. The steady improvement in market conditions and the investments that the Group is planning in order to improve its performance should not have any effect in the second half of the year.

In ***West Africa***, the construction market is expected to grow, while the operating environment is likely to remain competitive. The Group anticipates a positive trend in Cement volumes across the region as a whole, and expects selling prices to increase in Senegal.

4. Recent events

No significant recent events.

5. Risk factors

The main risks and uncertainties that the Group could face in the second semester of 2019 are those described in Section 5.1 “Risk factors” of the 2018 Registration Document of february 28, 2019, filed with the French financial markets authority (Autorité des Marchés Financiers) under number D.19-0083. For the specific point of financial instruments, see Note 12 to the consolidated financial statements at June 30, 2019 page 52 of this document.

6. Vicat group - Financial data - Appendices

Definition of alternative performance measures (APMs):

- Performance **at constant scope and exchange rates** is used to determine the organic growth trend in P&L items between two periods and to compare them by eliminating the impact of exchange rate fluctuations and changes in the scope of consolidation. It is calculated by applying exchange rates and the scope of consolidation from the prior period to figures for the current period.
- A geographical (or a business) segment's **operational sales** are the sales posted by the geographical (or business) segment in question less intra-region (or intra-segment) sales.
- **Value-added**: value of production less consumption of materials used in the production process.
- **Gross operating income**: value-added, less staff costs, taxes and duties (other than on income and deferred taxes) plus operating subsidies.
- **EBITDA** (earnings before interest, tax, depreciation and amortisation): sum of gross operating income and other income and expenses on ongoing business.
- **EBIT** (earnings before interest and tax): EBITDA less net depreciation, amortisation, additions to provisions and impairment losses on ongoing business.
- **Cash flow**: net income before net non-cash expenses (i.e. predominantly depreciation, amortisation, additions to provisions and impairment losses, deferred taxes, gains and losses on disposals and fair value adjustments).
- **Free cash flow**: net operating cash flow after deducting capital expenditure net of disposals.
- **Net debt** represents gross debt (consisting of the outstanding amount of borrowings from investors and credit institutions, residual financial liabilities under finance leases, any other borrowings and financial liabilities excluding options to sell and bank overdrafts), net of cash and cash equivalents, including remeasured hedging derivatives and debt.
- **Gearing** is a ratio reflecting a company's financial structure calculated as net debt/consolidated equity.
- **Leverage** is a ratio based on a company's profitability, calculated as net debt/consolidated EBITDA.

Income statement broken down by business segment

Cement

(€ million)	First half 2019	First half 2018 restated	Change (reported)	Change (at constant scope and exchange rates)
Volume (thousands of tonnes)	***10,811***	*11,364*	*-4.9%*	*-12.6%*
Operational sales	***770***	*743*	*+3.6%*	*-2.3%*
Consolidated sales	***653***	*628*	*+4.0%*	*-2.4%*
EBITDA	***155***	*161*	*-3.8%*	*-6.3%*
EBIT	***76***	*89*	*-14.9%*	*-12.6%*

Concrete & Aggregates

(€ million)	First half 2019	First half 2018 restated	Change (reported)	Change (at constant scope and exchange rates)
Concrete volumes (thousands of m3)	***4,265***	*4,572*	*-6.7%*	*-11.3%*
Aggregates volumes (thousands of tonnes)	***11,308***	*11,468*	*-1.4%*	*-9.0%*
Operational sales	***528***	*490*	*+7.9%*	*+2.9%*
Consolidated sales	***518***	*480*	*+7.9%*	*+2.8%*
EBITDA	***64***	*52*	*+23.5%*	*+16.7%*
EBIT	***21***	*14*	*+46.9%*	*+42.8%*

Other Products & Services

(€ million)	First half 2019	First half 2018 restated	Change (reported)	Change (at constant scope and exchange rates)
Operational sales	***211***	*218*	*-3.6%*	*-3.8%*
Consolidated sales	***168***	*172*	*-2.6%*	*-3.7%*
EBITDA	***10***	*12*	*-19.2%*	*-20.2%*
EBIT	***0***	*3*	*n.a*	*n.a*

2.

CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2019

Consolidated statement of financial position	**18**
Consolidated income statement	**19**
Consolidated statement of comprehensive income	**20**
Consolidated statement of cash flows	**21**
Statement of changes in consolidated shareholders' equity	**22**
Notes to the consolidated financial statements as at June 30, 2019	**23**

1. Consolidated statement of financial position

ASSETS *(in thousands of euros)*	Notes	June 30, 2019	December 31, 2018 Restated (a)
NON CURRENT ASSETS			
Goodwill	3	1,326,936	1,006,753
Other intangible assets	4	122,039	118,316
Property, plant and equipment	5	1,860,274	1,806,040
Right of use relating to leases	6	220,433	223,792
Investment properties		15,285	15,491
Investments in associated companies		63,078	53,044
Deferred tax assets		123,613	93,394
Receivables and other non current financial assets	7	281,543	152,831
Total non current assets		**4,013,201**	**3,469,661**
CURRENT ASSETS			
Inventories and work in progress		429,065	385,133
Trade and other accounts		526,919	407,085
Current tax assets		67,979	42,215
Other receivables		144,288	142,745
Cash and cash equivalents	8	325,696	314,633
Total current assets		**1,493,947**	**1,291,811**
TOTAL ASSETS		**5,507,148**	**4,761,472**

LIABILITIES *(in thousands of euros)*	Notes	June 30, 2019	December 31, 2018 Restated (a)
SHAREHOLDERS' EQUITY			
Share capital	9	179,600	179,600
Additional paid in capital		11,207	11,207
Consolidated reserves		2,055,517	2,068,460
Shareholders' equity		**2,246,324**	**2,259,267**
Minority interests		**214,678**	**221,474**
Shareholders' equity and minority interests		**2,461,002**	**2,480,741**
NON CURRENT LIABILITIES			
Provisions for pensions and other post employment benefits	10	132,637	118,344
Other provisions	10	140,270	70,757
Financial debts and put options	11	1,373,318	879,713
Lease liabilities	11	186,013	195,751
Deferred tax liabilities		223,259	181,392
Other non current liabilities		57,337	5,410
Total non current liabilities		**2,112,834**	**1,451,367**
CURRENT LIABILITIES			
Provisions	10	9,356	9,604
Financial debts and put options at less than one year	11	221,785	152,813
Lease liabilities at less than one year	11	49,952	47,797
Trade and other accounts payable		367,245	358,753
Current taxes payable		41,800	38,273
Other liabilities		243,174	222,124
Total current liabilities		**933,312**	**829,364**
Total liabilities		**3,046,146**	**2,280,731**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,507,148**	**4,761,472**

(a) : As IFRS 16 is mandatory for periods beginning on or after January 1, 2019 and has been applied in accordance with the full retrospective method by the Group, the 2018 financial statements have been restated in accordance with the new rules for comparison purposes.

2. Consolidated income statement

(in thousands of euros)	Notes	June 30, 2019	June 30, 2018 Restated (a)
Sales revenues	**13**	1,339,758	**1,281,261**
Goods and services purchased		(851,775)	(834,071)
Added value	**1.22**	**487,983**	**447,190**
Personnel costs		(234,553)	(213,458)
Taxes		(38,329)	(34,508)
Gross operating income	**1.22 & 16**	**215,101**	**199,224**
Depreciation, amortization and provisions	14	(146,362)	(117,220)
Other income and expenses	15	25,731	19,650
Operating income	**16**	**94,470**	**101,654**
Cost of net financial debt	17	(17,173)	(15,177)
Other financial income	17	7,028	7,091
Other financial expenses	17	(11,804)	(7,814)
Net financial income (expense)	**17**	**(21,949)**	**(15,900)**
Earnings from associated companies		2,601	2,069
Profit (loss) before tax		**75,122**	**87,824**
Income tax	18	(27,148)	(26,739)
Consolidated net income		**47,974**	**61,085**
Portion attributable to minority interests		1,854	2,949
Portion attributable to the Group		**46,120**	**58,136**

EBITDA	**1.22 & 16**	**228,147**	**224,343**
EBIT	**1.22 & 16**	**96,900**	**106,996**
Earnings per share (in euros)			
Basic and diluted Group share of net earnings per share	9	1.03	1.29

3. Consolidated statement of comprehensive income

(in thousands of euros)	June 30, 2019	June 30, 2018 Restated (a)
Consolidated net income	**47,974**	**61,085**
Other comprehensive income items		
Items not recycled to profit or loss :		
Remeasurement of the net defined benefit liability	(16,661)	4,536
Tax on non-recycled items	4,157	(1,165)
Items recycled to profit or loss :		
Translation differences	15,152	(46,158)
Cash flow hedge instruments	7,741	(3,594)
Tax on recycled items	(2,000)	928
Other comprehensive income (after tax)	**8,389**	**(45,453)**
Total comprehensive income	**56,363**	**15,632**
Portion attributable to minority interests	6,436	(7,003)
Portion attributable to the Group	**49,927**	**22,635**

(a): As IFRS 16 is mandatory for periods beginning on or after January 1, 2019 and has been applied in accordance with the full retrospective method by the Group, the 2018 financial statements have been restated in accordance with the new rules for comparison purposes.

4. Consolidated cash flows statement

(in thousands of euros)	Notes	June 30, 2019	June 30, 2018 restated (a)
Cash flows from operating activities			
Consolidated net income		**47,974**	**61,085**
Earnings from associated companies		(2,601)	(2,070)
Dividends received from associated companies		1,482	1,346
Elimination of non cash and non operating items :			
- depreciation, amortization and provisions		146,578	112,540
- deferred taxes		(3,875)	1,571
- net (gain) loss from disposal of assets		(1,790)	(3,454)
- unrealized fair value gains and losses		210	157
- other		(15,159)	114
Operating cash flow	**1.22**	**172,819**	**171,289**
Change in working capital requirement		(139,899)	(61,082)
Net cash flows from operating activities (1)	**20**	**32,920**	**110,207**
Cash flows from investing activities			
Outflows linked to acquisitions of non-current assets :			
- property, plant and equipment and intangible assets		(90,120)	(78,402)
- financial investments		(54,873)	(21,608)
Inflows linked to disposals of non-current assets :			
- property, plant and equipment and intangible assets		2,920	4,529
- financial investments		6,821	4,983
Impact of changes in consolidation scope		(291,774)	(12,984)
Net cash flows from investing activities	**21**	**(427,026)**	**(103,482)**
Cash flows from financing activities			
Dividends paids		(73,142)	(76,872)
Increases in capital		500	-
Proceeds from borrowings	11	1,018,155	126,976
Repayments of borrowings	11	(549,469)	(24,063)
Repayement of lease liabilities	11	(21,016)	(23,401)
Acquisitions of treasury shares		(2,368)	(16,153)
Disposals or allocations of treasury shares		4,807	17,658
Net cash flows from financing activities		**377,467**	**4,145**
Impact of changes in foreign exchange rates		3,921	(8,676)
Change in cah position		**(12,718)**	**2,194**
Net cash and cash equivalents - opening balance	22	261,969	220,058
Net cash and cash equivalents - closing balance	22	249,251	222,252

(1): Including cash flows from income taxes € (45.0) million in 2019 and € (29.3) million in 2018.

Including cash flows from interests paid and received € (16.4) million in 2019 and € (15.7) million in 2018.

(a) : As IFRS 16 is mandatory for periods beginning on or after January 1, 2019 and has been applied in accordance with the full retrospective method by the Group, the 2018 financial statements have been restated in accordance with the new rules for comparison purposes.

5. Statement of changes in consolidated shareholders'equity

(in thousands of euros)	Capital	Additional paid in capital	Treasury shares	Consolidated reserves	Translation reserves	Share-holders' equity	Minority interests	Total share-holders' equity and minority interests
At January 1, 2018 published	**179,600**	**11,207**	**(60,714)**	**2,406,371**	**(360,344)**	**2,176,120**	**233,442**	**2,409,562**
IFRS16 adjustments at january 1				*(9,028)*		***(9,028)***	*(72)*	***(9,100)***
At January 1, 2018 restated (a)	**179,600**	**11,207**	**(60,714)**	**2,397,343**	**(360,344)**	**2,167,092**	**233,370**	**2,400,462**
Net income				58,136		**58,136**	2,949	**61,085**
Other comprehensive income (1)				(75)	(35,426)	**(35,501)**	(9,952)	**(45,453)**
Total comprehensive income (a)				*58,061*	*(35,426)*	***22,635***	*(7,003)*	***15,632***
Dividends paids				(66,375)		**(66,375)**	(6,696)	**(73,071)**
Net change in treasury shares			1,979	(352)		**1,627**		**1,627**
Changes in consolidation scope and additional acquisitions				(10,884)		**(10,884)**	(4,806)	**(15,690)**
Other changes				(934)		**(934)**	563	**(371)**
At June 30, 2018 Restated (a)	**179,600**	**11,207**	**(58,735)**	**2,376,859**	**(395,770)**	**2,113,161**	**215,428**	**2,328,589**
At January 1, 2019	**179,600**	**11,207**	**(56,144)**	**2,524,952**	**(400,348)**	**2,259,267**	**221,474**	**2,480,741**
Net income				46,120		**46,120**	1,854	**47,974**
Other comprehensive income (1)				(6,435)	10,241	**3,806**	4,582	**8,388**
Total comprehensive income				*39,685*	*10,241*	***49,926***	*6,436*	***56,362***
Dividends paids				(66,435)		**(66,435)**	(7,030)	**(73,465)**
Net change in treasury shares			4,402	(1,456)		**2,946**		**2,946**
Changes in consolidation scope and additional acquisitions							(6,440)	**(6,440)**
Other changes				620		**620**	238	**858**
At June 30, 2019	**179,600**	**11,207**	**(51,742)**	**2,497,366**	**(390,107)**	**2,246,324**	**214,678**	**2,461,002**

(1) : Other comprehensive income includes mainly cumulative conversion differences from end 2003 as at end June 2019. To recap, applying the option offered by IFRS 1, the conversion differences accumulated before the transition date to IFRS were reclassified by allocating them to retained earnings as at that date.

(a) : As IFRS 16 is mandatory for periods beginning on or after January 1, 2019 and has been applied in accordance with the full retrospective method by the Group, the 2018 financial statements have been restated in accordance with the new rules for comparison purposes.

Group translation differences at June 30th, 2019 and 2018 are broken down by currency as follows (in thousands of euros) :

	June 30, 2019	June 30, 2018
US Dollar :	38,134	29,282
Swiss franc :	187,275	162,402
Turkish new lira :	(265,413)	(239,582)
Egyptian pound :	(124,896)	(125,533)
Kazakh tengue :	(85,699)	(75,149)
Mauritanian ouguiya:	(6,755)	(5,639)
Brazilian real	(1,915)	-
Indian rupee :	(130,838)	(141,551)
	(390,107)	**(395,770)**

6. Notes to the consolidated financial statements as at June 30, 2019

NOTE 1 ACCOUNTING POLICIES AND VALUATION METHODS

NOTE 2 CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

NOTE 3 GOODWILL

NOTE 4 OTHER INTANGIBLE ASSETS

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

NOTE 6 RIGHT OF USE RELATING TO LEASES

NOTE 7 RECEIVABLES AND OTHER NON CURRENT ASSETS

NOTE 8 CASH AND CASH EQUIVALENTS

NOTE 9 SHARE CAPITAL

NOTE 10 PROVISIONS

NOTE 11 NET FINANCIAL DEBTS AND PUT OPTIONS

NOTE 12 FINANCIAL INSTRUMENTS

NOTE 13 SALES REVENUES

NOTE 14 NET DEPRECIATION, AMORTIZATION AND PROVISIONS EXPENSES

NOTE 15 OTHER INCOME AND EXPENSE

NOTE 16 FINANCIAL PERFORMANCE INDICATORS

NOTE 17 FINANCIAL INCOME (EXPENSE)

NOTE 18 INCOME TAX

NOTE 19 SEGMENT INFORMATION

NOTE 20 NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

NOTE 21 NET CASH FLOWS FROM INVESTING ACTIVITIES

NOTE 22 ANALYSIS OF NET CASH BALANCES

NOTE 23 TRANSACTIONS WITH RELATED COMPANIES

NOTE 24 SUBSEQUENT EVENTS

NOTE 25 LIST OF MAIN CONSOLIDATED COMPANIES AS AT JUNE 30, 2019

NOTE 26 IFRS16 IMPACTS

NOTE 1 ACCOUNTING POLICIES AND VALUATION METHODS

1.1 Statement of compliance

In compliance with European Regulation (EC) 1606/2002 of the European Parliament on July 19, 2002 on the application of International Accounting Standards, Vicat's consolidated financial statements have been prepared, since January 1, 2005 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Vicat Group has adopted those standards applicable on June 30, 2019 for its accounting policies.

Standards and interpretations published by the IASB but not yet in effect as at June 30, 2019 were not applied in the Group's consolidated financial statements at the closing date.

The consolidated financial statements as at June 30 were prepared in accordance with IAS 34 "Interim Financial Reporting". As condensed financial statements, they have to be read in relation with those prepared for the year ended December 31, 2018 in accordance with International Financial Reporting Standards (IFRS).

Moreover they present comparative data for the previous year prepared under these same IFRS standards. The accounting policies and methods applied in the consolidated financial statements as at June 30, 2019 are consistent with those applied for the 2018 annual financial statements with the exception of standards that must be applied for periods beginning January 1, 2019 and that the Group did not early adopt.
The accounting policies and methods applied in the consolidated financial statements as at June 30, 2019 are consistent with those applied for the 2018 annual financial statements with the exception of IFRS 16 "Leases" applicable on a mandatory basis from January 1, 2019, which the Group elected to apply in accordance with the full retrospective method at the date of transition, and IFRIC 23 "Uncertainty over Income Tax Treatments" which does not have any material impact on the measurement of the Group's current and deferred taxes.

The main changes resulting from IFRS 16 are as follows:

- IFRS 16 replaces IAS 17 and the associated IFRIC and SIC interpretations, and eliminates the previous distinction between "operating leases" and "finance leases". The Group has adopted the simplification measure allowing it to continue to use the IAS 17 and IFRIC 4 analyses for the definition of a lease;
- A right to use the leased asset over the lease term is recognized as an asset from the inception of the lease, with a lease liability corresponding to the present value of future payments in respect of the relevant contracts. The service component of the lease, and in particular that relative to transportation, was identified during the analysis and has been treated separately from the lease component;
- The lease term is the non-cancellable contractual period plus, where applicable, extension options considered reasonably certain to be exercised (extension options being exercised during the period or those for which the Group has a statistical track record of exercising). The discount rate used to calculate the value of the right-of-use asset and the lease liability is based on the interest rate implicit in the lease or, failing that, the lessee's incremental borrowing rate at the date of signature of the lease. The Group applied interest rates corresponding to the average repayment term of the lease liability, by defining and using yield curves by maturity, taking into account the structure of lease payments and the typology of the available interest rates;
- Right-of-use assets are amortized over the shorter of the lease term and the useful life of the underlying asset. Regarding 3/6/9 commercial leases in France, the Group applied the ANC's indicative position published on February 16, 2018;

- Lease payments are analyzed and recognized as a repayment of the lease liability and an interest expense based on this liability;
- The tax impact of the application of the new standard resulted in the recognition of deferred taxes;
- The Group used the exemptions provided for in the standard allowing it not to recognize leases with a term of 12 months or less, or those relating to low-value assets (unit value lower or equal to $5 thousand or equivalent). Similarly, the Group did not adopt the option offered by the standard of restating leases on intangible assets given the very limited number of contracts affected.

The new IFRS 16 accounting principles applicable to leases are described in Note 1.9.
Due to the Group's decision to apply IFRS 16 on a full retrospective basis at the date of transition, the financial statements for the 2018 financial year provided for comparison purposes have been restated in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", in application of the new standard. Detailed impacts of the first application of IFRS 16 are provided in note 26.

The Group has also applied IFRIC 23 "Uncertainty over Income Tax Treatments" from January 1, 2019, without restating comparative financial years. The implementation of this standard had no significant impact for the Group's financial statements on January 1, 2019. This interpretation clarifies the application of IAS 12 "Income Tax" regarding the measurement and recognition of income tax risks, which inherently result from the uncertainty of a tax position that could be challenged by the tax authorities.

Following the acquisition of Ciplan in Brazil, the organization of operational management has changed; consequently, the Group has reviewed and adapted accordingly the geographical structure of the internal reporting used by the General Management to monitor and measure the economic performance, and to allocate investments and resources, with the definition of six geographic regions. In addition to this change of the geographical organization, the matrix-based organization of the Group's businesses, its growing international footprint and the predominance of geographical aspects in the strategic analyses presented to the General Management have led to the geographic regions becoming the primary operational segments, replacing the activity-based focus used until the end of December 2018. The geographical focus is today what best enables the nature and financial impacts of the economic environments in which the Group operates to be assessed. Additional information by business segment has nevertheless been maintained.
As of June 30, 2019, the Group has applied, in accordance with IAS 1 and IFRS 8, this new presentation of segment information, as disclosed in Note 19, with restatement of the information presented in respect of 2018.

These financial statements were finalized and approved by the Board of Directors at its meeting of July 30th, 2019.

1.2 Basis of preparation of financial statements

The financial statements are presented in thousands of euros.

The consolidated statement of comprehensive income is presented by nature in two separate tables: the consolidated income statement and the consolidated statement of other comprehensive income.
The consolidated statement of financial position segregates current and non-current assets and liability accounts and splits them according to their maturity (divided, generally speaking, into maturities of less than and more than one year).
The statement of cash flows is presented according to the indirect method.

The financial statements are prepared using the historical cost method, except for the following assets and liabilities, which are recognized at fair value: derivatives, assets held for trading, available for sale assets, and the portion of assets and liabilities covered by hedging transactions.

The accounting policies and valuation methods described hereinafter have been applied on a permanent basis to all of the financial years presented in the consolidated financial statements.

The establishment of consolidated financial statements under IFRS requires the Group's management to make a number of estimates and assumptions, which have a direct impact on the financial statements. These estimates are based on the going concern principle and are established on the basis of the information available at the date they are carried out. They concern mainly the assumptions used to:

- value provisions (notes 1.17 and 10), in particular those for pensions and other post-employment benefits (notes 1.15 and 10);
- value the put options granted to third parties on shares in fully consolidated subsidiaries (notes 1.16 and 11.2);
- measure financial instruments at their fair value (notes 1.14 and 12);
- measure deferred tax assets and, in particular, the probability that the Group will generate sufficient future taxable income against which to allocate them (Note 1.20 and 18);
- perform the valuations adopted for impairment tests (notes 1.4, 1.11 and 3);
- define the accounting principle to be applied in the absence of a definitive standard (notes 1.7 and 4 concerning emission quotas);
- the definition of certain contracts, the determination of lease terms (enforceable periods), and in particular the qualification of extension periods as reasonably certain or not, as well as the determination of the related discount rates (notes 1.9 and 6).

The estimates and assumptions are reviewed regularly, whenever justified by the circumstances, at least at the end of each year, and the pertinent items in the financial statements are updated accordingly.

1.3 Consolidation principles

When a company is acquired, its assets and liabilities are measured at their fair value at the acquisition date.
The earnings of the companies acquired or disposed of during the year are recorded in the consolidated income statement for the period subsequent or previous to the date of the acquisition or disposal, as appropriate.

The statutory financial statements of the companies at June 30, 2019 are consolidated, and any necessary adjusting entries are made to restate them in accordance with the Group accounting policies. All intercompany balances and transactions are eliminated during the preparation of the consolidated financial statements.

Subsidiaries:
Companies that are controlled exclusively by Vicat, directly or indirectly, are fully consolidated.

Joint ventures and associated companies:
Joint ventures, which are jointly controlled and operated by a limited number of shareholders, and associated companies, investments over which Vicat exercises notable control are reported using the equity method. Any *goodwill* generated on the acquisition of these investments is presented on the line “Investments in associated companies” (equity method).

The list of the main companies included in the consolidation scope as at June 30, 2019 is provided in note 25.

1.4 Business combinations – goodwill

With effect from January 1, 2010, business combinations are reported in accordance with IFRS 3 "Business Combinations" (revised) and IAS 27 "Consolidated and Separate Financial Statements" (revised). As these revised standards apply prospectively, they do not affect business combinations carried out before January 1, 2010.

Business combinations carried out before January 1, 2010:

These are reported using the acquisition method. *Goodwill* corresponds to the difference between the acquisition cost of the shares in the acquired company and the purchaser’s pro-rata share in the fair value of all identified assets, liabilities and contingent liabilities at the acquisition date. *Goodwill* on business combinations carried out after January 1, 2004 is reported in the currency of the company acquired. Applying the option offered by IFRS 1, business combinations completed before the transition date of January 1, 2004 have not been restated, and the *goodwill* arising from them has been maintained at its net value as shown in the balance sheet prepared according to French GAAP as at December 31, 2003.
In the event that the pro-rata share of interests in the fair value of assets, liabilities and contingent liabilities acquired exceeds their acquisition cost ("negative *goodwill*"), the full amount of this negative goodwill is recognized in the income statement of the reporting period in which the acquisition was made, except for acquisitions of minority interests in a company already fully consolidated, in which case this amount is recognized in the consolidated shareholders’ equity.

The values of assets and liabilities acquired through a business combination must be definitively determined within 12 months of the acquisition date. These values may thus be adjusted at any closing date within that time frame.

Minority interests are valued on the basis of their pro-rata share in the fair value of the net assets acquired.
If the business combination takes place through successive purchases, each material transaction is treated separately, and the assets and liabilities acquired are so valued and *goodwill* thus determined.

Business combinations carried out on or after January 1, 2010:

IFRS 3 "Business Combinations" (revised), which is mandatory for business combinations carried out on or after January 1, 2010, introduced the following main changes compared with the previous IFRS 3 (before revision):

- *goodwill* is determined once, on the date the acquirer obtains control.
  The Group then has the option, in the case of each business combination, upon obtaining control, to value the minority interests:
  - either at their pro-rata share in the identifiable net assets of the company acquired ("partial" *goodwill* option);
  - or at their fair value ("full" *goodwill* option).

  Measurement of minority interests at fair value has the effect of increasing the goodwill by the amount attributable to such minority interests, resulting in the recognition of a "full" goodwill.
- any adjustment in the acquisition price at fair value from the date of acquisition is to be reported, with any subsequent adjustment occurring after the 12-month appropriation period from the date of acquisition to be recorded in the income statement.
- the costs associated with the business combination are to be recognized in the expenses for the period in which they were incurred.
- in the case of combinations carried out in stages, upon obtaining control, the previous holding in the company acquired is to be revalued at fair value on the date of acquisition and any gain or loss which results is to be recorded in the income statement.

In compliance with IAS 36 (see note 1.11), at the end of each year, and in the event of any evidence of impairment, goodwill is subjected to an impairment test, consisting of a comparison of its net carrying cost with its value in use as calculated on a discounted projected cash flow basis. When the latter is below carrying cost, an impairment loss is recognized for the corresponding loss of value.

1.5 Foreign currencies

Transactions in foreign currencies:

Transactions in foreign currencies are translated into the operating currency at the exchange rates in effect on the transaction dates. At the end of the year, all monetary assets and liabilities denominated in foreign currencies are translated into the operating currency at the year-end exchange rates, and the resulting exchange rate differences are recorded in the income statement.

Translation of financial statements of foreign companies:

All assets and liabilities of Group companies denominated in foreign currencies that are not hedged are translated into euros at the year-end exchange rates, while income, expense and cash flow statement items are translated at average exchange rates for the year. The ensuing translation differences are recorded directly in shareholders' equity.

In the event of a later sale, the cumulative amount of translation differences relating to the net investment sold and denominated in foreign currency is recorded in the income statement. Applying the option offered by IFRS 1, translation differences accumulated before the transition date were zeroed out by allocating them to consolidated reserves at that date. They will not be recorded in the income statement in the event of a later sale of these investments which are denominated in foreign currency.

The following foreign exchange rates were used:

	Closing rate		Average rate	
	June 30, 2019	December 31,2018	June 30, 2019	June 30, 2018
Us dollar (USD)	1.1380	1.1450	1.1298	1.2108
Swiss franc (CHF)	1.1105	1.1269	1.1294	1.1696
Egyptian pound (EGP)	18.9794	20.5498	19.5142	21.4065
Turkish lira (TRL)	6.5655	6.0588	6.3543	4.9568
Kazakh tengue (KZT)	433.0400	439.9100	428.5083	395.1783
Mauritanian ouguiya (MRU)	41.0776	41.8581	41.0492	42.7248
CFA franc (XOF)	655.9570	655.9570	655.9570	655.9570
Brazilian real (BRL)	4.3511	-	4.3407	-
Indian rupee (INR)	78.5240	79.7298	79.1182	79.5115

1.6 Other intangible assets

Intangible assets (mainly patents, rights and software) are recorded in the consolidated statement of financial position at historical cost less accumulated amortization and any impairment losses. This cost includes acquisition or production costs and all other directly attributable costs incurred for the acquisition or production of the asset and for its commissioning.
Assets with finite lives are amortized on a straight-line basis over their useful lives (generally not exceeding 15 years).
Research costs are recognized as expenses in the period in which they are incurred. Development costs meeting the criteria defined by IAS 38 are capitalized.

1.7 Emission quotas

In the IFRS standards, there is as yet no standard or interpretation dealing specifically with greenhouse gas emission rights. As of January 1, 2016, the Group decided to adopt the method recommended by the ANC since 2013, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved January 7, 2013), that provides more reliable and relevant financial information to reflect the quotas economic model, in particular eliminating the impacts associated with the volatility of the prices of quotas.

According to this method, provided the quotas are intended to fulfill the obligations related to emissions (production model):

- quotas are recognized in inventories when acquired (free of charge or against payment). They are drawn down as and when necessary to cover greenhouse gas emissions, as part of the restitution procedure, or at the time of their sale, and are not revalued at closing;
- a debt is recognized at the period-end if there is a quota deficit.

Since the Group today has only those quotas allocated free of charge by the State under National Quotas Allocation Plans, applying these rules means they are posted as inventories for a zero value. Moreover, as the Group has recorded surpluses to date, no debt is posted to the balance sheet and, if they are not sold, no amount is posted to the income statement.

1.8 Property, plant and equipment

Property, plant and equipment are reported in the consolidated statement of financial position at historical cost less accumulated depreciation and any impairment losses, using the component approach provided for in IAS 16. When an article of property, plant and equipment comprises several significant components with different useful lives, each component is amortized on a straight-line basis over its respective useful life, starting at commissioning.

The main amortization periods are presented below depending on the assets category:

	Cement assets	Concrete & Aggregates assets
Civil engineering	15 to 30 years	15 years
Major installations	15 to 30 years	10 to 15 years
Other industrial equipment	8 years	5 to 10 years
Electricity	15 years	5 to 10 years
Controls and instruments	5 years	5 years

Quarries are amortized on the basis of tonnage extracted during the year as a ratio of total estimated reserves.
Certain parcels of land owned by French companies acquired prior to December 31, 1976 were revalued, and the adjusted value was recognized in the financial statements, but without a significant impact on the lines concerned.

Interest expenses on borrowings incurred to finance the construction of facilities during the period prior to their commissioning are capitalized. Exchange rate differences arising from foreign currency borrowings are also capitalized inasmuch as they are treated as an adjustment to interest costs and within the limit of the interest charge which would have been paid on borrowings in local currency.

1.9 Leases

Leases, with the exception of those falling within the scope of the exemptions provided for by IFRS 16, are recognized in the balance sheet, from inception, in the form of an asset representing the right to use the leased asset during the lease term and a liability representing the obligation to pay lease payments. The service component of the lease, and in particular that relative to transportation, is identified during the analysis and treated separately from the lease component.

Payments made for leases with a term of 12 months or less, or for those relating to low-value assets (unit value of < $5 thousand or equivalent) and leases on intangible assets whose number is very limited, are not restated.
Lease payments are recognized as operating expenses for the term of the lease.
The lease term is the non-cancellable contractual period plus, where applicable, extension options considered reasonably certain to be exercised (extension options being exercised during the period or those that the Group has a statistical track record of exercising). Regarding 3/6/9 commercial leases in France, the Group applied the ANC's indicative position published on February 16, 2018.
The rights of use relating to leases initially include the lease liability, the initial direct costs, prepaid rents and the estimate of the costs of dismantling or restoring the assets provided for in the contract, and exclude the possible service component, most often corresponding to the transportation service provided for in the lease. They are amortized in accordance with IAS 16 "Property, Plant and Equipment" over the shorter of the lease term and the useful life of the underlying asset, and if necessary impaired in accordance with IAS 36 "Impairment of Assets".
After initial recognition, the right of use relating to leases is reported at cost less accumulated depreciation and any impairment losses.

The lease liability is initially measured at the present value of future payments, which include the present value of fixed and variable lease payments, if they are subject to an index or rate, and estimated expected payments at the end of the contract, such as the residual value guarantee and the purchase option, if its exercise is considered reasonably certain.
The discount rate used to calculate the value of the right-of-use asset and the lease liability is based on the interest rate implicit in the lease or, failing that, the lessee's incremental borrowing rate at the date of signature of the lease. The Group applied interest rates corresponding to the average repayment term of the lease liability, by defining and using yield curves by maturity, taking into account the structure of lease payments and the typology of the available interest rates;

After initial recognition, the lease liability is calculated at amortized cost using the effective interest rate method and is remeasured, with a corresponding adjustment of the right-of-use asset, if future lease payments are modified as a result of negotiation, change of an index or rate, or when options are remeasured.
Lease payments are analyzed and recognized under IFRS 16 as a repayment of the lease liability and an interest expense based on this liability.

1.10 Investment properties

The Group recognizes its investment properties at historical cost less accumulated depreciation and any impairment losses. They are depreciated on a straight-line basis over their useful life (10 to 25 years). The fair value of its investment properties is calculated by the Group's specialist Departments, assisted by an external consultant, primarily by reference to market prices observed on transactions involving comparable assets or published by local notary chambers. It is presented in the notes at each year-end.

1.11 Impairment of non-current assets

In accordance with IAS 36, the book values of assets with indefinite lives are reviewed at each year-end, and during the year, whenever there is an indication that the asset may be impaired. Those with finite lives are only reviewed if impairment indicators show that a loss is likely.

An impairment loss has to be recorded as an expense on the income statement when the carrying cost of the asset is higher than its recoverable value. The latter is the higher of the fair value less the costs of sale and the value in use. The value in use is calculated primarily on a discounted projected cash flow basis over ten years, plus the terminal value calculated on the basis of a projection to infinity of the cash flow from operations in the last year. This time period corresponds to the Group's capital-intensive nature and the longevity of its industrial equipment.

The projected *cash flows* are calculated on the basis of the following components that have been inflated and then discounted:

- the EBITDA from the Long-Term Plan over the first 5 years, then projected to year 10;
- the sustaining capital expenditure;
- the change in the working capital requirement.

The assumptions used in calculating impairment tests are derived from forecasts made by operational staff reflecting as closely as possible their knowledge of the market, the commercial position of the businesses and the performance of the industrial plant. Such forecasts include the impact of foreseeable developments in cement consumption based on macroeconomic and industry sector data, changes likely to affect the competitive position, technical improvements in the manufacturing process and expected developments in the cost of the main production factors contributing to the cost price of the products.
In the case of countries subject to social tensions and security concerns, the assumptions used also include the potential improvement resulting from the progressive and partial easing of some of these tensions

and concerns, based on recent data and an examination of the effect of these tensions on current business conditions.
Projected cash flows are discounted at the weighted average capital cost (WACC) before tax, in accordance with IAS 36 requirements. This calculation is made per country, taking into account the cost of risk-free long-term money, market risk weighted by a sector volatility factor, and a country premium reflecting the specific risks of the market in which the cash generating unit in question operates.

If it is not possible to estimate the value in use of an isolated asset, it is assessed at the level of the cash generating unit that the asset is part of (defined by IAS 36 as the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets) insofar as the industrial sites or facilities, products and markets form a coherent whole. The analysis was thus carried out for each geographical area/market/business, and the cash generating units were determined depending on the existence or not of vertical integration between the Group's activities in the area concerned.

The value of the assets thus tested, at least annually using this method for each cash-generating unit comprises the intangible and tangible non-current assets, plus the goodwill attributable to non-controlling interests.

These impairment tests are sensitive to the assumptions held for each cash generating unit, mainly:

- the discount rate as previously defined;
- the inflation rate, which must reflect the selling price and expected future costs;
- the normalized EBITDA margin;
- the long-term investment rate;
- the growth rate to infinity.

Tests are conducted at each year-end on the sensitivity to an increase or decrease of one point in the discount rate and growth rate to infinity applied, in order to assess the effect on the value of goodwill and other intangible and tangible assets included in the Group's consolidated financial statements. Moreover, the discount rate includes a country risk premium and an industry sector risk premium reflecting the cyclical nature of certain factors inherent in the business sector, enabling to understand the volatility of certain elements of production costs, which are sensitive in particular to energy costs.

Recognized impairments can be reversed and are recovered in the event of a decrease, except for those corresponding to *goodwill*, which are definitive.

1.12 Inventories

Inventories are valued using the weighted average unit cost method, at the lower of purchase price or production cost, and net market value (sales price less completion and sales costs).
The gross value of goods and supplies includes both the purchase price and all related costs.
Manufactured goods are valued at production cost, including the cost of goods, direct and indirect production costs and the depreciation on all consolidated fixed assets used in the production process.
In the case of inventories of manufactured products and work in progress, the cost includes an appropriate share of fixed costs based on the standard conditions of use of the production plant.

Inventory impairments are recorded when necessary to take into account any probable losses identified at year-end.

1.13 Cash and cash equivalents

Cash and cash equivalents include both cash and short-term investments of less than three months maturity that do not present any risk of a change in value. The latter are marked to market at the end of the period. Net cash, the change in which is presented in the statement of cash flows, consists of cash and cash equivalents less any bank overdrafts.

1.14 Financial instruments

Financial assets:
The Group classifies its financial assets, when they are first entered in the financial statements, according to IFRS9 standard based on the contractual cash-flow characteristics and on the business model assessment of their ownership.

In practice, for the Vicat Group, the criterion of the contractual cash-flow characteristics led to make a distinction between, on one side, loan and receivables instruments, for which the evaluation depends on the business model assessment of their ownership, and, on the other side, equity instruments.

According to the standard, there are three types of loan and receivables assets, each associated with a business model and a valuation method:

- Assets valued at the amortized cost: the objective is only to hold the assets to collect the contractual cash flows. This is the case with most of loans and receivables;
- Assets valued at the fair value through other comprehensive income: the objective is to hold the assets to collect the contractual cash flows and to sell them;
- Assets valued at the fair value through the income statement: applied to assets not covered by any of the two previous models.

Concerning the equity instruments covered by IFRS9, they have to be measured at fair value, for which the Group may elect to recognize changes in fair value, either in financial profit or loss of the income statement, or in other comprehensive income not recycled in profit or loss, depending on the option taken from the beginning, investment by investment. For some unquoted equity investments, the amortized cost was maintained as this method is the best approximation available for the fair value.

All acquisitions and disposals of financial assets are recorded at the transaction date.

According to IFRS9, impairments of receivables are based on the expected losses during the full lifetime of the asset and credit risk is assessed on the basis of historical data and on the basis of available information at the closing date.

Financial liabilities:
The Group classifies its non-derivative financial liabilities, when they are first entered in the financial statements, as financial liabilities valued at amortized cost. These comprise mainly borrowings, other financings, bank overdrafts, etc. The Group does not have financial liabilities at fair value through the income statement.

Treasury shares:
In compliance with IAS 32, Vicat treasury shares are deducted from shareholders' equity.

Derivatives and hedging:
The Group uses hedging instruments to reduce its exposure to changes in interest and foreign currency exchange rates resulting from its business, financing and investment operations. These hedging

transactions use financial derivatives. The Group uses interest rate *swaps* and *caps* to manage its exposure to interest rate risks. Forward foreign exchange contracts and currency *swaps* are used to hedge foreign exchange rate risks.

The Group uses derivatives solely for economic hedging purposes and no instrument is held for speculative ends.

Financial derivatives are valued at their fair value in the balance sheet. Except for the cases detailed below, the change in fair value of derivatives is recorded as an offset in the income statement of the financial statement ("Change in fair value of financial assets and liabilities"). The fair values of derivatives are estimated by the following valuation models:

- the market value of interest rate swaps, foreign exchange rate swaps and forward purchase/sale transactions is calculated by discounting the future cash flows on the basis of the "zero coupon" interest rate curves applicable at the end of the presented reporting periods, and is restated if applicable to reflect accrued interest not yet payable;
- interest rate options are revalued on the basis of the Black and Scholes model incorporating the market parameters as at year-end.

Derivative instruments may be designated as hedging instruments, depending on the type of hedging relationship:

- fair value hedging is hedging against exposure to changes in the fair value of a booked asset or liability, or of an identified part of that asset or liability, attributable to a particular risk, for instance interest rate or exchange risks, which would affect the net income presented;
- cash flow hedging is hedging against exposure to changes in cash flow attributable to a particular risk, associated with a recorded asset or liability or with a scheduled transaction (e.g. expected sale or purchase or "highly probable" future transaction), which would affect the net income presented.

Hedge accounting for an asset / liability / firm commitment or cash flow is applicable if:

- the hedging relationship is formally designated and documented at its date of inception;
- the effectiveness of the hedging relationship is demonstrated at the inception and then by the regular assessment and correlation between the changes in the market value of the hedging instrument and the market value of the hedged item. The ineffective portion of the hedging instrument is always recognized in the income statement.

The application of hedge accounting results as follows:

- in the event of a documented fair value hedging relationship, the change in the fair value of the hedging derivative is recognized in the income statement as an offset to the change in the fair value of the underlying hedged financial instrument. The income statement is only impacted by the ineffective portion of the hedging instrument;
- in the event of a documented cash flow hedging relationship, the change in the fair value of the effective portion of the hedging derivative is initially recorded in shareholders' equity, and the change in the fair value of the ineffective portion is directly recognized in the income statement. The accumulated changes in the fair value of the hedging instrument previously recorded in shareholders' equity are transferred to the income statement at the same rate as the hedged cash flows.

1.15 Employee benefits

The Group recognizes the entire amount of its commitments relating to post-employment benefits in accordance with IAS19 revised.

Regulations, standard practices and agreements in force in countries where the Group's consolidated companies have operations provide for various types of post-employment benefits: lump-sum payments on retirement, supplemental pension benefits, guaranteed supplemental pension benefits specifically for executives, etc…, as well as other long-term benefits (such as medical cover for retirees, etc…).
Defined contribution plans are those for which the Group's commitment is limited only to the payment of contributions recognized as expenses when they are incurred.
Defined benefit plans include all post-employment benefit programs, other than those under defined contribution plans, and represent a future liability for the Group. The corresponding liabilities are calculated on an actuarial basis using specific actuarial assumptions and the projected unit credit method, in accordance with the clauses provided for in the collective bargaining agreements and with standard practices.

Dedicated financial assets, which are mainly equities and bonds, are used to cover all or a part of these liabilities, principally in the United–States and Switzerland.
The net position of each pension plan is fully provided for in the statement of financial position less, where applicable, the fair value of these invested assets, within the limit of the asset ceiling cap. Any surplus (in the case of overfunded pension plans) is only recognized in the statement of financial position to the extent that it represents a future economic benefit that will be effectively available to the Group, within the limits defined by the standard.

Actuarial variances arise due to changes in actuarial assumptions (wage inflation, mortality, employee turnover, etc.) and/or variances observed between these assumptions and the actual figures. Actuarial gains and losses on post-employment benefits are recognized under "Other comprehensive income" and are not recycled to profit or loss.
The Group has chosen to apply the IFRS 1 option and to zero the actuarial variances linked to employee benefits not yet recognized on the transition balance sheet by allocating them to shareholders' equity.

1.16 Put options granted on shares in consolidated subsidiaries

Under IAS 27 and IAS 32, put options granted to minority third parties in fully consolidated subsidiaries are reported in the financial liabilities at the present value of their estimated price offset by a reduction in the corresponding minority interests.

The difference between the value of the option and the amount of the minority interests is recognized:

- in *goodwill*, in the case of options issued before January 1, 2010;
- as a reduction in shareholders' equity – Group share - (options issued after January 1, 2010).

The liability is estimated based on the contract information available (price, formula, etc.) and any other factor relevant to its valuation. Its value is reviewed at each year end and the subsequent changes in the liability are recognized:

- either as an offset to *goodwill* (options granted before January 1, 2010);
- or as an offset to shareholders' equity – Group share - (options issued after January 1, 2010).

No impact is reported in the income statement other than the impact of the annual discounting of the liability recognized in net financial income; the income share of the Group is calculated on the basis of the percentage held in the subsidiaries in question, without taking into account the percentage holding attached to the put options.

1.17 Provisions

In accordance with IAS 37, a provision is recognized when the Group has a current commitment, whether statutory or implicit, resulting from a significant event prior to the closing date which would lead to a use of resources without offset after the closing date, which can be reliably estimated.

These include, notably, provisions for site reinstatement, which are set aside progressively as quarries are used and include the projected costs related to the Group's obligation to reinstate such sites.

In accordance with IAS 37, provisions whose maturities are longer than one year are discounted when the impact is significant. The effects of this discounting are recorded under net financial income.

1.18 Sales revenues

In accordance with the IFRS15 accounting standard, revenue is recognized when control over the goods or services is transferred to the customer, which generally, given the nature of the Group's business, corresponds to the date of delivery. It is reported for an amount that reflects the consideration to which the Group expects to be entitled in exchange of transferring those goods or services, net of commercial discounts and rebates and after deduction of excise duties collected by the Group under its business activities. Sales figures include transport and handling costs invoiced to customers.

1.19 Other income and expenses

Other income and expenses are those arising from the Group's operating activities that are not received or incurred as part of the direct production process or sales activity. These other income and expenses consist mainly of insurance payments, patent royalties, sales of surplus greenhouse gas emission rights, and certain charges relating to losses or claims.

1.20 Income taxes

Deferred taxes are calculated at the tax rates passed or virtually passed at the year-end and expected to be applied during the period when assets are sold or liabilities are settled.
Deferred taxes are calculated, based on an analysis of the balance sheet, on timing differences identified in the Group's subsidiaries between the values recognized in the consolidated statement of financial position and the values of assets and liabilities for tax purposes.
Deferred taxes are recognized for all timing differences, including those on restatement of finance leases, except when the timing difference results from *goodwill*.
Deferred tax assets and liabilities are netted out at the level of each company. When the net amount represents a receivable, a deferred tax asset is recognized if it is probable that the Company will generate future taxable income against which to allocate the deferred tax assets.
Uncertainty over the accounting treatment of risks related to income taxes and the non-acceptance by the tax authorities of the tax treatment adopted is recognized in income tax assets/liabilities in accordance with the probability of its occurrence, which does not take into account the probability of non-detection by the tax authorities.

1.21 Segment information

In accordance with IFRS 8 "Operating Segments" the segment information provided in note 19 is based on information taken from the internal reporting. This information is used internally by the Group Management responsible for implementing the strategy defined by the Chairman of the Board of Directors for measuring the Group's operating performance and for allocating capital expenditure and resources to geographical areas and business segments.

The operating segments defined pursuant to IFRS 8 comprise the following six geographic regions in which the Group operates and which can, as permitted by IFRS 8, combine countries with similarities:

- France,
- Europe (except France) including Switzerland and Italy,
- Americas including United States and Brazil,
- Asia including India and Kazakhstan,
- Mediterranean region including Turkey and Egypt,
- Africa including Senegal, Mali and Mauritania.

This organization reflects the Group's matrix-based organization as well as the predominance of geographical aspects in the strategic analyses presented to the General Management

The management indicators presented were adapted in order to be consistent with those used by the Group Management, while complying with IFRS 8 disclosure requirements: operating and consolidated sales revenues, EBITDA and EBIT (see note 1.22), total non-current assets, net capital employed (see note 26), industrial investments, depreciation and amortization and number of employees.
The management indicators used for internal *reporting* are identical for all the segments defined above and are determined in accordance with the IFRS principles applied by the Group in its consolidated financial statements.

1.22 Financial indicators

The following financial performance indicators are used by the Group, as by other industrial players and notably in the building materials sector, and presented with the income statement:
Added value: the value of production less the cost of goods and services purchased;
Gross operating income: added value less personnel costs, taxes and duties (except income taxes and deferred taxes), plus grants and subsidies;
EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): gross operating income plus other ordinary income and expenses;
EBIT (Earnings Before Interest and Tax): EBITDA less operating depreciation, amortization and provisions expenses;
Operating cash flow: net income before adjusting for non-cash charges (mainly net depreciation, amortization and provisions expenses, deferred tax, gains or losses on asset disposals and changes in fair value).

1.23 Seasonality

Demand in the Cement, Ready-mixed Concrete & Aggregates businesses is seasonal and tends to decrease in winter in temperate countries and during the rainy season in tropical countries. The Group therefore generally records lower sales in the first and fourth quarters i.e. the winter season in its main markets in Western Europe and North America. In the second and third quarters, in contrast, sales are higher, due to the summer season being more favorable for construction work.

NOTE 2 CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

Macroeconomic environment and business trend

The Group recorded a substantial increase in consolidated sales revenues on a reported basis. Given the acquisition of Ciplan in Brazil at the beginning of the year and the favorable overall change in the value of currencies against the euro, the Group's consolidated sales revenues were virtually stable at constant consolidation scope and exchange rates in the first half. By geographic region, the Group recorded a substantial improvement in consolidated sales revenues at constant consolidation scope and exchange rates in France and the Americas. In Europe (excluding France), the decline in activity in Switzerland was only partially offset by the improvement in Italy. In Asia, the impact of a decline in volumes in India and, to a lesser extent, Kazakhstan, was partially offset by a big improvement in selling prices. In the Mediterranean region, the situation deteriorated significantly in Turkey following the sharp devaluation of the Turkish lira in the third quarter of 2018, which had a significant adverse impact on the macroeconomic and business segment environment. In this region, the drop in activity in Turkey was only partially offset by an increase in sales revenues generated in Egypt, in what remains nevertheless a very unfavorable security and competitive environment. Lastly, activity in the West Africa region declined due to production difficulties in Senegal.

Exchange rate volatility and impact on the income statement

The Group's income statement as at June 30th, 2019 was significantly impacted by the increase of most foreign currencies against the euro, mainly the Indian rupee and the Swiss franc. This resulted in a positive exchange rate effect of €4.4 million in the consolidated sales revenues and €1.5 million in the EBITDA.
Consolidated shareholders' equity showed a positive translation adjustment on the 1st semester 2019, for a total net amount of €14.8 million.

Ciplan

Further to the agreement signed in early October 2018, the Vicat Group acquired Ciplan (Cimento do Planalto) on January 21, 2019, and now holds a majority 66.07% stake in the company's share capital, after taking into account the working capital requirement and net debt at the transaction date.
This deal took place through a reserved capital increase of €295 million, which was used to repay most of Ciplan's existing debt. Vicat financed the acquisition by drawing on its existing bank facilities.
Ciplan operates a modern plant, in the vicinity of Brasilia, with a total installed cement capacity of 3.2 million tons per year. It is backed by high quality and abundant mineral resources. The Company also boasts 9 ready-mixed concrete plants and 5 quarries (including 2 aggregates quarries).
Ciplan's 2018 sales amounted to around €140 million (around BRL605 million), with more than 2 million tons of cement, over 1.9 million tons of aggregates sold and almost 420,000 cubic meters of concrete delivered. EBITDA was estimated to be around €24 million in 2018 (around BRL104 million).
This acquisition represents a further step forward in Vicat's strategy of selective acquisitions and geographical diversification and will establish Vicat in a new emerging market with a strong growth outlook. To help it capture the full potential of the Brazilian market's prospective growth, Vicat will be able to leverage a highly efficient industrial asset base, high brand recognition, abundant quarry reserves and strong competitive positions in its local markets.

Egypt

In spite of an operation launched more than one year, the Egyptian army has not yet succeeded in recovering total control of some parts of the Sinai. Nonetheless, commercial operations have resumed, and since October 2018 logistics flows have more or less returned to their prior situation.

Still, these extraordinary events had a material impact on the subsidiary's sales volumes in the first half 2019. They were up by more than 18% than the previous year. In addition, they occurred in a context in which the entire cement industry has suffered, with a persistently flat market.

However, the Group believes, based on economic and operational indicators currently available, these events are not, at this stage, an indication of an enduring decrease in the asset value. Provided no further adverse geopolitical or security developments occur, these events and their ramifications are so far

unlikely to jeopardize the medium-term prospects of an improvement in the subsidiary's profitability. Renewed growth in cement consumption amid the upturn in Egypt's macroeconomic fortunes, with the replenishment of its currency reserves, a pick-up in foreign investment and tighter control of inflation holds out the prospect of major development opportunities for Sinaï Cement Company, especially if this return to growth is accompanied, as announced by the Egyptian authorities, by a solution to the troubles in Sinai and the Gaza Strip.

To meet this challenge, the Group plans to invest in the production facility, which has been damaged by eight years in a difficult operating environment. To enable it to go ahead with investments to improve its productivity and control its costs, the Group launched an EGP680 million increase in share capital to strenghter the subsidiary's financial structure. The subscription period ended at the end of April 2018, and the increase in share capital was 95.5% subscribed, raising a total of EGP650 million. SCC held an Extraordinary General Meeting on June 25, 2018 to amend its by-laws and make arrangements to submit the finalized transaction for approval by the relevant authorities (EFSA, FATF and ADS). Once these administrative approvals have been obtained – this process is still ongoing as at 30 June 2019 - the funds provided by the shareholders will be released to the subsidiary.

Group refinancing- Schuldschein

The Vicat group successfully completed a €290 million Schuldscheindarlehen issue (German private placement) on 26 April 2019 to refinance its debt while lowering its average borrowing costs, extending its average debt maturity and diversifying its funding sources.

This financing consists of 5-year, 7-year and 10-year maturities, combining fixed- and floating rate tranches. The placement's average maturity worked out at 6.24 years, and its average interest rate is 1.3%.

Summary of significant events in 2018

Tax assessment in Senegal

A tax audit was launched in the 4th quarter of 2017 against Sococim Industries, a Senegalese subsidiary of the Group. A notification letter was issued in early february 2018 and received a favorable arbitration decision at the beginning of 2019.

Soparfi capital reduction

Further to the capital reduction of the Soparfi holding company, a shareholder in Vicat SA, carried out in November 2018, the Vicat Group's subsidiaries holding shares of Soparfi received a total payment of €98 million. The total capital gain, net of tax, of €67 million recorded for this transaction was recognized in the 2018 Group's consolidated shareholders' equity.

NOTE 3 GOODWILL

The change in the net *goodwill* is analyzed in the table below:

(in thousands of euros)	Total net
At december 31, 2017	**1,006,987**
Acquisitions / Additions	2,139
Disposals / Decreases	(762)
Change in foreign exchange rates	(1,651)
Other movements	40
At december 31, 2018	**1,006,753**
Acquisitions / Additions	54
Disposals / Decreases	0
Change in foreign exchange rates	2,411
Change in scope	317,718
Other movements	0
At June 30, 2019	**1,326,936**

Impairment test on goodwill:
In accordance with IFRS 3 and IAS 36, at the end of each year and in the event of any evidence of impairment, *goodwill* is subject to an impairment test using the method described in notes 1.4 and 1.11. Considering the volatile macro-economic environment, the Group carried out a review of any evidence of impairment in respect to goodwill at June 30, 2019, which did not result in any impairment test performance. Certain sensitivity analyses were nonetheless carried out. They did not result in the recognition of impairment as of June 30, 2019.

At June 30, 2019, goodwill is distributed as follows by cash generating unit (CGU):

(in thousands of euros)	June 30, 2019	December 31, 2018
India CGU	237 858	234 417
West Africa Cement CGU	149 647	149 055
France-Italy CGU	218 951	208 583
Switzerland CGU	142 934	141 893
Brazil CGU	303 879	-
Other CGUs total	273 667	272 805
TOTAL	**1 326 936**	**1 006 753**

Goodwill CIPLAN

Further to the agreement signed in early October 2018, the Vicat Group acquired Ciplan (Cimento do Planalto) on January 21, 2019, and now holds a majority 66.07% stake in the company's share capital, after taking into account the working capital requirement and net debt at the transaction date.
This deal took place through a reserved capital increase of €295 million, which was used to repay most of Ciplan’s existing debt. Vicat financed the acquisition by drawing on its existing bank facilities.

Ciplan operates a modern plant, in the vicinity of Brasilia, with a total installed cement capacity of 3.2 million tons per year. It is backed by high quality and abundant mineral resources. The Company also boasts 9 ready-mixed concrete plants and 5 quarries (including 2 aggregates quarries).
This acquisition represents a further step forward in Vicat's strategy of selective acquisitions and geographical diversification and will establish Vicat in a new emerging market with a strong growth outlook.

Over the period from January 21 to June 30, 2019, Ciplan contributed €58.6 million to consolidated sales revenue, €5.8 million to consolidated EBITDA and €(2.5) million to the Group Share of consolidated net income. The results for the period from January 1 to 21, 2019 are not material.

Acquisition-related expenses
The Group incurred acquisition-related expenses consisting of legal fees, due diligence costs and travel expenses, recorded in "Goods and services purchased" in the consolidated income statement (€0.6 million in the first half of the year 2019).

Identifiable assets acquired and liabilities assumed
The table below shows the provisional amounts of assets acquired and liabilities assumed recognized at the acquisition date (in millions of euros):

Intangible & tangible assets	58
Inventories	27
Receivables	93
Cash and cash equivalent	15
Provisions	(53)
Financial debts	(51)
Deferred taxes	(18)
Other liabilities	(80)
Total identifiable net assets acquired	**(9)**

Provisional fair value
The fair values of identifiable net assets and liabilities were provisionally determined as of June 30, 2019. This notably covers:

- intangible assets and property, plant and equipment for which the Group is awaiting the completion of a valuation and a review of useful lives as of the acquisition date by an independent expert;
- provisions and the related guarantee receivable, bearing in mind that the Group will continue to assess current and future litigation during the valuation period;
- deferred taxes, which will in particular be modified in line following any fair value adjustments during the allocation period.

Goodwill
The provisional goodwill resulting from the acquisition was calculated as follow (in millions of euros) using the partial goodwill method:

Total consideration transferred	299
- Ciplan	295
- Brazilian holding & increase in capital expenses	4
Provisional fair value of identifiable net assets	(9)
Provisional Goodwill	**308**

The Group expects the amount of provisional goodwill to be significantly reduced following ongoing work concerning the purchase price allocation and the valuation of industrial assets.

Goodwill mainly relates to the expected profitability of Ciplan, given the recovery prospects and strong growth potential of the Brazilian market, combined with high-performance production facilities underutilized in the current economic climate, plus leading know-how and technical expertise.

NOTE 4 OTHER INTANGIBLE ASSETS

(in thousands of euros)

Gross value	*Concessions, patents & similar rights*	*Software*	*Other intangible assets*	*Intangible assets in progress*	***Total***
At december 31, 2017	**82,152**	**53,411**	**69,296**	**6,128**	**210,987**
Acquisitions	110	1,569	2,028	4,617	**8,324**
Disposals		(662)			**(662)**
Changes in consolidation scope	60	19			**79**
Change in foreign exchange rates	(116)	182	776	166	**1,008**
Other movements	9	1,375	(269)	(173)	**942**
At december 31, 2018	**82,215**	**55,894**	**71,831**	**10,738**	**220,678**
Acquisitions		761	114	4,547	**5,422**
Disposals		(526)	(449)		**(975)**
Changes in consolidation scope	942	1,115	30		**2,087**
Change in foreign exchange rates	599	141	512	57	**1,309**
Other movements	19	839	4,233	(3,812)	**1,279**
At june 30, 2019	**83,775**	**58,224**	**76,271**	**11,530**	**229,800**

Depreciation and impairment	*Concessions, patents & similar rights*	*Software*	*Other intangible assets*	*Intangible assets in progress*	***Total***
At december 31, 2017	**(22,482)**	**(33,442)**	**(37,104)**	**0**	**(93,028)**
Increase	(1,789)	(5,093)	(3,195)		**(10,077)**
Decrease		598			**598**
Changes in consolidation scope		(19)			**(19)**
Change in foreign exchange rates	(31)	(171)	(100)		**(302)**
Other movements		466			**466**
At december 31, 2018	**(24,302)**	**(37,661)**	**(40,399)**	**0**	**(102,362)**
Increase	(869)	(2,740)	(1,572)		**(5,181)**
Decrease			449		**449**
Changes in consolidation scope	(66)	(4)	(30)		**(100)**
Change in foreign exchange rates	(241)	(127)	(157)		**(525)**
Other movements	(19)	(45)	22		**(42)**
At june 30, 2019	**(25,497)**	**(40,577)**	**(41,687)**	**0**	**(107,761)**

Net book value at December 31, 2018	57,913	18,233	31,432	10,738	**118,316**
Net book value at June 30, 2019	**58,278**	**17,647**	**34,584**	**11,530**	**122,039**

No development costs were capitalized during the 1st semester 2019 and the year 2018.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)

Gross values	*Lands & Buildings*	*Industrial equipment*	*Other property, plant and equipment*	*Fixed assets work-in-progress and advances / down payments*	*Total*
At December 31, 2017	**1,146,879**	**2,946,496**	**134,195**	**78,821**	**4,306,391**
Acquisitions	11,843	38,204	8,833	120,634	**179,514**
Disposals	(5,678)	(18,479)	(7,305)		**(31,462)**
Changes in consolidation scope	36	1,483	893		**2,412**
Changes in foreign exchange rates	(5,739)	(33,457)	1,097	226	**(37,873)**
Other movements	11,436	64,445	3,163	(77,962)	**1,082**
At December 31, 2018	**1,158,777**	**2,998,692**	**140,876**	**121,719**	**4,420,064**
Acquisitions	3,210	10,564	1,783	68,133	**83,690**
Disposals	(110)	(5,430)	(5,357)		**(10,897)**
Changes in consolidation scope	31,874	20,061	3,870	5,694	**61,499**
Changes in foreign exchange rates	4,062	9,479	950	(18)	**14,473**
Other movements	4,116	41,467	3,743	(52,582)	**(3,256)**
At June 30, 2019	**1,201,929**	**3,074,833**	**145,865**	**142,946**	**4,565,573**

Depreciation and impairment	*Lands & Buildings*	*Industrial equipment*	*Other property, plant and equipment*	*Fixed assets work-in-progress and advances / down payments*	*Total*
At December 31, 2017	**(518,269)**	**(1,850,759)**	**(99,579)**	**(25)**	**(2,468,632)**
Acquisitions	(33,632)	(124,911)	(8,378)		**(166,921)**
Disposals	1,475	17,037	6,814	19	**25,345**
Changes in consolidation scope	(3)	(909)	(534)		**(1,446)**
Changes in foreign exchange rates	(2,760)	9,075	(764)	1	**5,552**
Other movements	1,980	(9,867)	(35)		**(7,922)**
At December 31, 2018	**(551,209)**	**(1,960,334)**	**(102,476)**	**(5)**	**(2,614,024)**
Acquisitions	(20,033)	(67,784)	(4,638)		**(92,455)**
Disposals	107	5,372	4,944		**10,423**
Changes in consolidation scope	(1,046)	(1,650)	(146)		**(2,842)**
Changes in foreign exchange rates	(1,327)	(3,832)	(728)		**(5,887)**
Other movements	14,989	(13,340)	(2,163)		**(514)**
At June 30, 2019	**(558,519)**	**(2,041,568)**	**(105,207)**	**(5)**	**(2,705,299)**

Net book value at December 31, 2018	607,568	1,038,358	38,400	121,714	**1,806,040**
Net book value at June 30, 2019	**643,410**	**1,033,265**	**40,658**	**142,941**	**1,860,274**

Property, plant and equipment under construction amounted to €131 million as at June 30, 2019 (€111 million as at December 31, 2018) and advances / down payments on property, plant and equipment represented €12 million as at June 30, 2019 (€11 million as at December 31, 2018).

Contractual commitments to acquire tangible and intangible assets amounted to €71 million as at June 30, 2019 (€59 million as at December 31, 2018).

NOTE 6 RIGHT OF USE RELATING TO LEASES

(in thousands of euros)

Gross values	*Terrains*	*Constructions*	*Installations techniques, matériel et outillages*	*Autres immobilisations corporelles*	***Total***
At January 1, 2018	**62,258**	**62,655**	**133,329**	**59,794**	**318,036**
Acquisitions	20,228	1,096	32,547	13,646	**67,517**
Disposals	(188)	(120)	(4,753)		**(5,061)**
Changes in consolidation scope					**0**
Changes in foreign exchange rates	1,303	4,782	3,400	194	**9,679**
Other movements			(113)	(121)	**(234)**
At December 31, 2018	**83,601**	**68,413**	**164,410**	**73,513**	**389,937**
Acquisitions	844	3,407	9,435	5,537	**19,223**
Disposals	(256)	(965)	(7,560)	(3,237)	**(12,018)**
Changes in consolidation scope	141	3,149	1,524		**4,814**
Changes in foreign exchange rates	377	171	(457)	17	**108**
Other movements	(5,584)	149	4,080	(5,582)	**(6,937)**
At June 30, 2019	**79,123**	**74,324**	**171,432**	**70,248**	**395,127**

Depreciation and impairment	*Terrains*	*Constructions*	*Installations techniques, matériel et outillages*	*Autres immobilisations corporelles*	***Total***
At January 1, 2018	**(16,543)**	**(29,064)**	**(48,197)**	**(23,507)**	**(117,311)**
Acquisitions	(4,628)	(3,326)	(27,204)	(14,500)	**(49,658)**
Disposals	188	(191)	4,464		**4,461**
Changes in consolidation scope					**0**
Changes in foreign exchange rates	(201)	(2,274)	(1,302)	(94)	**(3,871)**
Other movements			113	121	**234**
At December 31, 2018	**(21,184)**	**(34,855)**	**(72,126)**	**(37,980)**	**(166,145)**
Acquisitions	(3,150)	(3,018)	(15,012)	(7,369)	**(28,549)**
Disposals	181	639	7,067	3,422	**11,309**
Changes in consolidation scope	(133)	(712)	(1,058)		**(1,903)**
Changes in foreign exchange rates	(50)	(94)	144	3	**3**
Other movements	(120)	(83)	1,540	9,254	**10,591**
At June 30, 2019	**(24,456)**	**(38,123)**	**(79,445)**	**(32,670)**	**(174,694)**

Net book value at December 31,	62,417	33,558	92,284	35,533	**223,792**
Net book value at June 30, 2019	**54,667**	**36,201**	**91,987**	**37,578**	**220,433**

Main leasing activities

As part of work performed at the end of December 2018 for the transition to IFRS 16, the Group identified more than 3,000 leases, of which more than 82% relate to vehicles (construction, road transportation and private cars), 10% to property (land and buildings), and the remainder to machinery and equipment, as well as computer and miscellaneous equipment.

Most of the leases in force at the transition date concern the Group's French entities and, to a lesser extent, the US, Swiss and Turkish companies. The other countries in which the Group operates have a non material number of leases.

Property and transportation are accordingly the Group's two main leasing activities.
The Group leases land and buildings, mainly for its offices, concrete batching plants, quarries and warehouses. These leases, mostly concluded more than 10 years ago at the date of transition, were negotiated on an individual basis with very different terms and conditions. Their average term is approximately 20 years.
The Group also leases vehicles directly related to its operating activities, mainly transportation and construction vehicles. The average term of these leases is approximately 5 years.

Payments made for leases with a term of 12 months or less, or for those relating to low-value assets (unit value of < $5 thousand or equivalent) and expenses related to variable lease payments that are not reliant on an rate and/or index are not material, and are not included in the measurement of lease liabilities.
An analysis of the maturities of the lease obligations is presented in Note 11 "Net financial liabilities".

Due to the Group's decision to apply IFRS 16 on a full retrospective basis at the date of transition, the financial statements for the 2018 financial year provided for comparison purposes have been restated in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", in application of the new standard. Detailed impacts of the first application of IFRS 16 are provided in note 26.

NOTE 7 RECEIVABLES AND OTHER NON CURRENT ASSETS

(en thousands of euros)	***Gross value***	***Impairment***	***Net book value***
At december 31, 2017	**78,878**	**(1,321)**	**77,557**
Acquisitions / Increases	23,733	(470)	23,263
Disposals / decreases	(3,498)		(3,498)
Changes in consolidation scope	(468)		(468)
Changes in foreign exchange rates	2,377	(35)	2,342
Changes of other items in other compréhensive income	14,747		14,747
Others	38,889	(1)	38,888
At december 31, 2018	**154,658**	**(1,827)**	**152,831**
Acquisitions / Increases	54,319	(1,189)	53,130
Disposals / decreases	(6,346)		(6,346)
Changes in consolidation scope (1)	63,464		63,464
Changes in foreign exchange rates	1,333	(5)	1,328
Changes of other items in other compréhensive income	9,510		9,510
Others	6,958	668	7,626
At june 30, 2019	**283,896**	**(2,353)**	**281,543**
including :			
- investments in subsidiaries & affiliates companies	39,627	(861)	38,766
- receivable from subsidiaries and affiliates	548	(9)	539
- loan & receivable (1)	207,183	(1,479)	205,704
- employees benefit	1,523		1,523
- Financial instrument (cf. note 11)	35,011		35,011
At june 30, 2019	**283,892**	**(2,349)**	**281,543**

(1)

Bharathi Cement:

At June 31, 2019, an amount of €35 million is recorded in the “other non-current receivables”. This is subject to two provisional attachments on the bank accounts of an Indian company of the Group, Bharathi Cement, as part of a preliminary investigation carried out by the administrative and judicial authorities on facts prior to Vicat’s taking a share of its capital.

The Group’s partner in Bharathi Cement is the focus of an inquiry by the CBI (Central Bureau of Investigation) regarding the source and the growth of his assets. In connection with this inquiry, the CBI filed 14 charge sheets in September 2012 and over the course of 2013, presenting its allegations. Among these, four also involve Bharathi Cement (the CBI is interested in determining whether the investments made in this company by Indian investors were carried out in good faith in the ordinary course of business and if the mining concession was granted in accordance with regulations).

The proceedings, in 2015, led to a precautionary seizure by the “Enforcement Directorate” of INR 950 million (approximately €12 million). The corresponding amounts concerned were reclassified from “cash” to “other current receivables.”

A second precautionary seizure of INR 1,530 million (approximately €19 million) was made in 2016 from a Bharathi Cement bank account in the context of the charges regarding the mining concession. These deposits were also entered as “other current receivables.”

While these measures are not such as to hinder the Company’s operations, the Company is appealing to the administrative and judicial authorities to challenge their validity. There were no significant developments during the past six months.

The provisional attachments do not prejudice the merits of the case (CBI investigation) which is still under review and has not at this point led to a charge. The Company has no reason to think there is any probable or measurable financial risk.

Given how long the proceedings, started in 2012, are taking, the receivable related to these precautionary seizures were reclassified in 2018 as “other non-current receivables”.

Ciplan:

At the time of its acquisition by the Vicat Group, Ciplan received a firm and irrevocable guarantee from its Brazilian partners for all litigation or future litigation relating to the period prior to the acquisition. This guarantee is recognized in other non-current assets (€67 million of euros) for the same amount as provisions for indemnifying claims (note 10).

NOTE 8 CASH AND CASH EQUIVALENTS

(in thousands of euros)	June 30, 2019	December 31, 2018
Cash	136,539	141,291
Marketable securities and term deposits < 3 months	189,157	173,342
Cash and cash equivalents	**325,696**	**314,633**

Cash deposits are including at June 30, 2019 an amount of €34 million (same as December 2018) allocated by the shareholders of Sinai Cement Company, our Egyptian subsidiary, in respect of the ongoing capital increase subscription for which release is contingent on approval of the local competent regulatory authorities.

NOTE 9 SHARE CAPITAL

Vicat share capital is composed of 44,900,000 fully paid-up ordinary shares with a nominal value of €4 each, including 619,650 treasury shares as at June 30, 2019 (674,391 as at December 31, 2018) acquired under the share buy-back programs approved by the Ordinary General Meetings, and through Heidelberg Cement's disposal of its 35 % stake in Vicat in 2007.

These are registered shares or bearer shares, at the shareholder's option. Voting rights attached to shares are proportional to the share of the capital which they represent and each share gives the right to one vote, except in the case of fully paid-up shares registered for at least four years in the name of the same shareholder, to which two votes are assigned.

The dividend paid in 2019 in respect of 2018 amounted to €1.50 per share, amounted to a total of €67,350 thousand, equal to €1.50 per share paid in 2018 in respect of 2017 and amounted to a total of €67,350 thousand.
In the absence of any dilutive instrument, diluted earnings per share are identical to basic earnings per share, and are obtained by dividing the Group's net income by the weighted average number of Vicat ordinary shares outstanding during the year.

Since June 30, 2018, for a period of 12 months renewable by tacit agreement, Vicat has engaged Oddo BHF (previously Natixis Securities) to implement a liquidity agreement in accordance with the AMAFI (French financial markets professional association) Code of Ethics of September 20, 2008.

The following amounts were allocated to the liquidity agreement for its implementation: 20,000 Vicat shares and €3 million in cash.
As at June 30, 2019, the liquidity account is composed with 32,256 Vicat shares and €2,094 thousand in cash.

NOTE 10 PROVISIONS

(in thousands of euros)	June 30, 2019	December 31, 2018
Provisions for pensions and other post-employment benefits	**132,637**	**118,344**
Restoration of sites	50,688	49,617
Demolitions	552	1,027
Other risks (1)	92,477	24,462
Other expenses	5,909	5,255
Other provisions	**149,626**	**80,361**
- of which less than one year	*9,356*	*9,604*
- of which more than one year	*140,270*	*70,757*

(1) At June 30, 2019 other risks included:

- Provisions recognized in Ciplan's financial statements in the total amount of €67 million (€53 million at the acquisition date) which mainly concern:
  - tax litigation relating chiefly to tax credits (ICMS) attributable to import duties related to the purchase of coke and diesel for production purposes, and disputed by the tax authorities (€64 million);
  - industrial relations and labor tribunal disputes following the departure of former employees (€1,7 million);
  - civil litigation involving fines and claims challenged by the company (€0,9 million).

  At the time of its acquisition by the Vicat Group, Ciplan received a firm and irrevocable guarantee from its Brazilian partners for all litigation or future litigation relating to the period prior to the acquisition. This guarantee is recognized in other non-current assets (€67 million) for the same amount as provisions for indemnifying claims (note 7).
- an amount of €11.2 million (€10.6 million as at December 31, 2018) mainly corresponding to the estimated amount of the deductible at year-end relating to claims in the United States in the context of work-related accidents and which will be expensed by the Group;
- the remaining amount of other provisions amounting to about €14,3 million as at June 30, 2019 (€13,9 million as at December 31, 2018) corresponds to the sum of other provisions that, taken individually, are not material.

NOTE 11 NET FINANCIAL DEBTS AND PUT OPTIONS

Financial liabilities as at June 30, 2019 break down as follows:

(in thousands of euros)	June 30, 2019	31/12/2018 restated
Financial debts at more than one year	1,368,828	875,594
Put options at more than one year	4,490	4,119
Lease liabilities at more than one year	186,012	195,751
Debts and put options at more than one year	**1,559,330**	**1,075,464**
Financial instrument assets at more than one year (1)	(35,011)	(25,537)
Total financial debts net of financial instrument assets at more than one year	**1,524,319**	**1,049,927**
Financial debts at less than one year	221,784	152,813
Put options at less than one year	0	0
Lease liabilities at less than one year	49,952	47,797
Debts and put options at less than one year	**271,736**	**200,610**
Financial instrument assets at less than one year (1)	(710)	0
Total financial debts net of financial instrument assets at less than one year	**271,026**	**200,610**
Total financial debts net of financial instrument assets (1)	1,790,855	1,246,418
Total put options	4,490	4,119
Total financial liabilities net of financial instrument assets	**1,795,345**	**1,250,537**

(1) As at June 30, 2019 financial instrument assets (€35.7 million) are presented under non-current assets if their maturity is more than 1 year (€35.0 million) and under other receivables if their maturity is less than 1 year (€0.7 million). They totaled €25.5 million as at December 31, 2018.

The change, by type of net financial debts and put options, breaks down as follows:

(en milliers d'euros)	*Financial debts and put options > 1 year*	*Financial instruments assets > 1 year*	*Lease liabilities > 1 year*	*Financial debts and put options < 1 year*	*Financial instruments assets < 1 year*	*Lease liabilities < 1 year*	*Total*
As at December 31, 2017 restated	**928,403**	**(10,790)**	**166,779**	**138,499**	**(232)**	**46,350**	**1,269,009**
Issues	93,380		67,297	20,712		5,941	187,330
Repayments	(155,560)		(3,083)	(17,213)		(47,133)	(222,989)
Change in foreign exchange rates	1,615		3,670	(126)		533	5,692
Changes in consolidation scope							0
Other movements (1)	11,875	(14,747)	(38,912)	10,941	232	42,106	11,495
As at December 31, 2018 restated	**879,713**	**(25,537)**	**195,751**	**152,813**	**0**	**47,797**	**1,250,537**
Issues	983,043		18,736	35,113		1,549	1,038,441
Repayments	(540,019)		(9,053)	(9,451)		(11,963)	(570,486)
Change in foreign exchange rates	(1,906)		365	(640)		(139)	(2,320)
Changes in consolidation scope	56,778		2,391	9,261		440	68,870
Other movements (1)	(4,290)	(9,474)	(22,178)	34,687	(710)	12,268	10,303
As at June 30, 2019	**1,373,319**	**(35,011)**	**186,012**	**221,783**	**(710)**	**49,952**	**1,795,345**

(1) mainly reclassifications to less than 1 year of debt dated more than 1 year last year and changes in bank overdrafts.

11.1 Financial debts

Analysis of financial debts by category and maturity

June 30, 2019 *(in thousands of euros)*	Total	June-20	June-21	June-22	June-23	June-24	More than 5 years
Bank borrowings and financial liabilities	1,446,092	120,901	200,946	12,117	104,278	817,768	190,082
Of which financial instrument assets	35,721	710	24,703		10,308		
Of which financial instrument liabilities	(2,337)	(29)	(517)			(1,247)	(544)
Miscellaneous borrowings and financial liabilities	13,297	4,671	316	180	162	113	7,855
Lease liabilities	235,964	49,952	44,104	31,553	21,394	11,441	77,520
Current bank lines and overdrafts	95,502	95,502					
Financial debts	**1,790,855**	**271,026**	**245,366**	**43,850**	**125,834**	**829,322**	**275,457**
of which commercial paper	*550,000*					*550,000*	

Financial debts at less than one year mainly comprise bilateral credit lines relating to Sococim Industries and Sodevit in Senegal, Mauricim in Mauritania, Ciplan in Brazil, Konya Cimento and Bastas Cimento in Turkey, and Vigier Holding in Switzerland, and of bank overdrafts and lease liabilities (less than one year).

December 31, 2018 *(in thousands of euros)*	Total	2019	2020	2021	2022	2023	More than 5 years
Bank borrowings and financial liabilities	924,379	83,894	238,367	5,552	102,156	5,185	489,225
Of which financial instrument assets	(25,537)		*(19,275)*		*(6,262)*		
Of which financial instrument liabilities	*1,564*	*303*	*721*			*540*	
Miscellaneous borrowings and financial liabilities	13,478	3,906	1,490	4,026	174	268	3,614
Lease liabilities	243,548	47,797	51,846	33,505	27,122	14,056	69,222
Current bank lines and overdrafts	65,013	65,013					
Financial debts	**1,246,418**	**200,610**	**291,703**	**43,083**	**129,452**	**19,509**	**562,061**
of which commercial paper	*489,000*						*489,000*

Analysis of borrowings and financial debts by currency and interest rate

By currency (net of currency swaps) *(in thousands of euros)*	June 30, 2019	December 31, 2018
Euro	1,179,177	789,561
U.S. dollar	73,950	79,375
Turkish new lira	18,694	14,830
CFA Franc	106,539	86,581
Swiss franc	256,625	204,754
Mauritanian ouguiya	12,979	13,314
Indian rupee	26,585	25,970
Kazakh Tengue	54	74
Egyptian pound	40,011	31,959
Brazilian real	76,241	-
Total	**1,790,855**	**1,246,418**

By interest rate *(in thousands of euros)*	June 30, 2019	December 31, 2018
Fixed rate	873,360	665,995
Floating rate	917,495	580,423
Total	**1,790,855**	**1,246,418**

The average interest rate on the Group's gross indebtedness as at June 30, 2019 is 3.26 %. Without taking into account the application of IFRS16, it would be 3.06% compared with 2.77 % as at December 31, 2018.

11.2 Put options granted to the minority shareholders on shares in consolidated subsidiaries

Agreements were concluded between Vicat and the International Finance Corporation in order to organize their relations as shareholders of Mynaral Tas, under which the Group granted put options to its partner on its shareholding in Mynaral Tas.

The put option granted to the International Finance Corporation was exercisable at the earliest in December 2013. Booking of this option resulted in the recognition of a liability of €4.5 million at more than one year as at June 30, 2019 (€4.1 million as at December 31, 2018). This liability corresponds to the present value of the exercise price of the option granted to the International Finance Corporation.

NOTE 12 FINANCIAL INSTRUMENTS

Foreign exchange risk

The Group's activities are carried out by subsidiaries operating almost entirely in their own country and local currency. This limits the Group's exposure to foreign exchange risk. These companies' imports and exports denominated in currencies other than their own local currency are generally hedged by forward currency purchases and sales. The foreign exchange risk on intercompany loans is hedged, where possible, by the companies when the borrowing is denominated in a currency other than their operating currency.

Moreover the principal and interest due on loans originally issued by the Group in US dollars (US $350 million for Vicat) was translated into euros through a series of *cross currency swaps,* included in the portfolio presented below (see point a).

Interest rate risk

Floating rate debt is hedged through the use of caps on original maturities of 4, 5, 7 and 10 years.
The Group is exposed to an interest rate risk on its financial assets and liabilities and its cash. This exposure corresponds to the price risk for fixed-rate assets and liabilities, and cash flow risk related to floating-rate assets and liabilities.

Liquidity risk

As at June 30, 2019, the Group had €318 million in unutilized confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€468 million as at December 31, 2018).

The Group also has a €550 million commercial paper issue program. As at June 30, 2019, the amount of commercial paper issued by the Group stood at €550 million. Commercial paper consists of short-term debt instruments backed by confirmed lines of credit in the amounts issued and classified as medium-term borrowings in the consolidated balance sheet.

Unused confirmed lines of credit are used to cover the risk of the Group finding itself unable to issue its commercial paper through market transactions. As at June 30, 2019, these lines matched the short term notes they covered, at €550 million.

Some medium-term or long-term loan agreements contain specific covenants especially as regards compliance with financial ratios, reported each half year, which can lead to an anticipated repayment (acceleration clause) in the event of non-compliance. These covenants are based on a profitability ratio (leverage: net indebtedness/consolidated EBITDA) and on capital structure ratio (gearing: net indebtedness/consolidated shareholders equity) of the Group or its subsidiaries concerned. For the purposes of calculating these covenants, the net debt is determined excluding put options granted to minority shareholders and excluding the application of IFRS16. Furthermore, the margin applied to some financing operations depends on the level reached on one of these ratios.

Considering the small number of companies concerned, essentially Vicat SA, the parent company of the Group, the level of gearing (49.9%) and of leverage (2.8) and the liquidity of the Group’s balance sheet, the existence of these covenants does not constitute a risk for the Group’s financial position. As at June 30, 2019, the Group is compliant with all ratios required by covenants included in financing agreements.

Analysis of the portfolio of derivatives as at June 30, 2019:

(in thousands of currency units)	Nominal value (currency)		Nominal value (euro)	Market value (euro)	Current maturity < 1 year (euro)	1 - 5 years (euro)	> 5 years (euro)
Cash flow hedges (a)							
Composite instruments							
- Cross Currency Swap $ fixed/€ fixed	350,000	$	307,557	35,011 (1)		35,011	
Other derivatives							
Interest rate instruments							
- Euro Caps	664,500	€	664,500	(2,337)	(29)	(1,764)	(544)
- US dollar Caps							
Foreign exchange instruments (a)							
Hedging for foreign exchange risk on intra-group loans							
- Forward Sales $							
- Forward Sales Chf	275,000	Chf	247,636	710	710		
				33,384			

(1) The difference between the value of the liability at the hedged rate and at amortized cost comes to €43.4 million.

In accordance with IFRS 13, counterparty risks were taken into account. This mainly relates to derivatives (cross currency swaps) used to hedge the foreign exchange risk of debts in US dollars, which is not the Group's operating currency. The impact of the credit value adjustment (CVA, or the Group's exposure in the event of counterparty default) and of the debit value adjustment (DVA, or the counterparty's exposure in the event of Group default) on the measurement of derivatives was determined by assuming an exposure at default calculated using the add-on method, a 40 % loss given default, and a probability of default based on the credit ratings of banks or the estimated credit rating of the Group. The impact on fair value was not material and was not included in the market value of financial instruments as presented above.

In application of IFRS 7, the breakdown of financial instruments measured at fair value by hierarchical level of fair value in the consolidated statement of financial position is as follows as of June 30, 2019:

(in millions of euros)	June 30, 2019	
Level 1 : instruments quoted on an active market	0.0	
Level 2 : valuation based on observable market information	33.4	see above
Level 3 : valuation based on non-observable market information	35.0	note 7

NOTE 13 SALES REVENUES

(in thousands of euros)	June 30, 2019	June 30, 2018
Sales of goods	1,163,126	1,110,993
Sales of services	176,632	170,268
Sales revenues	**1,339,758**	**1,281,261**

Change in sales revenues on a like-for-like basis

(in thousands of euros)	June 30, 2019	Changes in consolidation scope	Change in foreign exchange rate	June 30th, 2019 Constant scope and exchange rates	June 30, 2018
Sales revenues	**1,339,758**	62,226	4,377	1,273,155	**1,281,261**

NOTE 14 NET DEPRECIATION, AMORTIZATION AND PROVISIONS EXPENSES

(in thousands of euros)	June 30, 2019	June 30, 2018 Restated
Net charges to amortization / depreciation of fixed assets	(97,601)	(88,560)
net changes in right of use relating to lease	(28,572)	(24,354)
Net provisions expenses	(1,673)	(654)
Net charges to other assets depreciation	(3,401)	(3,780)
Net charges to operating depreciation, amortization and provisions	**(131,247)**	**(117,348)**
Other net charges to non-operating depreciation, amortization and provisions (1)	(15,115)	128
Net depreciation, amortization and provisions	**(146,362)**	**(117,220)**

(1) Including at June 30, 2019 an additional provision in Ciplan's accounts of €15 million for indemnifiable litigations in the first half of the year relating to the period prior to the acquisition by Vicat and for which Ciplan received a firm and irrevocable guarantee from its Brazilian partners (note 7). Corresponding guarantee income has been recognized as of June 30, 2019 (note 15).

NOTE 15 OTHER INCOME AND EXPENSE

(in thousands of euros)	June 30, 2018	June 30, 2018
Net income from disposal of assets	1,856	3,518
Income from investments properties	1,960	1,991
Other (1)	9,230	19,610
Other operating income (expense)	**13,046**	**25,119**
other non operating income (expense)	12,685	(5,469)
Total other income (expense) (2)	**25,731**	**19,650**

(1) Including at June 30, 2018 an amount of €10.6 million as a result of a compensatory allowance granted to our American subsidiary, National Cement Company, under a transactional settlement as regards of a business loss prejudice prior to 2018. This compensation will be paid over 4 years, the first payment having been received at the beginning of July 2018.

(2) Including guarantee income recognized by Ciplan in the amount of €15 million corresponding to indemnifiable litigations provisioned in the first half of 2019 relating to the period prior to the acquisition by Vicat and for which Ciplan received a firm and irrevocable guarantee from its Brazilian partners (note 7 and 14).

NOTE 16 FINANCIAL PERFORMANCE INDICATORS

The rationalization of the passage between Gross Operating Income, EBITDA, EBIT and Operating Income is as follows:

(in thousands of euros)	June 30, 2019	June 30, 2018 Restated
Gross Operating Income	**215,101**	**199,224**
Other operating income (expense)	13,046	25,119
EBITDA	**228,147**	**224,343**
Net charges to operating depreciation, amortization and provisions	(131,247)	(117,347)
EBIT	**96,900**	**106,996**
Other non-operating income (expense)	12,685	(5,469)
Net charges to non-operating depreciation, amortization and provisions	(15,115)	127
Operating income (expense)	**94,470**	**101,654**

NOTE 17 FINANCIAL INCOME (EXPENSE)

(in thousands of euros)	June 30, 2019	June 30, 2018 Restated
Interest income from financing and cash management activities	13,801	10,907
Interest expense from financing and cash management activities	(30,974)	(21,920)
Interest expense from lease liabilities	(5,401)	(4,164)
Cost of net borrowings and financial liabilities	**(17,173)**	**(15,177)**
Dividends	222	756
Foreign exchange gains	6,703	6,270
Write-back of impairment of financial assets	-	65
Other income	103	-
Other financial income	**7,028**	**7,091**
Foreign exchange losses	(5,803)	(4,673)
Fair value adjustments to financial assets and liabilities	(210)	(157)
Impairment on financial assets	(1,261)	(54)
Net expense from disposal of financial assets	(67)	(64)
Discounting expenses	(4,463)	(2,848)
Other expenses	-	(18)
Other financial expenses	**(11,804)**	**(7,814)**
Net financial income (expense)	**(21,949)**	**(15,900)**

NOTE 18 INCOME TAX

Analysis of income tax expense:

(in thousands of euros)	June 30, 2019	June 30, 2018 restated
Current taxes	(31,023)	(25,168)
Deferred taxes	3,875	(1,571)
Total	**(27,148)**	**(26,739)**

Deferred tax assets not recognized in the financial statements

Deferred tax assets on tax loss carryforwards not recognized in the financial statements as at June 30, 2019, owing either to their planned imputation during the exemption periods enjoyed by the entities concerned or to the probability of their not being recovered, amounted to €8.5 million (€8.2 million as at December 31, 2018). These relate essentially to one entity benefiting from a tax exemption scheme.

Tax assessment in Senegal
A tax audit was launched in the 4th quarter of 2017 against Sococim Industries, a Senegalese subsidiary of the Group. A notification letter was issued in early February 2018 and a favorable arbitrage has been issued at the beginning of 2019 with no material impact on the Group's tax expense.

NOTE 19 Segment information

19.1 INFORMATION BY GEOGRAPHICAL SECTORS

Information relating to geographical areas is presented according to the geographical location of the entities concerned.

June 30, 2019 *(in thousands of euros except number of employees)*	**France**	**Europe (excluding France)**	**Americas**	**Asia**	**Mediterranean**	**Africa**	**Total**
Income statement							
Operating sales revenues	511,153	182,093	274,980	193,106	74,584	115,803	1,351,719
Inter – country eliminations	(10,802)	(210)	0	(31)	0	(918)	(11,961)
Consolidated net sales revenues	500,351	181,883	274,980	193,075	74,584	114,885	1,339,758
EBITDA (cf. 1.22 & 16)	84,232	37,924	38,767	48,387	(4,340)	23,177	228,147
EBIT (cf. 1.22 & 16)	44,236	19,280	7,761	30,953	(13,664)	8,334	96,900
Balance sheet							
Total non-current assets	804,661	636,120	981,864	798,843	319,317	472,394	4,013,199
Net capital employed (1)	883,039	586,905	834,208	826,893	334,366	522,704	3,988,115
Other informations							
Acquisitions of intangible and tangible assets	27,659	15,472	24,928	13,464	5,737	21,197	108,457
Net depreciation and amortization charges	(40,149)	(18,122)	(29,090)	(16,514)	(8,131)	(14,167)	(126,173)
Average number of employees	2,910	1,100	2,085	1,243	1,698	899	9,935

June 30, 2018 restated (including IFRS16)

(in thousands of euros except number of employees)	**France**	**Europe (excluding France)**	**Americas**	**Asia**	**Mediterranean**	**Africa**	**Total**
Income statement							
Operating sales revenues	480,696	184,359	193,652	199,539	109,316	122,599	1,290,161
Inter – country eliminations	(7,879)	(202)	0	(24)	0	(795)	(8,900)
Consolidated net sales revenues	472,817	184,157	193,652	199,515	109,316	121,804	1,281,261
EBITDA (cf. 1.22 & 16)	74,643	39,132	40,324	32,335	13,853	24,056	224,343
EBIT (cf. 1.22 & 16)	34,359	21,840	20,955	15,971	4,447	9,424	106,996
Balance sheet							
Total non-current assets	775,584	578,554	506,781	753,792	336,126	456,176	3,407,013
Net capital employed (1)	857,991	520,722	430,815	804,635	353,503	477,724	3,445,390
Other informations							
Acquisitions of intangible and tangible as	33,459	16,882	17,390	6,938	6,372	12,697	93,738
Net depreciation and amortization charge	(38,777)	(16,985)	(18,992)	(15,480)	(9,108)	(13,572)	(112,914)
Average number of employees	2,827	1,102	1,149	1,243	1,450	832	8,603

(1) Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital requirement, after deduction of provisions and deferred taxes.

19.2 Additional information by business segment

June 30, 2019 ***(in thousands of euros)***	**Cement**	**Concrete and aggregates**	**Other products and services**	**Total**
Income statement				
Operating sales revenues	770,223	528,338	210,512	1,509,073
Inter – segment eliminations	(116,748)	(10,068)	(42,499)	(169,315)
Consolidated net sales revenues	653,475	518,270	168,013	1,339,758
EBITDA (cf. 1.22 & 16)	154,543	63,928	9,676	228,147
EBIT (cf. 1.22 & 16)	75,751	21,308	(159)	96,900
Balance sheet				
Net capital employed (1)	2,977,128	927,062	83,925	3,988,115

June 30, 2018 restated (including IFRS16) ***(in thousands of euros)***	**Cement**	**Concrete and aggregates**	**Other products and services**	**Total**
Income statement				
Operating sales revenues	743,397	489,695	218,449	1,451,541
Inter – segment eliminations	(114,927)	(9,396)	(45,957)	(170,280)
Consolidated net sales revenues	628,470	480,299	172,492	1,281,261
EBITDA (cf. 1.22 & 16)	160,622	51,747	11,974	224,343
EBIT (cf. 1.22 & 16)	89,033	14,500	3,463	106,996
Balance sheet				
Net capital employed (1)	2,406,063	866,150	173,177	3,445,390

(1) Net capital employed corresponds to the sum of non-current assets, assets and liabilities held for sale, and working capital requirement, after deduction of provisions and deferred taxes.

19.3 INFORMATION ABOUT MAJOR CUSTOMERS

The Group is not dependent on any of its major customers, and no single customer accounts for more than 10% of sales revenues.

NOTE 20 NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

Net cash flows from operating activities conducted by the Group during the first semester 2019 were €32.9 million, compared with €110.2 million at June 30, 2018 restated.

This decrease in cash flows generated by operating activities between the first semesters 2018 and 2019 resulted from a slight growth from cash flow from operations of €1.5 million and a deterioration of the change in working capital requirement of nearly €(78.8) million.

The components of the working capital requirement (WCR) by type are as follows:

(in thousands of euros)	WCR at Dec. 31, 2017	Change in WCR in 2018	Other changes (1)	WCR at Dec. 31, 2018	Change in WCR in 1st sem. 2019	Other changes (1)	WCR at June 30, 2019
Inventories	351,303	39,491	(5,661)	385,133	16,445	27,487	429,065
Other WCR components	40,967	(34,097)	(4,134)	2,736	123,454	6,772	132,962
WCR	**392,270**	**5,394**	**(9,795)**	**387,869**	**139,899**	**34,259**	**562,027**

(1) Exchange rates, consolidation scope and miscellaneous

The sharp increase in working capital requirements during the first half of 2019 mainly reflects the highly seasonal nature of the Group's business, but also a one-off and temporary increase in trade receivables in certain countries.

NOTE 21 NET CASH FLOWS FROM INVESTING ACTIVITIES

Net cash flows from investing activities conducted by the Group during the first semester 2019 were €(427) million, compared with €(103) million at June 30, 2018.

Acquisitions of intangible and tangible assets

These reflect outflows for industrial investments (€90 million in the first semester 2019 and €78 million in the first semester 2018), mainly corresponding to the following:

- at June 30, 2019 to investments made in France, United-States, Senegal and Switzerland;
- at June 30, 2018 to investments made in France, United States, Switzerland and Senegal.

Acquisition / disposal of shares in consolidated companies

These reflect net outflows for the acquisition / disposal of consolidated companies, which amounted to €(292) million in the first semester 2019 (total outflow of €(13) million during the first semester 2018).

The main cash outflows by the Group during the first semester 2019 were mainly made to purchase 66.07% of the entity CIPLAN in Brazil (see notes 2 and 3).
The main disbursements made by the Group during the first semester 2018 were to acquire the minority interests of a Senegalese subsidiary.

NOTE 22 ANALYSIS OF NET CASH BALANCES

(in thousands of euros)	June 30, 2019 Net	June 30, 2018 Net
Cash and cash equivalents (see. note 6)	325,696	314,633
Bank overdrafts	(76,445)	(52,664)
Net cash balances	**249,251**	**261,969**

NOTE 23 TRANSACTIONS WITH RELATED COMPANIES

In addition to information required for related parties regarding the senior executives, related parties with which transactions are carried out include affiliated companies and joint ventures in which Vicat directly or indirectly holds a stake, and entities that hold a stake in Vicat.
These related party transactions were not material in the 1st semester 2019 and all were on an arm's length basis.

These transactions have all been recorded in compliance with IAS 24 and their impact on the Group's consolidated financial statements at June 30, 2019 and 2018 is as follows, broken down by type and by related party:

	June 30, 2019				June 30, 2018			
(in thousands of euros)	Sales	Purchases	Receivables	Debts	Sales	Purchases	Receivables	Debts
Affiliated companies	205	1,662	3,780	1,005	192	1,728	2,176	2,242
Other related parties	22	527	0	61	28	523	-	-
Total	**227**	**2,189**	**3,780**	**1,066**	**220**	**2,251**	**2,176**	**2,242**

NOTE 24 SUBSEQUENT EVENTS

No post balance sheet event has had a material impact on the consolidated financial statements as at June 30, 2019.

NOTE 25 LIST OF MAIN CONSOLIDATED COMPANIES AS AT JUNE 30, 2019

Fully consolidated: France

			June 30, 2019	December 31, 2018
COMPANY	**COUNTRY**	**CITY**	**% INTEREST**	
VICAT	FRANCE	PARIS LA DEFENSE	-	-
AGENCY BULK CHARTERING VICAT	FRANCE	NANTES	49.99	-
ANNECY BETON CARRIERES	FRANCE	CRAN GEVRIER	49.98	49.98
LES ATELIERS DU GRANIER	FRANCE	PONTCHARRA	99.98	99.98
BETON CONTROLE COTE D'AZUR	FRANCE	NICE	99.97	99.97
BETON VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
BETON TRAVAUX	FRANCE	PARIS LA DEFENSE	99.98	99.98
CARRIERE DE BELLECOMBES ET DES BETONS	FRANCE	BELLECOMBE EN BAUGES	49.97	49.95
CENTRE D'ETUDE DES MATERIAUX	FRANCE	L'ISLE D'ABEAU	79.98	-
DELTA POMPAGE	FRANCE	CHAMBERY	99.98	99.98
GRANULATS VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
PARFICIM	FRANCE	PARIS LA DEFENSE	100.00	100.00
SATMA	FRANCE	L'ISLE D'ABEAU	100.00	100.00
SATM	FRANCE	CHAMBERY	99.98	99.98
SIGMA BETON	FRANCE	L'ISLE D'ABEAU	99.98	99.98
VICAT PRODUITS INDUSTRIELS	FRANCE	L'ISLE D'ABEAU	99.98	99.98

Fully consolidated: Rest of the world

COMPANY	COUNTRY	CITY	% INTEREST June 30, 2019	% INTEREST December 31, 2018
CIPLAN	BRASIL	BRASILIA	66.07	-
SINAI CEMENT COMPANY	EGYPT	CAIRO	56.20	56.20
JAMBYL CEMENT PRODUCTION COMPA	KAZAKHSTAN	ALMATY	90.00	90.00
MYNARAL TAS COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
BUILDERS CONCRETE	USA	CALIFORNIA	100.00	100.00
KIRKPATRICK	USA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY OF ALABAMA	USA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY INC	USA	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA	USA	DELAWARE	100.00	100.00
NATIONAL READY MIXED	USA	CALIFORNIA	100.00	100.00
VIKING READY MIXED	USA	CALIFORNIA	100.00	100.00
WALKER CONCRETE	USA	GEORGIA	100.00	100.00
CEMENTI CENTRO SUD Spa	ITALY	GENOVA	100.00	100.00
CIMENTS & MATERIAUX DU MALI	MALI	BAMAKO	94.90	94.90
GECAMINES	SENEGAL	THIES	100.00	100.00
POSTOUDIOKOUL	SENEGAL	RUFISQUE (DAKAR)	100.00	100.00
SOCOCIM INDUSTRIES	SENEGAL	RUFISQUE (DAKAR)	99.90	99.90
SODEVIT	SENEGAL	BANDIA	100.00	100.00
ALTOLA AG	SWITZERLAND	OLTEN (SOLOTHURN)	100.00	100.00
KIESWERK AEBISHOLZ AG	SWITZERLAND	AEBISHOLZ (SOLEURE)	100.00	100.00
BETON AG BASEL	SWITZERLAND	BALE (BALE)	100.00	100.00
BETON AG INTERLAKEN	SWITZERLAND	INTERLAKEN (BERN)	75.42	75.42
BETONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	82.46	82.46
CREABETON MATERIAUX SA	SWITZERLAND	LYSS (BERN)	100.00	100.00
EMME KIES + BETON AG	SWITZERLAND	LÜTZELFLÜH (BERN)	66.67	66.67
FRISCHBETON AG ZUCHWIL	SWITZERLAND	ZUCHWIL (SOLOTHURN)	88.94	88.94
FRISCHBETON LANGENTHAL AG	SWITZERLAND	LANGENTHAL (BERN)	78.67	78.67
FRISCHBETON THUN	SWITZERLAND	THOUNE (BERN)	53.48	53.48
KIESTAG STEINIGAND AG	SWITZERLAND	WIMMIS (BERN)	98.55	98.55
KIESWERK NEUENDORF	SWITZERLAND	NEUENDORF (SOLEURE)	50.00	50.00
SABLES + GRAVIERS TUFFIERE SA	SWITZERLAND	HAUTERIVE (FRIBOURG)	50.00	50.00
SHB STEINBRUCH + HARTSCHOTTER BLAUSEE MITHOLZ AG	SWITZERLAND	FRUTIGEN (BERN)	98.55	98.55
SOLOTHURNER ENTSORGUNGS GESELLSCHAFT	SWITZERLAND	FLUMENTHAL (SOLOTHURN)	100.00	100.00
SONNEVILLE AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
STEINBRUCH VORBERG AG	SWITZERLAND	BIEL (BERN)	60.00	60.00
VIGIER BETON JURA SA	SWITZERLAND	BELPRAHON (BERN)	82.59	81.42
VIGIER BETON KIES SEELAND AG	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIGIER BETON MITTELLAND AG	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
VIGIER BETON ROMANDIE SA	SWITZERLAND	ST . URSEN (FRIBOURG)	100.00	100.00
VIGIER BETON SEELAND JURA AG	SWITZERLAND	SAFNERN (BERN)	91.76	90.47
VIGIER CEMENT AG	SWITZERLAND	PERY (BERN)	100.00	100.00
VIGIER HOLDING AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER MANAGEMENT AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER RAIL	SWITZERLAND	MÜNTSCHEMIER (BERN)	100.00	100.00
VIGIER TRANSPORT AG (ex-GRANDY)	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00

Fully consolidated: Rest of the world

			June 30, 2019	December 31, 2018
COMPANY	**COUNTRY**	**CITY**	**% INTEREST**	
BASTAS BASKENT CIMENTO	TURKEY	ANKARA	91.58	91.58
BASTAS HAZIR BETON	TURKEY	ANKARA	91.58	91.58
KONYA CIMENTO	TURKEY	KONYA	83.08	83.08
KONYA HAZIR BETON	TURKEY	KONYA	83.08	83.08
TAMTAS	TURKEY	ANKARA	100.00	100.00
MAURICIM	MAURITANIA	NOUAKCHOTT	100.00	100.00
BHARATHI CEMENT	INDIA	HYDERABAD	51.02	51.02
KALBURGI CEMENT	INDIA	HYDERABAD	99.98	99.98

Equity method: France

			June 30, 2019	December 31, 2018
COMPANY	**COUNTRY**	**CITY**	**% INTEREST**	
CARRIERES BRESSE BOURGOGNE	FRANCE	EPERVANS	33.27	33.27
DRAGAGES ET CARRIERES	FRANCE	EPERVANS	49.98	49.98
SABLIERES DU CENTRE	FRANCE	LES MARTRES D'ARTIERE	49.99	49.99
SCI ABBE CALES	FRANCE	CHAMBERY	69.98	69.98
2170	FRANCE	VILLERS LA FAYE	49.99	-

Equity method: Rest of the world

			June 30, 2019	December 31, 2018
COMPANY	**COUNTRY**	**CITY**	**% INTEREST**	
PLANALTO	BRASIL	BRASILIA	31.72	-
HYDROELECTRA	SWITZERLAND	AU (ST. GALLEN)	50.00	50.00
SILO TRANSPORT AG	SWITZERLAND	BERN (BERN)	50.00	50.00
SINAI WHITE CEMENT	EGYPT	CAIRO	14.27	14.27

NOTE 26 IFRS16 IMPACTS

This note summarizes the main impacts of the first application of IFRS16 on equity as at January 1, 2018 and on the 2018 annual and half-yearly consolidated financial statements.

26.1 Balance sheet: from published to restated

Consolidated statement of financial position

ASSETS *(in thousands of euros)*	1/1/2018 restated	Restatements IFRS 16	1/1/2018 published	30/06/2018 restated	Restatements IFRS 16	30/06/2018 published	31/12/2018 restated	Restatements IFRS 16	31/12/2018 published
NON CURRENT ASSETS									
Goodwill	1,006,987		1,006,987	1,005,213		1,005,213	1,006,753		1,006,753
Other intangible assets	117,959		117,959	112,950		112,950	118,316		118,316
Rights of use relating to leases	200,725	200,725	0	202,542	202,542	0	223,792	223,792	0
Property, plant and equipment	1,837,759		1,837,759	1,800,464		1,800,464	1,806,040		1,806,040
Investment properties	16,240		16,240	15,735		15,735	15,491		15,491
Investments in associated companies	40,696		40,696	42,358		42,358	53,044		53,044
Deferred tax assets	98,603	2,970	95,633	119,328	3,340	115,988	93,394	3,848	89,546
Receivables and other non current financial assets	77,557		77,557	108,424		108,424	152,831		152,831
Total non current assets	**3,396,526**	**203,695**	**3,192,831**	**3,407,014**	**205,882**	**3,201,132**	**3,469,661**	**227,640**	**3,242,021**
CURRENT ASSETS									
Inventories and work in progress	351,303		351,303	341,166		341,166	385,133		385,133
Trade and other accounts	408,092		408,092	493,708		493,708	407,085		407,085
Current tax assets	45,001		45,001	49,555		49,555	42,215		42,215
Other receivables	174,251		174,251	194,636	(43)	194,679	142,745	(59)	142,804
Cash and cash equivalents	265,364		265,364	278,227		278,227	314,633		314,633
Total current assets	**1,244,011**	**0**	**1,244,011**	**1,357,292**	**(43)**	**1,357,335**	**1,291,811**	**(59)**	**1,291,870**
TOTAL ASSETS	**4,640,537**	**203,695**	**4,436,842**	**4,764,306**	**205,839**	**4,558,467**	**4,761,472**	**227,581**	**4,533,891**

LIABILITIES *(in thousands of euros)*	1/1/2018 restated	Restatements IFRS 16	1/1/2018 published	30/06/2018 restated	Restatements IFRS 16	30/06/2018 published	31/12/2018 restated	Restatements IFRS 16	31/12/2018 published
SHAREHOLDERS' EQUITY									
Share capital	179,600		179,600	179,600		179,600	179,600		179,600
Additional paid in capital	11,207		11,207	11,207		11,207	11,207		11,207
Consolidated reserves	1,976,285	(9,028)	1,985,313	1,922,354	(10,022)	1,932,376	2,068,460	(11,671)	2,080,131
Shareholders' equity	**2,167,092**	**(9,028)**	**2,176,120**	**2,113,161**	**(10,022)**	**2,123,183**	**2,259,267**	**(11,671)**	**2,270,938**
Minority interests	**233,369**	**(73)**	**233,442**	**215,428**	**(37)**	**215,465**	**221,474**	**(26)**	**221,500**
Shareholders' equity and minority interests	**2,400,461**	**(9,101)**	**2,409,562**	**2,328,589**	**(10,059)**	**2,338,648**	**2,480,741**	**(11,697)**	**2,492,438**
NON CURRENT LIABILITIES									
Provisions for pensions and other post employment benefi	115,084		115,084	114,271		114,271	118,344		118,344
Other provisions	70,703		70,703	107,685		107,685	70,757		70,757
Financial debts and put options	928,403		928,403	1,042,986	(163)	1,043,149	879,713	(2,631)	882,344
Lease liabilities	166,596	166,596	0	168,532	168,532	0	195,751	195,751	0
Deferred tax liabilities	182,291	(150)	182,441	166,571	(117)	166,688	181,392	(210)	181,602
Other non current liabilities	1,398		1,398	1,292		1,292	5,410	135	5,275
Total non current liabilities	**1,464,475**	**166,446**	**1,298,029**	**1,601,337**	**168,252**	**1,433,085**	**1,451,367**	**193,045**	**1,258,322**
CURRENT LIABILITIES									
Provisions	8,738		8,738	8,175		8,175	9,604		9,604
Financial debts and put options at less than one year	138,499		138,499	149,935	(45)	149,980	152,813	(748)	153,561
Lease liabilities at less than one year	46,350	46,350	0	48,227	48,227	0	47,797	47,797	0
Trade and other accounts payable	328,450		328,450	337,336	(536)	337,872	358,753	(441)	359,194
Current taxes payable	41,188		41,188	37,800		37,800	38,273		38,273
Other liabilities	212,376		212,376	252,907		252,907	222,124	(375)	222,499
Total current liabilities	**775,601**	**46,350**	**729,251**	**834,380**	**47,646**	**786,734**	**829,364**	**46,233**	**783,131**
Total liabilities	**2,240,076**	**212,796**	**2,027,280**	**2,435,717**	**215,898**	**2,219,819**	**2,280,731**	**239,278**	**2,041,453**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,640,537**	**203,695**	**4,436,842**	**4,764,306**	**205,839**	**4,558,467**	**4,761,472**	**227,581**	**4,533,891**

26.2 Profit and loss account: from published to restated

Consolidated income statement

(in thousands of euros)	30/06/2018 restated	Restatements IFRS 16	30/06/2018 published	31/12/2018 restated	Restatements IFRS 16	31/12/2018 published
Sales	1,281,261		1,281,261	2,582,465		2,582,465
Goods and services purchased	(834,071)	27,565	(861,636)	(1,644,858)	57,802	(1,702,660)
Added value	**447,190**	**27,565**	**419,625**	**937,607**	**57,802**	**879,805**
Personnel costs	(213,458)		(213,458)	(428,963)		(428,963)
Taxes	(34,508)		(34,508)	(59,431)		(59,431)
Gross operating income	**199,224**	**27,565**	**171,659**	**449,213**	**57,802**	**391,411**
Depreciation, amortization and provisions	(117,220)	(24,354)	(92,866)	(236,075)	(51,981)	(184,094)
Other income and expenses	19,650		19,650	35,698		35,698
Operating income	**101,654**	**3,211**	**98,443**	**248,836**	**5,821**	**243,015**
Cost of net financial debt	(15,177)	(4,164)	(11,013)	(29,359)	(8,772)	(20,587)
Other financial income	7,091		7,091	20,024		20,024
Other financial expenses	(7,814)		(7,814)	(18,708)		(18,708)
Net financial income (expense)	**(15,900)**	**(4,164)**	**(11,736)**	**(28,043)**	**(8,772)**	**(19,271)**
Earnings from associated companies	2,070		2,070	3,737		3,737
Profit (loss) before tax	**87,824**	**(953)**	**88,777**	**224,530**	**(2,951)**	**227,481**
Income tax	(26,739)	243	(26,982)	(65,867)	790	(66,657)
Consolidated net income	**61,085**	**(710)**	**61,795**	**158,663**	**(2,161)**	**160,824**
Portion attributable to minority interests	2,949	37	2,912	9,781	52	9,729
Portion attributable to the Group	**58,136**	**(747)**	**58,883**	**148,882**	**(2,213)**	**151,095**
EBITDA	**224,343**	**27,565**	**196,778**	**492,318**	**57,802**	**434,516**
EBIT	**106,996**	**3,212**	**103,784**	**255,059**	**5,821**	**249,238**
Cash flow from operations	**171,289**	**23,401**	**147,888**	**387,476**	**49,034**	**338,442**
Earnings per share *(in euros)*						
Basic and diluted Group share of net earnings per share	1.29	-0.02	1.31	3.32	-0.05	3.37

26.3 Other comprehensive income: from published to restated

Consolidated statement of comprehensive income

(in thousands of euros)	30/06/2018 restated	Restatements IFRS 16	30/06/2018 published	31/12/2018 restated	Restatements IFRS 16	31/12/2018 published
Consolidated net income	**61,085**	**(710)**	**61,795**	**158,663**	**(2,161)**	**160,824**
Other comprehensive income items						
Items not recycled to profit or loss :						
Remeasurement of the net defined benefit liability	4,536		4,536	6,289		6,289
Tax on non-recycled items	(1,165)		(1,165)	(1,613)		(1,613)
Items recycled to profit or loss :						
Net income from change in translation differences	(46,158)	(250)	(45,908)	(61,365)	(437)	(60,928)
Cash flow hedge instruments	(3,594)		(3,594)	759		759
Tax on recycled items	928		928	(197)		(197)
Other comprehensive income (after tax)	**(45,453)**	**(250)**	**(45,203)**	**(56,127)**	**(437)**	**(55,690)**
Total comprehensive income	**15,632**	**(960)**	**16,592**	**102,536**	**(2,598)**	**105,134**
Portion attributable to minority interests	(7,003)	35	(7,038)	(2,454)	46	(2,500)
Portion attributable to the Group	**22,635**	**(995)**	**23,630**	**104,990**	**(2,644)**	**107,634**

26.4 Cash flow statement: from published to restated

Consolidated statement of cash flow						
(in thousands of euros)	30/06/2018 restated	Restatements IFRS 16	30/06/2018 published	31/12/2018 restated	Restatements IFRS 16	31/12/2018 published
Cash flows from operating activities						
Consolidated net income	**61,085**	**(710)**	**61,795**	**158,663**	**(2,161)**	**160,824**
Earnings from associated companies	(2,070)		(2,070)	(3,737)		(3,737)
Dividends received from associated companies	1,346		1,346	2,492		2,492
Elimination of non cash and non operating items :	0			0		
- depreciation, amortization and provisions	112,540	24,354	88,186	233,671	51,981	181,690
- deferred taxes	1,571	(243)	1,814	4,720	(790)	5,510
- net (gain) loss from disposal of assets	(3,454)		(3,454)	(8,582)		(8,582)
- unrealized fair value gains and losses	157		157	353		353
- other	114		114	(108)		(108)
Cash flows from operating activities	**171,289**	**23,401**	**147,888**	**387,472**	**49,030**	**338,442**
Change in working capital requirement	(61,082)		(61,082)	(5,394)		(5,394)
Net cash flows from operating activities	**110,207**	**23,401**	**86,806**	**382,078**	**49,030**	**333,048**
Cash flows from investing activities						
Outflows linked to acquisitions of non-current assets :						
- property, plant and equipment and intangible assets	(78,402)		(78,402)	(180,224)		(180,224)
- financial investments	(21,608)		(21,608)	(28,469)		(28,469)
Inflows linked to disposals of non-current assets :						
- property, plant and equipment and intangible assets	4,529		4,529	14,049		14,049
- financial investments	4,983		4,983	3,939		3,939
Impact of changes in consolidation scope	(12,984)		(12,984)	(22,686)		(22,686)
Net cash flows from investing activities	**(103,482)**	**0**	**(103,482)**	**(213,391)**	**0**	**(213,391)**
Cash flows from financing activities						
Dividends paids	(76,872)		(76,872)	(72,976)		(72,976)
Increases in capital	0			0		
Proceeds from borrowings	126,976		126,976	114,838		114,838
Repayments of borrowings	(47,464)	(23,401)	(24,063)	(226,824)	(49,030)	(177,794)
Repayments of lease liabilities	0		0	0		0
Acquisitions of treasury shares	(16,153)		(16,153)	(927)		(927)
Disposals or allocations of treasury shares	17,658		17,658	68,876		68,876
Net cash flows from financing activities	**4,145**	**(23,401)**	**27,546**	**(117,013)**	**(49,030)**	**(67,983)**
Impact of changes in foreign exchange rates	(8,676)		(8,676)	(9,766)		(9,766)
Change in cah position	**2,194**	**0**	**2,194**	**41,908**	**0**	**41,908**
Net cash and cash equivalents - opening balance	220,058		220,058	220,058		220,058

26.5 Equity statement: from published to restated

Statement of changes in consolidated equity

(in thousands of euros)	Capital	Additional paid in capital	Treasury shares	Consolidated reserves	Translation reserves	Share-holders' equity	Minority interests	Total share-holders' equity and minority interests
At January 1, 2018 published	**179,600**	**11,207**	**(60,714)**	**2,406,371**	**(360,344)**	**2,176,120**	**233,442**	**2,409,562**
Restatements IFRS16 1/01/2018				**(9,028)**		**(9,028)**	**(72)**	**(9,100)**
At January 1, 2018 restated	**179,600**	**11,207**	**(60,714)**	**2,397,343**	**(360,344)**	**2,167,092**	**233,370**	**2,400,462**
Half-year consolidated net income				58,883		**58,883**	2,912	**61,795**
Restatements IFRS16 on the half-year consolidated net income				(747)		**(747)**	37	**(710)**
Other comprehensive income				(75)	(35,179)	**(35,254)**	(9,950)	**(45,204)**
Restatements IFRS16 on the other comprehensive income					(247)	**(247)**	(2)	**(249)**
Total comprehensive income				*58,808*	*(35,179)*	***23,629***	*(7,038)*	***16,591***
Restatements IFRS16 on the total comprehensive income				*(747)*	*(247)*	***(994)***	*35*	***(959)***
Total comprehensive income restated				***58,061***	***(35,426)***	***22,635***	***(7,003)***	***15,632***
Dividends paids				(66,375)		**(66,375)**	(6,696)	**(73,071)**
Net change in treasury shares			1,979	(352)		**1,627**		**1,627**
Changes in consolidation scope and additional acquisitions				(10,884)		**(10,884)**	(4,806)	**(15,690)**
Other changes				(934)		**(934)**	563	**(371)**
At June 30, 2018 published	**179,600**	**11,207**	**(58,735)**	**2,386,634**	**(395,523)**	**2,123,183**	**215,465**	**2,338,648**
Restatements IFRS16 at June 30, 2018				**(9,775)**	**(247)**	**(10,022)**	**(37)**	**(10,059)**
At June 30, 2018 restated	**179,600**	**11,207**	**(58,735)**	**2,376,859**	**(395,770)**	**2,113,161**	**215,428**	**2,328,589**

(in thousands of euros)	Capital	Additional paid in capital	Treasury shares	Consolidated reserves	Translation reserves	Share-holders' equity	Minority interests	Total share-holders' equity and minority interests
At January 1, 2018 published	**179,600**	**11,207**	**(60,714)**	**2,406,371**	**(360,344)**	**2,176,120**	**233,442**	**2,409,562**
Restatements IFRS16 1/01/2018				**(9,028)**		**(9,028)**	**(72)**	**(9,100)**
At January 1, 2018 restated	**179,600**	**11,207**	**(60,714)**	**2,397,343**	**(360,344)**	**2,167,092**	**233,370**	**2,400,462**
Consolidated net income				151,095		**151,095**	9,729	**160,824**
Restatements IFRS16 on the consolidated net income				(2,212)		**(2,212)**	51	**(2,161)**
Other comprehensive income				(3,888)	(39,573)	**(43,461)**	(12,229)	**(55,690)**
Restatements IFRS16 on the other comprehensive income					(431)	**(431)**	(5)	**(436)**
Total comprehensive income				*147,207*	*(39,573)*	***107,634***	*(2,500)*	***105,134***
Restatements IFRS16 on the total comprehensive income				*(2,212)*	*(431)*	***(2,643)***	*46*	***(2,597)***
Total comprehensive income restated				***144,995***	***(40,004)***	***104,991***	***(2,454)***	***102,537***
Dividends paids				(66,180)		**(66,180)**	(6,765)	**(72,945)**
Net change in treasury shares			4,570	(3,397)		**1,173**		**1,173**
Changes in consolidation scope and additional acquisitions				(10,880)		**(10,880)**	(4,806)	**(15,686)**
Other changes				63,071		**63,071**	2,129	**65,200**
At December 31, 2018 published	**179,600**	**11,207**	**(56,144)**	**2,536,192**	**(399,917)**	**2,270,938**	**221,500**	**2,492,438**
Restatements IFRS16 at December 31, 2018				**(11,240)**	**(431)**	**(11,671)**	**(26)**	**(11,697)**
At December 31, 2018 restated	**179,600**	**11,207**	**(56,144)**	**2,524,952**	**(400,348)**	**2,259,267**	**221,474**	**2,480,741**

3.

STATUTORY AUDITORS' REVIEW REPORT

ON THE 2019 HALF-YEAR FINANCIAL INFORMATION

This is a free translation into English of the statutory auditors' review report on the half-year 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.

To the shareholders,

In compliance with the assignment entrusted to us by your Annual General 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 half-yearly consolidated financial statements of Vicat 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 half-yearly condensed 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 interim consolidated financial statements do not give a true and fair view of the assets and liabilities and of the financial position of the Group as at June 30, 2019 and of the results of its operations for the period then ended in accordance with IFRSs as adopted by the European Union.

Without qualifying our conclusion, we draw your attention to the matter set out in the note 1.1 "Declaration of conformity" to the condensed interim consolidated financial statements relating to evolutions of norms and interpretations that the Company applies on the January 1st 2019, in particular regarding the change in accounting rules resulting from the 1st application of IFRS 16 "Lease contracts", of which the impact on financial statements on the 1 January 2019 are disclosed in note 26 "Application of IFRS 16", and regarding the change in segment information presentation disclosed in note 19 "Sectorial information".

II – Specific verification

We have also verified the information presented in the half-yearly management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

The statutory auditors

Paris La Défense. July 30, 2019	Chamalières. July 30, 2019
KPMG Audit. A division of KPMG S.A	**Wolff & Associés S.A.S.**
Philippe Grandclerc Partner	Grégory Wolff Partner

4.

DECLARATION BY THE PERSONS RESPONSIBLE

FOR THE HALF- YEAR FINANCIAL REPORT

« "I hereby declare that, to the best of my knowledge, the consolidated accounts compiled for the ending half-year have been drawn up in accordance with the applicable accounting standards and are a true reflection of the assets and liabilities, financial position and income of the Company and all the firms within the consolidation scope and that the half-year report on operations, attached on page 3, presents a true picture of the major events which occurred during the first six months of the year, their impact on the accounts and the main transactions between related parties and describes the main risks and the main uncertainties for the remaining six months of the year.

Paris La Défense. August 1st 2019

Guy Sidos

Chaiman and CEO

A french société anonyme with a share capital of € 179,600,000
Registered office
Tour Manhattan - 6 place de l'Iris - 92095 Paris-La Défense Cedex
Tél. : 01 58 86 86 86 - Fax : 01 58 86 87 87
Registered with the Trade and Companies Register of Nanterre under the number 057 505 539

Copies of the Registration Document are available free of charge from Vicat, as well as on the Vicat websites (www.vicat.fr)
and on the Autorité des marchés financiers (AMF), French market regulator website (www.amf.france.org)