VICAT GROUP

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2019

Consolidated financial statements as of December 31, 2019 approved by the Board of Directors Meeting of February 12, 2020 which will be presented to the General Meeting of shareholders on April 3, 2020 for its approval

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *(in thousands of euros)*	Notes	December 31, 2019	December 31, 2018 Restated (a)	January 1, 2018 Restated (a)
NON CURRENT ASSETS				
Goodwill	3	1,231,538	1,006,753	1,006,987
Other intangible assets	4	187,046	118,316	117,959
Property, plant and equipment	5	2,031,781	1,806,040	1,837,759
Rights of use relating to leases	6	219,066	223,792	200,725
Investment properties	7	15,125	15,491	16,240
Investments in associated companies	8	85,212	53,044	40,696
Deferred tax assets	24	89,938	93,394	98,603
Receivables and other non-current financial assets	9	236,142	152,831	77,557
Total non-current assets		**4,095,848**	**3,469,661**	**3,396,526**
CURRENT ASSETS				
Inventories and work-in-progress	10	401,551	385,133	351,303
Trade and other accounts	11	416,568	407,085	408,092
Current tax assets		72,811	42,215	45,001
Other receivables	11	192,776	142,745	174,251
Cash and cash equivalents	12	398,514	314,633	265,364
Total current assets		**1,482,220**	**1,291,811**	**1,244,011**
TOTAL ASSETS		**5,578,068**	**4,761,472**	**4,640,537**

LIABILITIES *(in thousands of euros)*	Notes	December 31, 2019	December 31, 2018 Restated (a)	January 1, 2018 Restated (a)
SHAREHOLDERS' EQUITY				
Share Capital	13	179,600	179,600	179,600
Additional paid in capital		11,207	11,207	11,207
Consolidated reserves		2,140,361	2,068,460	1,976,285
Shareholders' equity		**2,331,168**	**2,259,267**	**2,167,092**
Minority interests		**264,767**	**221,474**	**233,369**
Total shareholders' equity and minority interests		**2,595,935**	**2,480,741**	**2,400,461**
NON CURRENT LIABILITIES				
Provisions for pensions and other post-employment benefits	14	141,235	118,344	115,084
Other provisions	15	140,243	70,757	70,703
Financial debts and put options	16	1,109,769	879,713	928,403
Lease liabilities	16	178,398	195,751	166,596
Deferred tax liabilities	24	253,194	181,392	182,291
Other non-current liabilities		52,072	5,410	1,398
Total non-current liabilities		**1,874,911**	**1,451,367**	**1,464,475**
CURRENT LIABILITIES				
Provisions	15	10,635	9,604	8,738
Financial debts and put options at less than one year	16	391,594	152,813	138,499
Lease liabilities at less than one year	16	59,864	47,797	46,350
Trade and other accounts payable		354,652	358,753	328,450
Current taxes payable		49,162	38,273	41,188
Other liabilities	18	241,315	222,124	212,376
Total current liabilities		**1,107,222**	**829,364**	**775,601**
Total liabilities		**2,982,133**	**2,280,731**	**2,240,076**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,578,068**	**4,761,472**	**4,640,537**

(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.
The impacts of these restatements are presented in note 34.

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	2019	2018 Restated (a)
Sales revenues	**19**	**2,739,993**	**2,582,465**
Goods and services purchased		(1,710,592)	(1,644,858)
Added value	**1.23**	**1,029,401**	**937,607**
Personnel costs	20	(475,396)	(428,963)
Taxes		(64,592)	(59,431)
Gross Operating Income	**1.23**	**489,413**	**449,213**
Other operating income (expense)	22	36,718	43,105
EBITDA	**1.23**	**526,131**	**492,318**
Net charges to operating depreciation, amortization and provisions	21	(259,488)	(237,259)
EBIT	**1.23**	**266,643**	**255,059**
Other non-operating income (expense)	22	13,622	(7,407)
Net charges to non-operating depreciation, amortization and provisions	21	(19,206)	1,184
Operating income (expense)		**261,059**	**248,836**
Cost of net financial debt	23	(33,367)	(29,359)
Other financial income	23	12,577	20,024
Other financial expenses	23	(17,266)	(18,708)
Net financial income (expense)	**23**	**(38,056)**	**(28,043)**
Earnings from associated companies	8	5,096	3,737
Profit (loss) before tax		**228,099**	**224,530**
Income tax	24	(68,229)	(65,867)
Consolidated net income		**159,870**	**158,663**
Portion attributable to minority interests		11,049	9,781
Portion attributable to the Group		**148,821**	**148,882**
Earnings per share *(in euros)*			
Basic and diluted Group share of net earnings per share	13	3.31	3.32

(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. The impacts of these restatements are presented in note 34.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	2019	2018 Restated (a)
Consolidated net income	**159,870**	**158,663**
Other comprehensive income items		
Items not recycled to profit or loss :		
Remeasurement of the net defined benefit liability	(17,457)	6,289
Tax on non-recycled items	4,391	(1,613)
Items recycled to profit or loss :		
Net income from change in translation differences	(7,421)	(61,365)
Cash flow hedge instruments	11,305	759
Tax on recycled items	(2,919)	(197)
Other comprehensive income (after tax)	**(12,101)**	**(56,127)**
Total comprehensive income	**147,769**	**102,536**
Portion attributable to minority interests	9,554	(2,454)
Portion attributable to the Group	**138,215**	**104,990**

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CONSOLIDATED STATEMENT OF CASH FLOW

(in thousands of euros)	Notes	2019	2018 Restated (a)
Cash flows from operating activities			
Consolidated net income		**159,870**	**158,663**
Earnings from associated companies		(5,096)	(3,737)
Dividends received from associated companies		1,486	2,492
Elimination of non cash and non-operating items:			
- depreciation, amortization and provisions		284,347	233,671
- deferred tax		5,852	4,720
- net (gain) loss from disposal of assets		(4,639)	(8,582)
- unrealized fair value gains and losses		(22)	353
- other		(16,702)	(108)
Cash flows from operating activities	**1.23**	**425,096**	**387,472**
Change in working capital requirement		(42,789)	(5,394)
Net cash flows from operating activities (1)	**26**	**382,307**	**382,078**
Cash flows from investing activities			
Outflows linked to acquisitions of non-current assets:			
- Tangible and intangible assets		(237,484)	(180,224)
- Financial investments		(48,621)	(28,469)
Inflows linked to disposals of non-current assets:			
- Tangible and intangible assets		14,671	14,049
- Financial investments		17,361	3,939
Impact of changes in consolidation scope		(322,994)	(22,686)
Net cash flows from investing activities	**27**	**(577,067)**	**(213,391)**
Cash flows from financing activities			
Dividends paids		(73,458)	(72,976)
Increases/decreases in capital		500	
Proceeds from borrowings	16	428,933	114,838
Repayments of borrowings	16	(43,902)	(177,794)
Repayement of lease liabilities	16	(52,519)	(49,030)
Acquisitions of treasury shares		(7,502)	(927)
Disposals or allocations of treasury shares		8,927	68,876
Net cash flows from financing activities		**260,979**	**(117,013)**
Impact of changes in foreign exchange rates		486	(9,766)
Change in cash position		**66,705**	**41,908**
Net cash and cash equivalents - opening balance	28	261,969	220,058
Net cash and cash equivalents - closing balance	28	328,674	261,969

(1) :
-Including cash flows from income taxes: €(73.7) million in 2019 and €(56.9) million in 2018.
-Including cash flows from interest paid and received: € (22.3) million in 2019 including € (3.3) million for financial expenses on IFRS 16 leases and € (18.5) million in 2018 including € (2.5) million for interest expense on IFRS 16 leases.

(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.
The impacts of these restatements are presented in note 34.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDER'S EQUITY

(in thousands of euros)	Capital	Additional paid in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Total shareholders' 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**
Restated net income				148,883		**148,883**	9,780	**158,663**
Other comprehensive income (1)				(3,888)	(40,004)	**(43,892)**	(12,234)	**(56,126)**
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 (2)				63,071		**63,071**	2,129	**65,200**
At December 31, 2018 restated (a)	**179,600**	**11,207**	**(56,144)**	**2,524,952**	**(400,348)**	**2,259,267**	**221,474**	**2,480,741**
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				148,821		**148,821**	11,049	**159,870**
Other comprehensive income (1)				(5,111)	(5,495)	**(10,606)**	(1,495)	**(12,101)**
Total comprehensive income				*143,710*	*(5,495)*	*138,215*	*9,554*	*147,769*
Dividends paids				(66,434)		**(66,434)**	(7,030)	**(73,464)**
Net change in treasury shares			3,728	(1,707)		**2,021**		**2,021**
Changes in consolidation scope and additional acquisitions (3)				(1,713)		**(1,713)**	40,635	**38,922**
Other changes				(188)		**(188)**	134	**(54)**
At December 31, 2019	**179,600**	**11,207**	**(52,416)**	**2,598,620**	**(405,843)**	**2,331,168**	**264,767**	**2,595,935**

<u>(1) Breakdown by nature of other comprehensive income:</u>
Other comprehensive income includes mainly cumulative conversion differences from end 2003. 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.

(2) Mainly including the gain, net of tax, of 67 million realized in connection with Soparfi capital reduction (see note 2)

(3): mainly including the minority interests connected to the acquisition of Ciplan in Brazil (see note 2)

(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.

The impacts of these restatements are presented in note 34.

Group translation reserves are broken down by currency as follows at December 31, 2019 and 2018:

(in thousands of euros)	Dec. 31, 2019	Dec. 31, 2018
US Dollar	42,965	35,830
Swiss franc	202,323	178,128
Turkish new lira	(267,777)	(255,674)
Egyptian pound	(124,787)	(127,180)
Kazakh tengue	(89,672)	(83,317)
Mauritanian ouguiya	(8,676)	(7,399)
Brazilian real	(15,348)	-
Indian rupee	(144,871)	(140,736)
	(405,843)	**(400,348)**

Notes to the consolidated financial statements for 2019

NOTE 1 ACCOUNTING POLICIES AND VALUATION METHODS

1.1.1 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 in force on December 31, 2019 for its accounting policies.

New accounting standards applicable from January 1 2019

The accounting policies and methods applied in the consolidated financial statements as at December 31, 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.

IFRS 16 "Leases"

The Group therefore implemented IFRS 16 “Leases” which is mandatory as of January 1, 2019, opting to apply the full retrospective method on the date of transition.

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 made by lessees between “operating leases” and “finance leases”. The Group has adopted the practical expedient which allow to keep the IAS 17 and IFRIC 4 analyses for the definition of a lease;
- A right of use asset is recognized in balance sheet at contract inception and over the lease term, in counterpart of a lease liability corresponding to the present value of future payments related to these contracts. The services component of the lease, and in particular the one related to transportation, was identified during the analysis and treated separately from the lease component, when it is identifiable and measurable.
- The lease term is the non-cancellable contractual period plus, when 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 recent IFRS IC conclusions confirming that the enforceable period must take into account potential economic penalty that is considered more than insignificant, was not assessed by the Group due to the short notice and will analyse potential impacts in 2020
- The discount rate used to calculate the right-of-use asset and the lease liability is determined by country based on the lease's implicit interest rate or, failing that, the lessee's incremental borrowing rate at lease inception. 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. The Group applied the ANC's indicative position on 3/6/9 on commercial leases in France published on February 16, 2018 (which is likely to be reviewed in 2020 in light of the IFRS IC's recent conclusions above).
- 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 in the standard allowing not to recognize in the face of the balance sheet leases with a term of 12 months or less, or those relating to low-value assets (value when new 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 34.

IFRIC 23 "Uncertainty over Income Tax Treatments"

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 in 2019 had no significant impact for the Group’s financial statements. 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.

The other amendments (IAS28 and IAS19) and the annual improvements (2015-2017 cycle) had no impact on the Group's consolidated financial statements.

Published accounting standards, amendments and interpretations which are not yet mandatory.

The IASB published standards, amendments and interpretations which will mandatorily come into force for financial years starting January 1, 2020 at the earliest or when they are adopted by the European Union. These standards were not therefore applied by the Group on December 31, 2019.

- Amendments and interpretations not yet adopted by the European Union on December 31, 2019:
    - IFRS 3 "Business Combinations" and IAS 1 "Presentation of financial statements" and IAS 8 "Accounting methods, changes in accounting estimates and errors".
- Amendments and interpretations adopted by the European Union at December 31, 2019:
    - IFRS 9, IAS 39 and IFRS 7 amendments (reform of interbank benchmark rates).

Other changes

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 areas. 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. However, additional information by business segment is given.
As of December 31, 2019, the Group has applied, in accordance with IAS 1 and IFRS 8, this new presentation of segment information, as disclosed in Note 25, with restatement of the information presented for 2018.

These financial statements were finalized and approved by the Board of Directors at its meeting of February 12, 2020 and will be submitted to the shareholders General Meeting of April 3, 2020 for approval.

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 1.18 and 15), in particular those for pensions and other post-employment benefits (notes 1.16 and 14);
- value the put options granted to third parties on shares in fully consolidated subsidiaries (notes 1.17 and 16);
- measure financial instruments at their fair value (notes 1.15 and 17);
- measure deferred tax assets and, in particular, the probability that the Group will generate sufficient future taxable income against which to allocate them (Note 1.21 and 24);
- perform the valuations adopted for impairment tests (notes 1.4, 1.11, 3 and 8);
- define the accounting principle to be applied in the absence of a definitive standard (notes 1.7 and 10 concerning emission quotas);
- the definition of certain leases, 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 annual statutory financial statements of the companies at December 31 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.

<u>Subsidiaries:</u>
Companies that are controlled exclusively by the Group Vicat, directly or indirectly, are fully consolidated.

<u>Joint ventures and associated companies:</u>
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 in “Investments in associated companies”.

The list of the main companies included in the consolidation scope as at December 31, 2019 is provided in note 33.

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.

<u>Business combinations carried out before January 1, 2010:</u>
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.

<u>Business combinations carried out on or after January 1, 2010:</u>
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

<u>Transactions in foreign currencies:</u>
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.

<u>Translation of financial statements of foreign companies:</u>
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	
	Dec. 31, 2019	Dec. 31, 2018	2019	2018
US dollar (USD)	1.1234	1.1450	1.1196	1.1815
Swiss franc (CHF)	1.0854	1.1269	1.1126	1.1548
Egyptian pound (EGP)	17.9955	20.5498	18.7940	20.9957
Turkish lira (TRL)	6.6843	6.0588	6.3570	5.6994
Kazakh tengue (KZT)	428.2200	439.9100	428.5058	407.0333
Mauritanian ouguiya (MRU)	42.1843	41.8581	41.1253	42.0151
CFA franc (XOF)	655.9570	655.9570	655.9570	655.9570
Brazilian real (BRL)	4.5157	4.2853 (1)	4.4135	-
Indian rupee (INR)	80.1870	79.7298	78.8502	80.7273

(1) : rate on the Ciplan acquisition date

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 on 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 the 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	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, when the lease underlying asset is made available, as a right-of-use asset and a lease liability. The service component of the lease, and in particular the one related to transportation, is identified during the analysis and treated separately from the lease component. A contract is qualified as a lease as long as it gives to the lessee the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the following IFRS 16 exemptions which payments are not included in the lease liability and right to use measurement:

- Payments related to short-term leases (below or equal to 12 months).
- Payments related to leases of low value assets (less than USD 5 thousand or equivalent).
- Payments related to the service component of the lease when it is identified and measurable.
- Payments related to leases of intangible assets, which are very small in number.

Lease payments for these contracts or components of leases are recognized as operating expenses during the term of the lease.
The lease term is the non-cancellable contractual period plus, when 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). The Group applied the ANC's indicative position on 3/6/9 commercial leases in France published on February 16, 2018 (which is likely to be reviewed in 2020 following the IFRS IC's recent conclusions as Indicated in note 1.1).

The rights of use related to leases initially include the lease liability, the initial direct costs, prepaid rents and any estimated costs of dismantling or restoring the assets provided in the contract, and exclude any service component. 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 as reasonably certain.
The discount rate used to calculate the right-of-use asset and the lease liability is based on the lease 's implicit interest rate or, failing that, the lessee's incremental borrowing rate at lease inception. This incremental borrowing rate takes into account several elements such as the currency and lease term, the lessee's economic context and its financial strength. 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 reassessed, with a corresponding right-of-use asset adjustment, if future lease payments are modified as a result of negotiation or when renewal or termination options are reassessed.

Lease payments are recognized by applying IFRS 16 with a resulting depreciation charge and interest expense taken to the income statement.

The tax impact of the application of IFRS 16 results in recognition of deferred taxes, assessed on the net lease asset after deduction of the corresponding lease liability.

The main leasing operations by the Group and the characteristics of the corresponding contracts are set out in note 6.

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 before tax 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 tested, at least annually using this method for each cash-generating unit comprises the intangible and tangible non-current assets, including the IFRS 16 rights of use, 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 the Group's CGUs. 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 RECEIVABLES

Receivables are valued at amortized cost and recognized for their nominal value (initial amount of the invoice).
Receivables are impaired according to the expected losses model defined by IFRS 9 (see note 1.15).

1.14 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.

1.15 FINANCIAL INSTRUMENTS

Financial assets:
The Group classifies its financial assets, when they are first entered in the financial statements, according to IFRS9 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 IFRS 9, 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 any 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.

1.16 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 (changes in salaries, mortality, rotation, etc) 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 and law.

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.

1.17 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.

1.18 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.

1.19 SALES REVENUE

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 include transport and handling costs invoiced to customers.
The Group's sales are mainly goods and services forming a single performance obligation because the promise to supply the good or service cannot be identified separately, insofar as the Vicat Group offers services integrated with the product to its customers

1.20 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.

1.21 INCOME TAX

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. Each uncertainty analyzed individually is assessed either by using the most probable amount or the weighted average of the different possible scenarios.

1.22 SEGMENT INFORMATION

In accordance with IFRS 8 "Operating Segments" the segment information provided in note 25 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. More concise additional information is presented per business sector.

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 1.23), total non-current assets, net capital employed (see note 25), 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.

1.23 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): it is the gross operating income plus other ordinary income and expenses.

EBIT (earnings before interest and tax): EBITDA less net depreciation, amortization, additions to provisions and impairment losses on ongoing business.
Operating cash flow: net income before adjusting for non-cash items (mainly net depreciation, amortization and provisions expenses, deferred tax, gains or losses on asset disposals and changes in fair value).

1.24 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

During this financial year, the Group's consolidated sales revenues grew across its three segments. There was as a very slight contraction in the Group's sales revenue at constant scope and exchange rates.

An analysis of trends by geographical region shows that the Group's activity improved significantly at constant consolidation scope and exchange rates in France, the United States, Kazakhstan and Italy.

In Europe (excluding France), the decline in activity in Switzerland was only partially offset by the improvement in Italy.

In India the strong contraction in volumes was only partially offset by a strong increase in selling prices in a context marked by national elections and an unpropitious financial environment.

In the Mediterranean region, business activity fell in Turkey for the financial year following the sharp devaluation in the Turkish lira in August 2018 and its impact on the macroeconomic and business segment environment. The Group's performance in Egypt deteriorated because of security constraints and a highly degraded competitive environment.

In West Africa, the increase in selling prices during the second six months of the year could not offset the fall in volumes due to production constraints in Senegal.

Lastly, the Group finalized the acquisition of Ciplan in Brazil in January 2019 in a macro-economic context which appears to be showing the first signs of improvement.

Exchange rate volatility and impact on the income statement

The Group's income statement for the 2019 financial year 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 €30.8 million in the consolidated sales revenues and €5.0 million in the EBITDA.

Consolidated shareholders' equity showed a negative translation adjustment in 2019 for a total net amount of €(7.2) million.

Acquisition of 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 strong growth potential. 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.

However, these extraordinary events still had a significant impact on the subsidiary's business volumes in 2019, with the volumes sold only increasing by 1% compared to the previous year. They also occurred in a context where the cement industry has suffered from a lifeless market, which has also been disrupted by a cement player dependent on the State.

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, which should begin to gradually occur from 2021. 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 strengthen 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). The funds provided by the shareholders will be released to the subsidiary, once these administrative approvals have been obtained, and the procedure for obtaining them is still in progress on the reporting date.

Group refinancing - Schuldschein

The Vicat group successfully completed a €290 million Schuldscheindarlehen issue (German private placement) on April 26, 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. Average maturity worked out at 6.24 years and the average interest rate at 1.3% on the date of the transaction. Furthermore, Vicat activated the options allowing it to retain the initial 5-year term at the end of the second year on the €550 million syndicated loan as well as the bilateral lines. These transactions extend the average debt maturity which stood at 4.4 years at December 31, 2019.

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)	2019	2018
Opening	**1,006,753**	**1,006,987**
Acquisitions / Additions	232,841	2,139
Disposals / Decreases	(2,988)	(762)
Change in foreign exchange rates	(5,068)	(1,651)
Other movements	-	40
Closing	**1,231,538**	**1,006,753**

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.

Goodwill is distributed as follows by cash generating unit (CGU):

Dec. 2019	Goodwill (in thousands of euros)	Discount rate used for the impairment tests (in %)	Growth rate to infinity used for the impairment tests (in %)	Impairment which would result from a change of +1% in the discount rate	Impairment which would result from a change of -1% in the growth rate to infinity
India CGU	233,140	12.3	5.0		
West Africa Cement CGU	148,815	10,0 à 15,1	4,0 à 6,0		
France-Italy CGU	221,157	7.2	1.3		
Switzerland CGU	144,589	6.8	0.7		
Brazil CGU	206,192	13.1	3.5	(4,122)	
Other CGUs cumulated	277,645	8,4 à 19,3	3,0 à 11,5	(7,389)	(1,882)
TOTAL	**1,231,538**			**(11,511)**	**(1,882)**

The impairment tests carried out in 2019 and 2018 did not result in the recognition of any impairment of goodwill.

The tests on the sensitivity to a +1% variation in the discount rate conducted at the year-end, result in a recoverable value which is slightly below the net book value of three CGUs, with a comparable gap for each of them. The tests on the sensitivity to a variation of -1% of the growth rate to infinity result in a recoverable value to slightly below the net book value of a CGU.

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 December 31, 2019, Ciplan contributed €134.1 million to consolidated sales revenues, €30.0 million to consolidated EBITDA and €6.2 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, for an overall amount of €2.2 million, recorded in “Goods and services purchased” in the consolidated income statement, including €0.6 million for the 2019 financial year.

Identifiable assets acquired and liabilities assumed

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

Intangible & tangible assets	250
Inventories	26
Receivables	92
Cash and cash equivalent	3
Provisions	(53)
Financial debts	(75)
Deferred taxes	(74)
Other liabilities	(87)
Total identifiable net assets acquired	**82**

Goodwill

The goodwill from the acquisition was calculated as follows (in millions of euros) using the partial goodwill method:

Total consideration transferred	**299**
- Ciplan	295
- Brazilian holding & increase in capital expenses	4
Fair value of identifiable net assets	**82**
Goodwill	**217**

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 values	*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 scop	60	19			**79**
Change in foreign exchange rat	(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	3,161	4,243	722	10,481	**18,607**
Disposals		(3,060)	(1,149)		**(4,209)**
Changes in consolidation scop	44,521	1,692	15,930		**62,143**
Change in foreign exchange rat	(1,193)	235	722	207	**(29)**
Other movements	2,979	3,430	1,071	(5,048)	**2,432**
At December 31, 2019	**131,683**	**62,434**	**89,127**	**16,378**	**299,622**

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 rat	(31)	(171)	(100)		**(302)**
Other movements		466			**466**
At December 31, 2018	**(24,302)**	**(37,661)**	**(40,399)**	**0**	**(102,362)**
Increase	(1,604)	(5,789)	(4,553)		**(11,946)**
Decrease		505	449		**954**
Changes in consolidation scop	(71)	(8)	179		**100**
Change in foreign exchange rat	(456)	(251)	(708)		**(1,415)**
Other movements	(2,464)		4,557		**2,093**
At December 31, 2019	**(28,897)**	**(43,204)**	**(40,475)**	**0**	**(112,576)**
Net book value at December 31, 2018	57,913	18,233	31,432	10,738	**118,316**
Net book value at December 31, 2019	**102,786**	**19,230**	**48,652**	**16,378**	**187,046**

No development costs were capitalized in 2019 and 2018.
Research & development costs recognized as expenses in 2019 amounted to €4.2 million (€4,2 million in 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 scop	36	1,483	893		**2,412**
Change in foreign exchange rat	(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	10,099	27,706	6,840	177,208	**221,853**
Disposals	(6,645)	(16,849)	(11,866)	(39)	**(35,399)**
Changes in consolidation scop	154,070	39,282	9,055	394	**202,801**
Change in foreign exchange rat	4,134	18,873	2,164	970	**26,141**
Other movements	28,574	78,195	4,252	(120,150)	**(9,129)**
At December 31, 2019	**1,349,009**	**3,145,899**	**151,321**	**180,102**	**4,826,331**

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)**
Increase	(33,632)	(124,911)	(8,378)		**(166,921)**
Decrease	1,475	17,037	6,814	19	**25,345**
Changes in consolidation scop	(3)	(909)	(534)		**(1,446)**
Change in foreign exchange rat	(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)**
Increase	(44,408)	(132,074)	(9,223)		**(185,705)**
Decrease	6,156	15,529	10,912		**32,597**
Changes in consolidation scop	(1,449)	(2,532)	(4,396)		**(8,377)**
Change in foreign exchange rat	(5,937)	(13,730)	(1,678)		**(21,345)**
Other movements	2,346	1,897	(1,944)	5	**2,304**
At December 31, 2019	**(594,501)**	**(2,091,244)**	**(108,805)**	**0**	**(2,794,550)**

Net book value at December 31, 2018	607,568	1,038,358	38,400	121,714	**1,806,040**
Net book value at December 31, 2019	**754,508**	**1,054,655**	**42,516**	**180,102**	**2,031,781**

Property, plant and equipment under construction amounted to €161 million as at December 31, 2019 (€111 million as at December 31, 2018) and advances/down payments on property, plant and equipment represented €19 million as at December 31, 2019 (€11 million as at December 31, 2018).
Contractual commitments to acquire tangible and intangible assets amounted to €274 million as at December 31, 2019 (€59 million as at December 31, 2018).

The total amount of interest capitalized in 2019 was € 0,7 million at December 31, 2019 (€0.4 million in 2018), determined based on local interest rates ranging from 3.10% to 6.46%, depending on the country in question.

NOTE 6 RIGHT OF USE RELATING TO LEASES

(in thousands of euros)

Gross values	*Land*	*Buildings*	*Plant, machinery and equipment*	*Other property, plant and equipment*	***Total***
At January 1, 2018	**62,258**	**62,655**	**133,329**	**59,794**	**318,036**
Acquisitions	20,228	5,184	32,547	13,646	**71,605**
Disposals	(188)	(120)	(4,753)		**(5,061)**
Changes in consolidation scope					**0**
Change in foreign exchange rat	1,303	694	3,400	194	**5,591**
Other movements			(113)	(121)	**(234)**
At December 31, 2018	**83,601**	**68,413**	**164,410**	**73,513**	**389,937**
Acquisitions	3,770	5,549	25,418	16,126	**50,863**
Disposals	(359)	(2,152)	(20,601)	(14,253)	**(37,365)**
Changes in consolidation scop	141	3,149	837		**4,127**
Change in foreign exchange rat	470	374	781	102	**1,727**
Other movements	(5,476)	(549)	1,874	(6,297)	**(10,448)**
At December 31, 2019	**82,147**	**74,784**	**172,719**	**69,191**	**398,841**

Depreciation and impairment	*Land*	*Buildings*	*Plant, machinery and equipment*	*Other property, plant and equipment*	***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)**
Decrease	188	(191)	4,464		**4,461**
Changes in consolidation scope					**0**
Change in foreign exchange rat	(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	(5,542)	(6,440)	(31,174)	(14,464)	**(57,620)**
Decrease	357	1,752	17,496	14,139	**33,744**
Changes in consolidation scop	(133)	(712)	(636)		**(1,481)**
Change in foreign exchange rat	(103)	(151)	(486)	(81)	**(821)**
Other movements	(300)	345	2,298	10,205	**12,548**
At December 31, 2019	**(26,905)**	**(40,061)**	**(84,628)**	**(28,181)**	**(179,775)**
Net book value at December 31, 2018	62,417	33,558	92,284	35,533	**223,792**
Net book value at December 31, 2019	**55,242**	**34,723**	**88,091**	**41,010**	**219,066**

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.
In fact, 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.

Payments made for leases with a term of 12 months or less, or for those relating to low-value assets (value when new < $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 16 "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 34.

NOTE 7 INVESTMENT PROPERTIES

(in thousands of euros)	*Gross value*	*Depreciation & Impairment*	***Net book value***
At December 31, 2017	**40,028**	**(23,788)**	**16,240**
Acquisitions / Additions	291	(892)	(601)
Disposals / Decreases	(221)	30	(191)
Change in foreign exchange rates	430	(149)	281
Changes in consolidation scope and oth	5	(243)	(238)
At December 31, 2018	**40,533**	**(25,042)**	**15,491**
Acquisitions / Additions	271	(933)	(662)
Disposals / Decreases	(242)	184	(58)
Change in foreign exchange rates	441	(159)	282
Changes in consolidation scope and oth	75	(3)	72
At December 31, 2019	**41,078**	**(25,953)**	**15,125**

Fair value of investment properties at December 31, 2018	**77,444**
Fair value of investment properties at December 31, 2019	**77,761**

Rental income from investment properties amounted to €4.3 million at December 31, 2019 and €4.3 million at December 31, 2018.

NOTE 8 INVESTMENTS IN ASSOCIATED COMPANIES

Change in investments in associated companies

(in thousands of euros)	2019	2018
At January 1	**53,044**	**40,696**
Earnings from associated companies	5,094	3,737
Dividends received from investments in associated companies	(1,486)	(2,492)
Changes in consolidation scope (1)	25,861	6,345
Change in foreign exchange rates and other	2,699	4,758
At December 31	**85,212**	**53,044**

(1) : change mainly associated with interests taken in Turkey, Brazil and France (see note 33).

NOTE 9 RECEIVABLES AND OTHER NON CURRENT ASSETS

(in thousands of euros)	*Gross value*	*Impairment*	*Net book value*
At December 31, 2017	**78,878**	**(1,321)**	**77,557**
Acquisitions / Additions	23,733	(470)	23,263
Disposals / Decreases	(3,498)		(3,498)
Changes in consolidation scope	(468)		(468)
Change 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 / Additions	46,212	(1,227)	44,985
Disposals / Decreases	(13,291)		(13,291)
Changes in consolidation scope (1)	65,625		65,625
Change in foreign exchange rates	(1,202)	(22)	(1,224)
Changes of other items in other compréhensive income	(12,432)		(12,432)
Others	(1,019)	667	(352)
At December 31, 2019	**238,551**	**(2,409)**	**236,142**
including :			
-investments in subsidiaries & affiliates companies (see note 1	23,583	(878)	22,705
-receivable from subsidiaries and affiliates	541	(21)	520
-loans and receivables (1)	195,513	(1,510)	194,003
-employee benefit plan assets (see note 14)	5,810		5,810
-financial instrument (see note 16)	13,104		13,104
At December 31, 2019	**238,551**	**(2,409)**	**236,142**

(1)

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 (€66 million) for the same amount as provisions for indemnifying claims (see note 15).

Bharathi Cement:

On December 31, 2019, 35 million (including interest) recorded in "other non-current receivables", is the subject of two provisional attachments on the bank accounts of an Indian company in the Group, Bharathi Cement, as part of a preliminary investigation by the administrative and judicial authorities into events before Vicat entered 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 initially) on a bank account held by Bharathi Cement. A second precautionary seizure of INR 1,530 million (approximately €19 million initially) was made in 2016 within the context of charges regarding the mining concession.

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.
In July 2019, the Court of Appeal in Delhi invalidated the seizure of INR 1,530 million, and demanded a bank guarantee prior to the repayment of the funds. The Enforcement Directorate has appealed this judgment.
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 was reclassified at end-2018 as "other non-current receivables" (see note 11).

NOTE 10 INVENTORIES AND WORK IN PROGRESS

(in thousands of euros)	*December 31, 2019*			*December 31, 2018*		
	Gross	*Provisions*	*Net*	*Gross*	*Provisions*	*Net*
Raw materials and consumables	302,524	(26,750)	275,774	284,229	(23,177)	261,052
Work-in-progress, finished goods and goc	131,990	(6,213)	125,777	130,995	(6,914)	124,081
Total	**434,514**	**(32,963)**	**401,551**	**415,224**	**(30,091)**	**385,133**

Surplus greenhouse gas emission quotas are recorded under inventories at a zero value (corresponding to 4,757 thousand tonnes at year-end 2019 and 4,467 thousand tonnes at year-end 2018).

NOTE 11 RECEIVABLES

(in thousands of euros)	*Trade and other receivables*	*Provisions Trade and other receivables*	*Trade and other receivables Net*	*Other Receivables tax*	*Receivables Payroll -related*	*Other Receivables (1)*	*Provisions other receivables*	*Total Other Receivables Net*
At December 31, 2017	429,098	(21,006)	**408,092**	57,975	3,439	116,268	(3,431)	**174,251**
Increase		(9,001)	**(9,001)**				(24)	**(24)**
Reversal of provisions used		5,125	**5,125**				696	**696**
Change in foreign exchange rates	(11,433)	602	**(10,831)**	(1,744)	67	727	112	**(838)**
Changes in consolidation scope	1,400		**1,400**	4	2	4,729		**4,735**
Other movements	12,298	2	**12,300**	793	534	(37,402)		**(36,075)**
At December 31, 2018	431,363	(24,278)	**407,085**	57,028	4,042	84,322	(2,647)	**142,745**
Increase		(6,126)	**(6,126)**				(108)	**(108)**
Reversal of provisions used		5,913	**5,913**				54	**54**
Change in foreign exchange rates	(1,397)	242	**(1,155)**	(631)	136	1,073	14	**592**
Changes in consolidation scope	18,182	(3,174)	**15,008**	6,845	235	6,038		**13,118**
Other movements	(4,157)		**(4,157)**	8,798	(255)	27,837	(5)	**36,375**
At December 31, 2019	443,991	(27,423)	**416,568**	72,040	4,158	119,270	(2,692)	**192,776**
of which past due as at December 31, 2019:								
-less than 3 months	*58,914*	*(3,011)*	***55,903***	*2,472*	*1,878*	*9,350*	*0*	***13,700***
-more than 3 months	*34,348*	*(18,979)*	***15,369***	*13,217*	*1,387*	*16,291*	*(214)*	***30,681***
of which not past due as at December 31, 2019:								
- less than 1 year	*347,704*	*(3,865)*	***343,839***	*33,853*	*793*	*84,327*	*0*	***118,973***
- more than 1 year	*3,025*	*(1,568)*	***1,457***	*22,498*	*100*	*9,302*	*(2,478)*	***29,422***

(1) Including on December 31, 2019 a total of €16.5 million corresponding to a tax credit (including interest) for a sales tax (PIS COFIN) contested by our Brazilian subsidiary which obtained a favorable final judgment in the courts in the second semester of 2019.

On December 31, 2018, a receivable of nearly €35 million against one of the Group's Indian companies, Bharathi Cement, was restated in "other non-current assets" (see note 9).

NOTE 12 CASH AND CASH EQUIVALENTS

(in thousands of euros)	December 31, 2019	December 31, 2018
Cash	171,841	141,291
Marketable securities and term deposits <3 months	226,673	173,342
Cash and cash equivalents	**398,514**	**314,633**

Cash deposits include, at December 31, 2019, €36 million (€31 million at the end of 2018) corresponding to the exchange value in "euros" of subscriptions by the shareholders of Sinai Cement Company, our Egyptian subsidiary, for the ongoing capital increase subscription for which release and thus availability is contingent on approval of the local competent regulatory authorities (note 2).

NOTE 13 SHARE CAPITAL

Vicat share capital is composed of 44,900,000 fully paid-up ordinary shares with a nominal value of €4 each, including 652,682 treasury shares as at December 31, 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. The dividend proposed by the Board of Directors to the Ordinary General Meeting for 2019 amounts to €1.50 per share, totaling €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 December 31, 2019, the liquidity account is composed of 30,823 Vicat shares and €1,624 thousand in cash.

In October 2019, Vicat and Natixis entered into an agreement under which it instructed Natixis to buy back a maximum of 40,000 shares, on Vicat's behalf, as part of its share buyback program. As at December 31, 2019, 35,481 Vicat shares had been repurchased for €1,363 thousand in total.

NOTE 14 EMPLOYEE BENEFITS

(in thousands of euros)	31 décembre 2019	31 décembre 2018
Pension plans and termination benefits (TB)	65,309	57,753
Other benefits	75,926	60,591
Total pension and other post-employment benefit provisions	**141,235**	**118,344**
Plan assets (note 9)	(5,810)	(7,221)
Net liability	**135,425**	**111,123**

The Group's main plans

The Group's main defined benefit pension plans are located in Switzerland, the United States and France. Most of these plans are pre-funded through insurance policies or investments in pension funds. Funding approaches used comply with local law, particularly with respect to the minimum funding requirements for past entitlements. Given the material nature of these commitments, the Group updates its actuarial analysis each year in order to reflect the cost of these plans in its financial statements.

Net liability recognized in the balance sheet	December 31, 2019			December 31, 2018		
(in thousands of euros)	*Pension plans and TB*	*Other benefits*	*Total*	*Pension plans and TB*	*Other benefits*	*Total*
Present value of funded liabilities	505,838	75,926	581,764	445,752	59,780	505,532
Fair value of plan assets	(446,339)		(446,339)	(400,913)		(400,913)
Net liability before asset limit	**59,499**	**75,926**	**135,425**	**44,839**	**59,780**	**104,619**
Limit on recognition of plan assets (asset ceiling)			0	6,504		6,504
Net liability	**59,499**	**75,926**	**135,425**	**51,343**	**59,780**	**111,123**

Analysis of net annual expense	2019			2018		
(in thousands of euros)	*Pension plans and TB*	*Other benefits*	***Total***	*Pension plans and TB*	*Other benefits*	***Total***
Current service costs	(11,857)	(1,877)	(13,734)	(11,751)	(1,286)	(13,037)
Financial cost	(7,826)	(2,796)	(10,622)	(5,845)	(2,113)	(7,958)
Interest income on assets	5,859		5,859	4,157		4,157
Recognized past service costs	(906)	(129)	(1,035)	122		122
Curtailments and settlements			0	(94)		(94)
Total charge with income statement impact	**(14,730)**	**(4,802)**	**(19,532)**	**(13,411)**	**(3,399)**	**(16,810)**
Actuarial gains and losses on plan assets	36,404		36,404	(13,508)		(13,508)
Experience adjustments	(234)	(1,041)	(1,275)	(2,430)	1,200	(1,230)
Adjustments related to demographic assumptions	7,859	434	8,293	521	(8,091)	(7,570)
Adjustments related to financial assumptions	(50,856)	(10,023)	(60,879)	20,710	7,888	28,598
Total charge with impact on other comprehensive income	**(6,827)**	**(10,630)**	**(17,457)**	**5,293**	**997**	**6,290**
Total charge for the year	**(21,557)**	**(15,432)**	**(36,989)**	**(8,118)**	**(2,402)**	**(10,520)**

Change in financial assets used to fund the plans

(in thousands of euros)	2019 Pension plans and TB	2019 Other benefits	2019 Total	2018 Pension plans and TB	2018 Other benefits	2018 Total
Fair value of assets at January 1	**400,913**	**0**	**400,913**	**396,639**	**0**	**396,639**
Interest income on assets	5,665		5,665	4,157		4,157
Contributions paid in	15,777		15,777	14,722		14,722
Translation differences	15,055		15,055	15,248		15,248
Benefits paid	(20,815)		(20,815)	(16,833)		(16,833)
Changes in consolidation scope and other			0	756		756
Actuarial gains (losses)	29,744		29,744	(13,776)		(13,776)
Fair value of assets at December 31	**446,339**	**0**	**446,339**	**400,913**	**0**	**400,913**

Analysis of plan assets by type and country at December 31, 2019

Breakdown of plan assets	France	Switzerland	United States	India	Total
Cash and cash equivalents		2.6%	1.1%		2.4%
Equity instruments		27.3%	41.4%		28.7%
Debt instruments		27.2%	30.7%		27.5%
Real estate assets		26.3%			23.4%
Assets held by insurers	100.0%	3.9%		100.0%	3.7%
Other		12.7%	26.8%		14.3%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Plan assets (in thousands of euros)	**143**	**396,541**	**48,615**	**1,040**	**446,339**

Change in net liability

(in thousands of euros)	2019 Pension plans and TB	2019 Other benefits	2019 Total	2018 Pension plans and TB	2018 Other benefits	2018 Total
Net liability at January 1	**51,343**	**59,780**	**111,123**	**53,680**	**56,597**	**110,277**
Charge for the year	21,557	15,432	36,989	8,118	2,402	10,520
Contributions paid in	(10,005)		(10,005)	(9,232)		(9,232)
Translation differences	7	1,098	1,105	(286)	2,699	2,413
Benefits paid by employer	(2,559)	(2,179)	(4,738)	(1,213)	(1,920)	(3,133)
Changes in consolidation scope	166		166	291		291
Other	(1,010)	1,795	785	(15)	2	(13)
Net liability at December 31	**59,499**	**75,926**	**135,425**	**51,343**	**59,780**	**111,123**

Principal actuarial assumptions	*France*	*Europe (excluding France)*	*United States*	*Turkey and India*	*West Africa & the Middle East*
Discount rate					
2019	0.5%	0.15% to 0.5%	3.5%	6.8% to 13.2%	4.5% to 14.0%
2018	1.5%	1.1% to 1.5%	4.5%	8.4% to 17.2%	4.5% to 13.0%
Rate of increase in medical costs					
2019			7.1% to 4.5%		
2018			7.0% to 4.5%		

Discount rate

Discount rates are determined in accordance with the principles set out in IAS19 Revised, with reference to a market rate at year-end, based on the yields of high-quality corporate bonds issued in the monetary zone in question. They are determined on the basis of yield curves derived by outside experts from AA-rated public bonds.

When the corporate bond market in a zone is not sufficiently liquid, IAS19 (Revised) recommends using government bonds as a benchmark.

In any event, the benchmarks used must have a maturity comparable to the commitments.

Sensitivity analysis

The main factors contributing to the volatility of the balance sheet are the discount rate and the rate of increase in medical costs.

The sensitivity of the defined benefit obligation at the end of 2019 corresponding to a variation of +/-50 basis points in the discount rate is €(37.2) million and €42.2 million, respectively.
The sensitivity of the defined benefit obligation at the end of 2019 corresponding to a change of +/-1% in the rate of increase of medical costs is €1.2 million and €(0.9) million, respectively.

Average duration of benefits

The average duration of benefits under all plans within the Group is 14 years.
It is expected that €15.8 million in contributions will be paid into the plans over the coming year.

NOTE 15 OTHER PROVISIONS

(in thousands of euros)	*Restoration of sites*	*Demolitions*	*Other risks (1)*	*Other expenses*	**Total**
At December 31, 2017	**47,592**	**1,543**	**25,459**	**4,847**	**79,440**
Increase	4,150	173	6,279	1,718	12,320
Reversal of provisions used	(3,246)	(778)	(7,291)	(1,598)	(12,913)
Reversal of unused provisions			(490)		(490)
Change in foreign exchange rates	1,127	46	369	102	1,644
Changes in consolidation scope		43	137		180
Other movements	(5)		(1)	186	180
At December 31, 2018	**49,618**	**1,027**	**24,462**	**5,255**	**80,361**
Increase	3,157	13	29,478	2,271	34,919
Reversal of provisions used	(2,413)	(109)	(12,331)	(829)	(15,682)
Reversal of unused provisions			(42)		(42)
Change in foreign exchange rates	1,193	27	(2,644)	351	(1,073)
Changes in consolidation scope	(159)		52,651	42	52,534
Other movements	24	(394)	16	215	(139)
At December 31, 2019	**51,420**	**564**	**91,590**	**7,305**	**150,878**
of which less than one year	*0*	*0*	*7,363*	*3,273*	*10,635*
of which more than one year	*51,420*	*565*	*84,227*	*4,032*	*140,243*

Impact (net of expenses incurred) in the 2019 income statement:	***Additional expens***	***Reversals unused***
Operating income	11,987	(42)
Non-operating income	22,932	

(1) At December 31, 2019, other risks included:

- the provisions recognized in Ciplan's (Brazil) financial statements for a total amount of €66 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 (€61.9 million);
  - industrial relations and labor tribunal disputes following the departure of former employees (€2.7 million);
  - civil litigation involving fines and claims challenged by the company (€0.8 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 (€66 million) for the same amount as provisions for indemnifying claims (note 9).
- an amount of €11,6 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 €14 million as at December 31, 2019 (€12,4 million as at December 31, 2018) corresponds to the sum of other provisions that, taken individually, are not material.

NOTE 16 NET FINANCIAL DEBTS AND PUT OPTIONS

Financial liabilities as at December 31, 2019 break down as follows:

(in thousands of euros)	**December 31, 2019**	**December 31, 2018 Restated**
Financial debts at more than one year	1,102,263	875,594
Put options at more than one year	7,506	4,119
Lease liabilities at more than one year	178,398	195,751
Debts and put options at more than one year	**1,288,167**	**1,075,464**
Financial instrument assets at more than one year - see note 9 - (1)	(13,105)	(25,537)
Total financial debts net of financial instrument assets at more than one year	**1,275,062**	**1,049,927**
Financial debts at less than one year	391,594	152,813
Put options at less than one year	0	0
Lease liabilities at less than one year	59,864	47,797
Debts and put options at less than one year	**451,458**	**200,610**
Financial instrument assets at less than one year (1)	(30,072)	0
Total financial debts net of financial instrument assets at less than one year	**421,386**	**200,610**
Total financial debts net of financial instrument assets (1)	1,688,942	1,246,418
Total put options	7,506	4,119
Total financial liabilities net of financial instrument assets	**1,696,448**	**1,250,537**

(1) As at December 31, 2019, financial instrument assets (€43.2 million) are presented either under non-current assets (see note 9), if their maturity is more than 1 year (€13.1 million) or under other receivables, if their maturity is less than one year (€30.1 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:

(in thousands of 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 rate	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	419,706		44,564	9,227		6,299	479,796
Repayments	(38,279)		(6,667)	(5,623)		(45,852)	(96,421)
Change in foreign exchange rate	(4,846)		1,136	(1,675)		(4)	(5,389)
Changes in consolidation scope	66,652		2,653	9,956		341	79,602
Other movements (1)	(213,177)	12,432	(59,039)	226,896	(30,072)	51,283	(11,677)
At December 31, 2019	**1,109,769**	**(13,105)**	**178,398**	**391,594**	**(30,072)**	**59,864**	**1,696,448**

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

16.1 Financial debts

Analysis of financial liabilities by category and maturity

December 31, 2019 *(in thousands of euros)*	Total	2020	2021	2022	2023	2024	More than 5 years
Bank borrowings and financial liabilities	1,346,450	266,522	12,967	105,144	12,640	206,646	742,531
Of which financial instrument assets	*(43,177)*	*(30,072)*		*(13,105)*			
Of which financial instrument liabilities	*2,000*	*309*			*1,087*	*238*	*366*
Miscellaneous borrowings and financial liabilities	15,223	5,993	179	194	174	268	8,415
Lease liabilities	238,262	59,864	44,065	33,869	19,269	11,075	70,120
Current bank lines and overdrafts	89,007	89,007					
Financial debts	**1,688,942**	**421,386**	**57,211**	**139,207**	**32,083**	**217,989**	**821,066**
of which commercial paper	*550,000*						*550,000*

Financial liabilities at less than one year mainly comprise VICAT's USPP maturity in France, bilateral credit lines relating to Sococim Industries in Senegal, IFRS16 debts and bank overdrafts.

December 31, 2018 restated *(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)	**December 31, 2019**	**December 31, 2018 restated**
Euro	1,105,500	789,561
U.S. dollar	71,945	79,375
Turkish new lira	10,966	14,830
CFA Franc	115,419	86,581
Swiss franc	238,578	204,754
Mauritanian ouguiya	8,159	13,314
Egyptian pound	47,022	31,959
Indian rupee	27,986	25,970
Kazakh Tengue	103	74
Brazilian real	63,264	-
Total	**1,688,942**	**1,246,418**

By interest rate

(in thousands of euros)	**December 31, 2019**	**December 31 restated**
Fixed rate	858,512	665,995
Floating rate	830,430	580,423
Total	**1,688,942**	**1,246,418**

The average interest rate on the Group's gross indebtedness at December 31, 2019 is 3.36%. Without taking into account the application of IFRS16, it would be 3.16% compared with 2.77% as at December 31, 2018.
Average debt maturity at December 31, 2019 is 4.3 years. Without taking into account the application of IFRS16, it would be 4.1 compared to 3.5 at the end of 2018.

16.2 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 €7.5 million at more than one year as at December 31, 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 17 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.

The table below sets out the breakdown of the total amount of Group's assets and liabilities denominated in foreign currencies as at December 31, 2019:

(in millions of euros)	**US dollar (USD)**	**EUR**	**Swiss franc (CHF)**
Assets	20	56	221
Liabilities and contracted commitments	(376)	(81)	(44)
Net position before risk management	**(356)**	**(24)**	**177**
Hedging instruments	370	0	(220)
Net position after risk management	**14**	**(24)**	**(43)**

The net position after "risk management" in Swiss francs corresponds mainly to the debts of the Kazakh subsidiary to the Group, not swapped in the operating currency, in the absence of a sufficiently structured and liquid hedge market.

The risk of a foreign exchange loss on the net currency position assuming an unfavorable and uniform change of one percent in the operating currencies against the US dollar, totals, in euro equivalent, €0.42 million (including €0.40 million for the Kazakhstan loan).

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 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.
The Group estimates that a uniform change in interest rates of 100 basis points would not have a material impact on its earnings, or on the Group's net financial position as illustrated in the table below:

(in thousands of euros)	**Impact on earnings before tax (1)**	**Impact on shareholders' equity (excluding impact on earnings) before tax (2)**
Impact of a change of +100 bps in the interest rate	(9,539)	(4,087)
Impact of a change of -100 bps in the interest rate	4,009	65

(1) : A positive figure corresponds to lower interest expense.
(2) : A negative figure corresponds to a lower financial liability.

Liquidity risk

As at December 31, 2019, the Group had €440 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. At December 31, 2019, the amount of commercial paper issued 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's inability to issue commercial paper on the market, for an amount corresponding to the notes issued, i.e. €550 million on December 31, 2019.
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. 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 low level of gearing (49.71%) and leverage (2.45) 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 December 31, 2019, the Group is compliant with all ratios required by covenants included in financing agreements.

For the purposes of calculating these covenants, gearing and leverage are calculated excluding IFRS 16 and total of 40.36% and 2.28.

Analysis of the portfolio of derivatives as at December 31, 2019:

(in thousands of currencies)	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	$	311,554	42,572 (1)	29,467	13,105	
Other derivatives							
Interest rate instruments							
Euro Caps	714,500	€	714,500	(2,000)	(309)	(1,325)	(366)
Foreign exchange instruments (a)							
Hedging for foreign exchange risk on intra-group loans							
-Forward Sales Chf	220,000	CHF	202,690	605			
				41,177			

(1) The difference between the value of the liability at the hedged rate and at amortized cost comes to €47,4 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 IFRS7, 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 at December 31, 2019:

(in millions of euros)	December 31, 2019	
Level 1: instruments quoted on an active market	0.0	
Level 2: valuation based on observable market information	41.2	see above
Level 3: valuation based on non-observable market information	22.7	Note 9

NOTE 18 OTHER LIABILITIES

(in thousands of euros)	December 31, 2019	December 31, 2019 restated
Payroll liabilities	72,648	67,709
Tax liabilities	49,783	38,181
Other liabilities and accruals	118,884	116,234
Total	**241,315**	**222,124**

NOTE 19 SALES REVENUES

(in thousands of euros)	2019	2018
Sales of goods	2,379,686	2,241,714
Sales of services	360,307	340,751
Sales revenues	**2,739,993**	**2,582,465**

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

(in thousands of euros)	December 31, 2019	Changes in consolidation scope	Change in foreign exchange rates	December 31, 2019 Constant scope and exchange rates	December 31, 2018
Sales revenues	**2,739,993**	147,846	30,786	2,561,361	**2,582,465**

NOTE 20 PERSONNEL COSTS AND WORKFORCE

(in thousands of euros)	2019	2018
Wages and salaries	345,338	313,787
Payroll taxes	125,048	110,756
Employee profit sharing (French companies)	5,010	4,420
Personnel costs	**475,396**	**428,963**
Average number of employees of the consolidated companies	10,032	8,684

Profit sharing is granted to employees of the Group’s French companies in the form of either cash or shares, at the employee’s option.
The allocation price of the profit share is determined on the basis of the average of the ten closing prices between the five days before and the five days after the publication of the results.

NOTE 21 NET DEPRECIATION, AMORTIZATION AND PROVISIONS EXPENSES

(in thousands of euros)	2019	2018 restated
Net charges to amortization / depreciation of fixed assets	(201,525)	(177,862)
Net charges to depreciation of lease right-of-use assets	(57,575)	(51,981)
Net provisions expenses	1,207	(728)
Net charges to other assets depreciation	(1,595)	(6,688)
Net charges to operating depreciation, amortization and provisions	**(259,488)**	**(237,259)**
Other net charges to non-operating depreciation, amortization and provisions (1)	(19,206)	1,184
Net depreciation, amortization and provisions	**(278,694)**	**(236,075)**

(1) - including at December 31, 2019 an additional provision in Ciplan's accounts of €16.3 million for indemnifiable disputes provisioned for the 2019 financial year and relating to the period before Vicat's acquisition, and for which Ciplan received a firm and irrevocable guarantee from its Brazilian partners (note 9). The corresponding guarantee income has been recognized as of December 31, 2019 (note 22).

NOTE 22 OTHER INCOME AND EXPENSES

(in thousands of euros)	2019	2018
Net income from disposal of assets	4,115	8,636
Income from investments properties	4,279	4,266
Others (1)	28,324	30,203
Other operating income (expense)	**36,718**	**43,105**
Other non-operating income and expenses (2)	13,622	(7,407)
Total	**50,340**	**35,698**

(1) - including on December 31, 2019 a total of €11.8 million corresponding to a tax credit for a sales tax (PIS COFIN) contested by our Brazilian subsidiary which obtained a favorable final judgment in the courts in the second half of 2019.
- including at December 31, 2018, €10.9 million corresponding to an indemnity granted to our American subsidiary, National Cement Company, under a transactional settlement in relation to a business loss prejudice prior to 2018. This indemnity is being paid over 4 years, and the first payment was made at the start of July 2018.

(2) Including, on December 31, 2019 guarantee income, recognized by Ciplan, of €16.3 million corresponding to indemnifiable disputes provisioned in 2019 for the period before the acquisition by Vicat (note 9 and 21).

NOTE 23 FINANCIAL INCOME

(in thousands of euros)	2019	2018 Restated
Interest income from financing and cash management activities	27,395	20,781
Interest expense from financing and cash management activities	(49,778)	(41,368)
Interest expense from lease liabilities	(10,984)	(8,772)
Cost of net borrowings and financial liabilities	**(33,367)**	**(29,359)**
Dividends	1,269	2,202
Foreign exchange gains	10,732	17,336
Fair value adjustments to financial assets and liabilities	22	-
Write-back of impairment of financial assets	6	464
Net expense from disposal of financial assets	524	-
Other income	24	22
Other financial income	**12,577**	**20,024**
Foreign exchange losses	(10,661)	(12,789)
Fair value adjustments to financial assets and liabilities	-	(353)
Impairment on financial assets	(1,722)	(677)
Net expense from disposal of financial assets	-	(54)
Discounting expenses	(4,883)	(4,835)
Other expenses	-	
Other financial expenses	**(17,266)**	**(18,708)**
Net financial income (expense)	**(38,056)**	**(28,043)**

NOTE 24 INCOME TAX

Analysis of income tax expense:

(in thousands of euros)	2019	2018 Restated
Current taxes	(62,377)	(61,147)
Deferred taxes	(5,852)	(4,720)
Total	**(68,229)**	**(65,867)**

Reconciliation between the theoretical and the effective tax expense

The difference between the theoretical and the effective tax expense is analyzed as follows:

(in thousands of euros)	**2019**	**2018 Restated**
Net earnings from consolidated companies	154,773	154,926
Income tax	68,229	65,867
Profit (loss) before tax	223,002	220,793
Theoretical tax rate	34.4%	34.4%
Theoretical income tax expense at the parent company rate	**(76,780)**	**(76,019)**
Reconciliation:		
Differences between French and foreign tax rates (1)	13,419	13,220
Transactions taxed at specific rates	29	(4,233)
Changes in tax rates	5,276	(204)
Permanent differences	(7,886)	(1,063)
Tax credits	505	-
Others	(2,792)	2,432
Effective tax expense	**(68,229)**	**(65,867)**

(1) Differences between French and foreign tax rates relate mainly to Switzerland, Turkey, the United States, and Egypt.

Change in deferred tax assets and liabilities

(in thousands of euros)	**Deferred tax assets**		**Deferred tax liabilities**	
	December 31, 2019	**December 31, 2018 Restated**	**December 31, 2019**	**December 31, 2018 Restated**
Deferred tax at January 1:	**93,393**	98,603	**181,392**	182,291
Expense/income for the year	(15,722)	1,692	(9,870)	6,413
Deferred tax recognized in other comprehensive income	3,024	(1,003)	1,552	807
Changes in consolidation scope	761		74,491	148
Reclassification	6,175	(8,693)	6,175	(8,693)
Translation and other changes	2,307	2,794	(546)	426
Deferred tax at December 31	**89,938**	93,393	**253,194**	181,392

Analysis of net deferred tax (expense)/income by principal category of timing difference

(in thousands of euros)	**2019**	**2018 Restated**
Net assets and right of use	5,300	(3,193)
Financial instruments	(1,983)	(90)
Pensions and other post-employment benefits	5,269	(415)
Accelerated depreciation, regulated provisions and other provisions	8,621	2,395
Other timing differences, tax loss carry-forwards and miscellaneous	(21,587)	(5,228)
Net deferred tax income /(expense)	**(4,380)**	**(6,531)**
- recognized in consolidated net income	*(5,852)*	*(4,720)*
- recognized in other comprehensive income	*1,472*	*(1,811)*

Source of deferred tax assets and liabilities

(in thousands of euros)	**December 31, 2019**	**December 31, 2018 Restated**
Net assets and right of use	201,426	154,434
Financial instruments	15,575	(4,030)
Pensions and other post-employment benefits	(35,209)	(29,521)
Accelerated depreciation, regulated provisions and other provisions	10,005	29,654
Other timing differences, tax loss carry-forwards and miscellaneous	(28,541)	(62,538)
Net deferred tax liabilities	**163,256**	**87,999**
Deferred tax assets (1)	(89,938)	(93,393)
Deferred tax liabilities	253,194	181,392
Net balance	**163,256**	**87,999**

(1) : Deferred tax assets are mainly originate from the tax losses carried forward by subsidiaries based in the United States and India where the limitation period extends from 2028 to 2037 and 2022 to 2024 respectively for the time-limited portion, with the balance usable indefinitely (36 million of deferred tax assets from tax losses carried forward are therefore usable indefinitely). Based on the subsidiaries' operational forecasts, tax losses carried forward which are subject to a time limitation should be used within a period of 3 to 5 years.

Deferred tax assets not recognized in the financial statements

Deferred tax assets not recognized in the financial statements as at December 31, 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 €9.8 million (€8.2 million as at December 31, 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 a favorable arbitrage has been issued at the beginning of 2019 with no material impact on the Group's tax expense.

NOTE 25 SEGMENT INFORMATION

a) Information by geographical segment

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

December 31, 2019 *(in thousands of euros except number of employees)*	France	Europe (outside France)	Americas	Asia	Mediterranean	Africa	Total
Income statement							
Operating sales revenues	1,008,475	401,410	588,862	374,628	171,313	219,801	2,764,489
Inter – country eliminations	(21,320)	(508)	0	(49)	0	(2,619)	(24,496)
Consolidated net sales revenues	987,155	400,902	588,862	374,579	171,313	217,182	2,739,993
EBITDA (cf. 1.23)	182,422	96,464	115,435	88,678	(4,169)	47,301	526,131
EBIT (cf. 1.23)	101,583	58,484	56,617	54,180	(22,516)	18,295	266,643
Balance sheet							
Total non-current assets	786,974	650,576	1,042,806	782,002	333,481	500,009	4,095,848
Net capital employed (1)	814,230	615,492	860,998	792,512	328,391	534,337	3,945,960
Other information							
Acquisitions of intangible and tangible assets	91,711	38,872	55,183	29,551	11,922	64,408	291,647
Net depreciation and amortization charges	(81,617)	(37,456)	(58,270)	(33,788)	(16,784)	(28,197)	(256,112)
Average number of employees	2,944	1,118	2,086	1,236	1,573	901	9,858

December 31, 2018 restated (including IFRS 16) *(in thousands of euros except number of employees)*	France	Europe (outside France)	Americas	Asia	Mediterranean	Africa	Total
Income statement							
Operating sales revenues	966,562	390,596	404,263	399,097	203,638	237,088	2,601,244
Inter – country eliminations	(16,606)	(420)	0	(49)	0	(1,704)	(18,779)
Consolidated net sales revenues	949,956	390,176	404,263	399,048	203,638	235,384	2,582,465
EBITDA (cf. 1.23)	175,335	95,952	83,447	76,591	15,752	45,241	492,318
EBIT (cf. 1.23)	93,630	60,986	45,950	42,207	(2,526)	14,812	255,059
Balance sheet							
Total non-current assets	781,288	598,397	513,831	791,397	322,162	462,586	3,469,661
Net capital employed (1)	788,205	565,373	438,051	801,442	332,447	496,268	3,421,786
Other information							
Acquisitions of intangible and tangible assets	87,848	43,186	44,157	37,692	12,351	34,541	259,775
Net depreciation and amortization charges	(80,261)	(34,829)	(37,992)	(32,311)	(16,703)	(27,751)	(229,847)
Average number of employees	2,845	1,091	1,155	1,247	1,494	852	8,684

(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.

b) Information by business segment

December 31, 2019 (in thousands of euros)	Cement	Concrete and aggregates	Other products and services	Total
Income statement				
Operating sales revenues	1,571,132	1,096,614	431,370	3,099,116
Inter – segment eliminations	(251,664)	(21,049)	(86,410)	(359,123)
Consolidated net sales revenues	1,319,468	1,075,565	344,960	2,739,993
EBITDA (cf. 1.23)	373,129	129,868	23,134	526,131
EBIT (cf. 1.23)	217,286	46,166	3,191	266,643
Balance sheet				
Net capital employed (1)	2,894,545	940,978	110,437	3,945,960

December 31, 2018 restated (including IFRS16) (in thousands of euros)	Cement	Concrete and aggregates	Other Products and Services	Total
Income statement				
Operating sales revenues	1,485,748	1,010,167	431,793	2,927,708
Inter – segment eliminations	(233,538)	(19,932)	(91,773)	(345,243)
Consolidated net sales revenues	1,252,210	990,235	340,020	2,582,465
EBITDA (cf. 1.23)	344,973	123,776	23,569	492,318
EBIT (cf. 1.23)	203,796	44,753	6,510	255,059
Balance sheet				
Net capital employed (1)	2,388,760	886,005	147,021	3,421,786

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

c) 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 26 NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

Net cash flows from operating activities conducted by the Group in 2019 totaled €382 million, i.e. an equivalent figure to 2018.

This stability in cash flows generated by operating activities between 2018 and 2019 is the result of an increase in operating cash flows of €37 million which was offset by a deterioration of the same amount in the change in working capital requirement.

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

(in thousands of euros)	WCR at Dec. 31, 2017	Change in WCR 2018	Others Changes (1)	WCR at Dec. 31, 2018	Change in WCR 2019	Others Changes (1)	WCR at Dec. 31, 2019
Inventories	351,303	39,491	(5,661)	385,133	(11,418)	27,836	401,551
Other WCR components	40,967	(34,097)	(4,134)	2,736	54,207	(65,513)	(8,570)
WCR	**392,270**	**5,394**	**(9,795)**	**387,869**	**42,789**	**(37,677)**	**392,981**

1) Consolidation scope and miscellaneous

NOTE 27 NET CASH FLOWS FROM INVESTING ACTIVITIES

Net cash flows from investing activities conducted by the Group in 2019 were €(577) million, compared with €(213) million in 2018.

Acquisitions of intangible and tangible assets
These reflect outflows for industrial investments (€237 million in 2019 and €180 million in 2018) mainly corresponding, in 2019 and 2018, to investments made in France, the United States, Senegal, Switzerland, and India.

Acquisition / disposal of shares in consolidated companies
Operations for the acquisition/disposal of consolidated companies carried out in 2019 resulted in a total outflow of €(323) million (total outflow of €(23) million in 2018).

The main outflows by the Group during 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 in 2018 were to acquire the minority interests of a Senegalese subsidiary and to invest in a joint venture to exploit a parcel of land in France.

NOTE 28 ANALYSIS OF NET CASH BALANCES

(in thousands of euros)	December 31, 2019 Net	December 31, 2018 Net
Cash and cash equivalents (see note 12)	398,514	314,633
Bank overdrafts	(69,840)	(52,665)
Net cash balances	**328,674**	**261,968**

NOTE 29 COMPENSATION OF EXECUTIVE DIRECTORS

Pursuant to the provisions of article 225.102-1 of the French Commercial Code, and in accordance with IAS 24, we hereby inform you that the total gross compensation paid to each company officer in 2019 was as follows: G. Sidos: €1,047,697 and D. Petetin : €401,610.

These amounts represent the total compensation paid by VICAT SA and any companies it controls, or is controlled by, as defined by article L. 233-16 of the French Commercial Code.
Furthermore, no stock or stock options have been granted to the above company officers with the exception of any income received under legal or contractual employee profit-sharing or incentive plans.

Lastly, the two aforementioned company officers also benefit from a supplemental pension plan as defined in article 39 of the French General Tax Code (CGI).

The corresponding commitments (€3,966 thousand in 2019 and €2,647 thousand in 2018, and €2,465 thousand in 2017) were posted as provisions in the financial statements, in the same manner as all of the Group's postemployment benefits at the end of 2019 (note 1.15.).

NOTE 30 TRANSACTIONS WITH RELATED COMPANIES

In addition to information required for related parties regarding the senior executives, described in note 29, related parties with which transactions are carried out include affiliated companies in which Vicat directly or indirectly holds a stake, and entities that hold a stake in Vicat.
These related party transactions were not material for the periods presented and were all concluded on an arm's length basis.
These transactions have all been recorded in compliance with IAS24 and their impact on the Group's consolidated financial statements for 2019 and 2018 is as follows, broken down by type and by related party:

	31 décembre 2019				31 décembre 2018			
(in thousands of euros)	Sales	Purchases	Receivables	Debts	Sales	Purchases	Receivables	Debts
Affiliated companies	5,678	2,880	3,754	3,553	1,765	2,452	1,546	2,250
Other related parties	76	1,246	0	270	70	1,274	0	311
Total	**5,754**	**4,126**	**3,754**	**3,823**	**1,835**	**3,726**	**1,546**	**2,561**

NOTE 31 FEES PAID TO STATUTORY AUDITORS

Fees paid to statutory auditors and other professionals in their networks as recognized in the financial statements of Vicat SA and its fully consolidated subsidiaries for 2019 are as follows:

2019	KPMG Audit		Wolff & associés		Other	
(in thousands of euros)	Amount (excl. tax	%	Amount (excl. tax	%	Amount (excl. tax	%
AUDIT						
Certification of individual and consolidated financial statements	1,163	42%	438	16%	1,147	42%
- VICAT SA	*362*	*60%*	*238*	*40%*		*0%*
- Controlled entities	*801*	*37%*	*200*	*9%*	*1,147*	*53%*
- Sub-total, Audit fees	**1,163**	**42%**	**438**	**16%**	**1,147**	**42%**
Other services						
Legal, tax, employment and other m	*52*	100%		0%		0%
Sub-total, Other services	**52**	**100%**	**0**	**0%**	**0**	**0%**
Total	**1,215**	**43%**	**438**	**16%**	**1,147**	**41%**

NOTE 32 SUBSEQUENT EVENTS

No post-balance sheet event has had a material impact on the consolidated financial statements as at December 31.

NOTE 33 LIST OF MAIN CONSOLIDATED COMPANIES AS AT DECEMBER 31, 2019

Fully consolidated: France

COMPANY	COUNTRY	CITY	December 31, 2019 % INTEREST	December 31, 2018
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	L'ISLE D'ABEAU	99.98	99.98
CARRIERE DE BELLECOMBES	FRANCE	BELLECOMBE EN BAUGES	49.97	49.95
CENTRE D'ETUDE DES MATERIAUX	FRANCE	FILLINGES	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 December 31, 2019	% INTEREST December 31, 2018
CIPLAN	BRASIL	BRASILIA	66.07	-
SINAI CEMENT COMPANY	EGYPT	CAIRO	56.20	56.20
JAMBYL CEMENT PRODUCTION COMPAI	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	BASEL (BASEL)	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
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

COMPANY	COUNTRY	CITY	% INTEREST December 31, 2019	December 31, 2018
BASTAS BASKENT CIMENTO	TURKEY	ANKARA	91.60	91.58
BASTAS HAZIR BETON	TURKEY	ANKARA	91.60	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

COMPANY	COUNTRY	CITY	% INTEREST December 31, 2019	December 31, 2018
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
EST LYONNAIS GRANULATS	FRANCE	DIJON	33.33	-

Equity method: Rest of the world

COMPANY	COUNTRY	CITY	% INTEREST December 31, 2019	December 31, 2018
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
PLANALTO	BRASIL	BRASILIA	32.38	-
BIKILTAS ENERJI PETROL MADENCILIK INSAAT AS	TURKEY	SELCUKLU / KONYA	50.00	-

NOTE 34 IFRS16 IMPACTS

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

34.1 Consolidated statement of financial position: from published to restated

Consolidated statement of financial position						
ASSETS *(in thousands of euros)*	**01/01/2018 restated**	**Impacts IFRS 16**	**1/1/2018 published**	**12/31/2018 restated**	**Impacts IFRS 16**	**12/31/2018 published**
NON CURRENT ASSETS						
Goodwill	1,006,987		1,006,987	1,006,753		1,006,753
Other intangible assets	117,959		117,959	118,316		118,316
Rights of use relating to leases	200,725	200,725	-	223,792	223,792	-
Property, plant and equipment	1,837,759		1,837,759	1,806,040		1,806,040
Investment properties	16,240		16,240	15,491		15,491
Investments in associated companies	40,696		40,696	53,044		53,044
Deferred tax assets	98,603	2,970	95,633	93,394	3,848	89,546
Receivables and other non-current financi	77,557		77,557	152,831		152,831
Total non-current assets	**3,396,526**	**203,695**	**3,192,831**	**3,469,661**	**227,640**	**3,242,021**
CURRENT ASSETS						
Inventories and work-in-progress	351,303		351,303	385,133		385,133
Trade and other accounts	408,092		408,092	407,085		407,085
Current tax assets	45,001		45,001	42,215		42,215
Other receivables	174,251		174,251	142,745	- 59	142,804
Cash and cash equivalents	265,364		265,364	314,633		314,633
Total current assets	**1,244,011**	**0**	**1,244,011**	**1,291,811**	**(59)**	**1,291,870**
TOTAL ASSETS	**4,640,537**	**203,695**	**4,436,842**	**4,761,472**	**227,581**	**4,533,891**
LIABILITIES *(in thousands of euros)*	**01/01/2018 restated**	**Impacts IFRS 16**	**1/1/2018 published**	**12/31/2018 restated**	**Impacts IFRS 16**	**12/31/2018 published**
SHAREHOLDERS' EQUITY						
Share capital	179,600		179,600	179,600		179,600
Additional paid in capital	11,207		11,207	11,207		11,207
Consolidated reserves	1,976,285	- 9,028	1,985,313	2,068,460	- 11,671	2,080,131
Shareholders' equity	**2,167,092**	**(9,028)**	**2,176,120**	**2,259,267**	**(11,671)**	**2,270,938**
Minority interests	**233,369**	**(73)**	**233,442**	**221,474**	**(26)**	**221,500**
Total shareholders' equity and minority interests	**2,400,461**	**(9,101)**	**2,409,562**	**2,480,741**	**(11,697)**	**2,492,438**
NON CURRENT LIABILITIES						
Provisions for pensions and other post em	115,084		115,084	118,344		118,344
Other provisions	70,703		70,703	70,757		70,757
Financial debts and put options	928,403		928,403	879,713	- 2,631	882,344
Lease liabilities	166,596	166,596	-	195,751	195,751	-
Deferred tax liabilities	182,291	- 150	182,441	181,392	- 210	181,602
Other non-current liabilities	1,398		1,398	5,410	135	5,275
Total non-current liabilities	**1,464,475**	**166,446**	**1,298,029**	**1,451,367**	**193,045**	**1,258,322**
CURRENT LIABILITIES						
Provisions	8,738		8,738	9,604		9,604
Financial debts and put options at less thai	138,499		138,499	152,813	- 748	153,561
Lease liabilities at less than one year	46,350	46,350	-	47,797	47,797	-
Trade and other accounts payable	328,450		328,450	358,753	- 441	359,194
Current taxes payable	41,188		41,188	38,273		38,273
Other liabilities	212,376		212,376	222,124	- 375	222,499
Total current liabilities	**775,601**	**46,350**	**729,251**	**829,364**	**46,233**	**783,131**
Total liabilities	**2,240,076**	**212,796**	**2,027,280**	**2,280,731**	**239,278**	**2,041,453**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**4,640,537**	**203,695**	**4,436,842**	**4,761,472**	**227,581**	**4,533,891**

34.2 Consolidated income statement: from published to restated

Consolidated income statement			
(in thousands of euros)	2018 restated	Impacts IFRS 16	2018 Published
Sales revenues	2,582,465		2,582,465
Goods and services purchased	-1644858	57802	-1702660
Added value	**937,607**	**57,802**	**879,805**
Personnel costs	-428963		-428963
Taxes	-59431		-59431
Gross Operating Income	**449,213**	**57,802**	**391,411**
Depreciation, amortization and provisions	-236075	-51981	-184094
Other income and expenses	35698		35698
Operating income (expense)	**248,836**	**5,821**	**243,015**
Cost of net financial debt	-29359	-8772	-20587
Other financial income	20024		20024
Other financial expenses	-18708		-18708
Net financial income (expense)	**(28,043)**	**(8,772)**	**(19,271)**
Earnings from associated companies	3737		3737
Profit (loss) before tax	**224,530**	**(2,951)**	**227,481**
Income tax	-65867	790	-66657
Consolidated net income	**158,663**	**(2,161)**	**160,824**
Portion attributable to minority interests	9781	52	9729
Portion attributable to the Group	**148,882**	**(2,213)**	**151,095**
EBITDA	**492,318**	**57,802**	**434,516**
EBIT	**255,059**	**5,821**	**249,238**
Cash flow from operations	**387,476**	**49,034**	**338,442**
Earnings per share *(in euros)*			
Basic and diluted Group share of net earnings per s	3.32	-0.05	3.37

34.3 Consolidated statement of comprehensive income: from published to restated

Consolidated statement of comprehensive income			
(in thousands of euros)	2018 restated	Impacts IFRS 16	2018 Published
Consolidated net income	**158,663**	**(2,161)**	**160,824**
Other comprehensive income			
Items not recycled to profit or loss :			
Remeasurement of the net defined benefit liability	6,289		6,289
Tax on non-recycled items	- 1,613		- 1,613
Items recycled to profit or loss :			
Translation differences	- 61,365	- 437	- 60,928
Cash flow hedge instruments	759		759
Tax on recycled items	- 197		- 197
Other comprehensive income (after tax)	**(56,127)**	**(437)**	**(55,690)**
Total comprehensive income	**102,536**	**(2,598)**	**105,134**
Portion attributable to minority interests	(2,454)	46	(2,500)
Portion attributable to the Group	**104,990**	**(2,644)**	**107,634**

34.4 Consolidated statement of cash flow: from published to restated

Consolidated statement of cash flow			
(in thousands of euros)	2018 restated	Impacts IFRS 16	2018 Published
Cash flows from operating activities			
Consolidated net income	**158,663**	**(2,161)**	**160,824**
Earnings from associated companies	(3,737)		(3,737)
Dividends received from associated companies	2,492		2,492
Elimination of non cash and non-operating items:	0		
Depreciation, amortization and provisions	233,671	51,981	181,690
Deferred tax	4,720	(790)	5,510
Net (gain) loss from disposal of assets	(8,582)		(8,582)
Unrealized fair value gains and losses	353		353
Other	(108)		(108)
Cash flows from operating activities	**387,472**	**49,030**	**338,442**
Change in working capital requirement	(5,394)		(5,394)
Net cash flows from operating activities	**382,078**	**49,030**	**333,048**
Cash flows from investing activities			
Outflows linked to acquisitions of non-current assets:			
- Tangible and intangible assets	(180,224)		(180,224)
- Financial investments	(28,469)		(28,469)
Inflows linked to disposals of non-current assets:			
- Tangible and intangible assets	14,049		14,049
- Financial investments	3,939		3,939
Impact of changes in consolidation scope	(22,686)		(22,686)
Net cash flows from investing activities	**(213,391)**	**0**	**(213,391)**
Cash flows from financing activities			
Dividends paids	(72,976)		(72,976)
Increases in share capital	0		
Proceeds from borrowings	114,838		114,838
Repayments of borrowings	(226,824)	(49,030)	(177,794)
Repayments of lease liabilities	0		0
Acquisitions of treasury shares	(927)		(927)
Disposals or allocations of treasury shares	68,876		68,876
Net cash flows from financing activities	**(117,013)**	**(49,030)**	**(67,983)**
Impact of changes in foreign exchange rates	(9,766)		(9,766)
Change in cash position	**41,908**	**0**	**41,908**
Net cash and cash equivalents - opening balance	220,058		220,058
Net cash and cash equivalents - closing balance	261,969		261,969

34.5 Consolidated statement of changes in consolidated equity : from published to restated

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in thousands of euros)	capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Total Shareholders' equity
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**
IFRS 16 restatements of total comprehensive 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 paid				(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**
IFRS 16 restatements 12/31/2018				**(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**