Consolidated financial statements

2018

VICAT

Kiln at the Saint-Egrève cement plant, France

CONTENTS

Consolidated financial statements at December 31, 2018

Consolidated statement of financial position

(in thousands of euros)	*Notes*	**December 31, 2018**	**December 31, 2017**
ASSETS			
Non-current assets			
Goodwill	*3*	1,006,753	1,006,987
Other intangible assets	*4*	118,316	117,959
Property, plant and equipment	*5*	1,806,040	1,837,759
Investment properties	*7*	15,491	16,240
Investments in associated companies	*8*	53,044	40,696
Deferred tax assets (1)	*25*	89,546	95,633
Receivables and other non current financial assets	*9*	152,831	77,557
TOTAL NON-CURRENT ASSETS		3,242,021	3,192,831
Current assets			
Inventories and work in progress	*10*	385,133	351,303
Trade and other accounts	*11*	407,085	408,092
Current tax assets		42,215	45,001
Other receivables	*11*	142,804	174,251
Cash and cash equivalents	*12*	314,633	265,364
TOTAL CURRENT ASSETS		1,291,870	1,244,011
TOTAL ASSETS		**4,533,891**	**4,436,842**
LIABILITIES			
Shareholder' equity			
Share Capital	*13*	179,600	179,600
Additional paid in capital		11,207	11,207
Consolidated reserves		2,080,131	1,985,313
Shareholders' equity		**2,270,938**	**2,176,120**
Minority interests		**221,500**	**233,442**
TOTAL SHAREHOLDERS' EQUITY		2,492,438	2,409,562
Non-current liabilities			
Provisions for pensions and other post-employment benefits	*14*	118,344	115,084
Other provisions (1)	*15*	70,757	70,703
Financial debt and put options	*16*	882,344	928,403
Deferred tax liabilities (1)	*25*	181,602	182,441
Other non current liabilities		5,275	1,398
TOTAL NON-CURRENT LIABILITIES		1,258,322	1,298,029
Current liabilities			
Provisions	*15*	9,604	8,738
Debts and put options at less than 1 year	*16*	153,561	138,499
Trade and other accounts payable		359,194	328,450
Current taxes payable		38,273	41,188
Other liabilities	*18*	222,499	212,376
TOTAL CURRENT LIABILITIES		783,131	729,251
TOTAL LIABILITIES		2,041,453	2,027,280
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,533,891**	**4,436,842**

(1) Restated: see notes 1.1 and 15 (2)

Consolidated income statement

(in thousands of euros)	*Notes*	2018	2017
Sales revenues	*19*	**2,582,465**	**2,563,464**
Goods and services purchased		(1,702,660)	(1,660,025)
Added value	*1.22*	**879,805**	**903,439**
Personnel costs	*20*	(428,963)	(423,993)
Taxes		(59,431)	(58,709)
Gross Operating Income	*1.22 & 23*	**391,411**	**420,737**
Depreciation, amortization and provisions	*21*	(184,094)	(200,568)
Other income and expenses	*22*	35,698	11,423
Operating income	*23*	**243,015**	**231,592**
Cost of net financial debt	*24*	(20,587)	(27,665)
Other financial income	*24*	20,024	15,792
Other financial expenses	*24*	(18,708)	(16,321)
Financial Income (expense)	*24*	**(19,271)**	**(28,194)**
Earnings from associated companies	*8*	3,737	5,653
Profit (loss) before tax		**227,481**	**209,051**
Income tax	*25*	(66,657)	(53,200)
Consolidated net income		**160,824**	**155,851**
Portion attributable to minority interests		9,729	13,670
Portion attributable to the Group		**151,095**	**142,181**
EBITDA	*1.22 & 23*	**434,516**	**444,170**
EBIT	*1.22 & 23*	**249,238**	**247,150**
Operating cash flow	*1.22*	**338,442**	**346,432**
EARNINGS PER SHARE			
Basic and diluted Group share of net earnings per share (IN EUROS)	*13*	3.37	3.17

Consolidated statement of comprehensive income

(in thousands of euros)	2018	2017
Consolidated net income	**160,824**	**155,851**
Other comprehensive income		
Items not recycled to profit or loss:		
Remeasurement of the net defined benefit liability	6,289	25,685
Tax on non-recycled items	(1,613)	(6,421)
Items recycled to profit or loss:		
Translation differences	(60,928)	(194,260)
Cash flow hedge instruments	759	(2,346)
Tax on recycled items	(197)	841
Other comprehensive income (after tax)	**(55,690)**	**(176,501)**
TOTAL COMPREHENSIVE INCOME	**105,134**	**(20,650)**
Portion attributable to minority interests	(2,500)	(7,771)
Portion attributable to the Group	**107,634**	**(12,879)**

Consolidated statement of cash flows

(in thousands of euros)	*Notes*	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**160,824**	**155,851**
Earnings from associated companies		(3,737)	(5,653)
Dividends received from associated companies		2,492	1,292
Elimination of non cash and non operating items:			
■ depreciation, amortization and provisions		181,690	200,831
■ deferred tax		5,510	(2,092)
■ net (gain) loss from disposal of assets		(8,582)	(3,450)
■ unrealized fair value gains and losses		353	(1,671)
■ other		(108)	1,324
Operating cash flow	*1.22*	**338,442**	**346,432**
Change in working capital requirement		(5,394)	(3,434)
Net cash flows from operating activities (1)	*27*	**333,048**	**342,998**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of non-current assets:			
■ Tangible and intangible assets		(180,224)	(179,474)
■ Financial investments		(28,469)	(12,324)
Inflows linked to disposals of non-current assets:			
■ Tangible and intangible assets		14,049	15,529
■ Financial investments		3,939	4,126
Impact of changes in consolidation scope		(22,686)	(14,852)
Net cash flows from investing activities	*28*	**(213,391)**	**(186,995)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(72,976)	(69,890)
Increases/(Decreases) in share capital			(4,665)
Proceeds from borrowings	*16*	114,838	147,586
Repayments of borrowings	*16*	(177,794)	(242,723)
Acquisitions of treasury shares		(927)	(5,480)
Disposals or allocations of treasury shares		68,876	46,634
Net cash flows from financing activities		**(67,983)**	**(128,538)**
Impact of changes in foreign exchange rates		(9,766)	(16,315)
Change in cash position		**41,908**	**11,150**
Net cash and cash equivalents - opening balance	*29*	220,058	208,909
Net cash and cash equivalents - closing balance	*29*	261,969	220,058

(1) Including cash flows from income taxes: € (56,948) thousand in 2018 and € (47,299) thousand in 2017.
Including cash flows from interests paid and received € (18,492) thousand euros in 2018 and € (22,954) thousand in 2017.

Statement of changes in consolidated shareholders' equity

(in thousands of euros)	Share Capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Total shareholders' equity
AT JANUARY 1, 2017	179,600	11,207	(63,609)	2,275,851	(189,929)	2,213,120	257,054	2,470,174
Net income				142,181		142,181	13,670	155,851
Other comprehensive income (1)				15,355	(170,415)	(155,060)	(21,441)	(176,501)
Total comprehensive income				**157,536**	**(170,415)**	**(12,879)**	**(7,771)**	**(20,650)**
Dividends paid				(66,341)		(66,341)	(7,742)	(74,083)
Net change in treasury shares			2,895	(496)		2,399		2,399
Changes in consolidation scope and additional acquisitions				(2,511)		(2,511)	(633)	(3,144)
Increases in share capital				2,830		2,830	(7,539)	(4,709)
Other changes (2)				39,502		39,502	73	39,575
AT DECEMBER 31, 2017	179,600	11,207	(60,714)	2,406,371	(360,344)	2,176,120	233,442	2,409,562
Net income				151,095		151,095	9,729	160,824
Other comprehensive income (1)				(3,888)	(39,573)	(43,461)	(12,229)	(55,690)
Total comprehensive income				**147,207**	**(39,573)**	**107,634**	**(2,500)**	**105,134**
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 (3)				63,071		63,071	2,129	65,200
AT DECEMBER 31, 2018	**179,600**	**11,207**	**(56,144)**	**2,536,192**	**(399,917)**	**2,270,938**	**221,500**	**2,492,438**

(1) Inventory by nature of other comprehensive income:
Other comprehensive income includes mainly cumulative conversion differences from end 2003 as at end December 2018. 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 refund of € 38.9 million as a result of claims relating to the tax treatment of the capital gain on disposal of Soparfi securities, in 2014, by group subsidiaries (see note 2).
(3) Mainly including the payment, net of taxes, of € 67 million as part of the Soparfi capital reduction (see note 2).

Group translation reserves are broken down by currency as follows (in thousands of euros) at December 31, 2018 and 2017:

	Dec. 31, 2018	Dec. 31, 2017
US dollar	36,195	19,329
Swiss franc	178,162	156,953
Turkish new lira	(255,638)	(215,010)
Egyptian pound	(127,180)	(126,542)
Kazakh tenge	(83,317)	(73,097)
Mauritanian ouguiya	(7,399)	(7,495)
Indian rupee	(140,740)	(114,482)
	(399,917)	**(360,344)**

Notes to the consolidated financial statements for 2018

NOTE 1 Accounting policies and valuation methods

1.1. Statement of compliance

In compliance with European Regulation 1606/2002 of the European Parliament dated 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, 2018 for its accounting policies.

Standards and interpretations published by the IASB but not yet in effect as at December 31, 2018 were not early adopted in the Group's consolidated financial statements at the closing date.

The accounting policies and methods applied in the consolidated financial statements as at December 31, 2018 are consistent with those applied for the 2017 annual financial statements with the exception of standards that must be applied for periods beginning January 1, 2018 and that the Group did not early adopt, and the restatement of the tax refund provision of Vicat SA explained in note 15 (2).

The Group applied the "Revenue from contracts with customers" IFRS 15 standard as of January 1, 2018 without restating comparative information from previous years. On the basis of the detailed analysis conducted to identify the main differences between the current accounting policies from IAS 18 and those of the IFRS 15 standard, the Group concluded that implementing this standard does not lead to any significant impact on its financial statements and to any material change in the accounting principles applied, given the nature of its business. These policies are described in note 1.18.

The Group also applied IFRS 9 "Financial instruments" as of January 1, 2018 (in replacement of IAS 39) without restating comparative information from previous periods. The implementation of this standard had no significant impact for the Group's financial statement on January 1, 2018.

This standard has three components:

- classification and valuation: the application of IFRS 9 has no significant impact on the accounting principles relating to financial liabilities. Concerning financial assets, the main change introduced by the standard relates to equity investments with the deletion of the "assets available for sale" category. According to IFRS 9, these are valued at fair value and the Group may elect, for each investment, to recognize changes in fair value either in net financial income or in other comprehensive income. The application of this requirement had no significant impact for the Group on January 1, 2018;
- impairment of financial assets: according to IFRS 9, impairment of trade receivables are based on expected losses and no more on incurred losses. These new requirements imposed by the new standard have led the Group to review its policies for recording impairment on trade receivables and to analyze its receivables portfolio. The Group concluded that there was no material impact regarding the application of this requirement on January 1, 2018;
- hedging transactions: the Group has reviewed the accounting treatment applied to its financing and hedging activities and concluded it is consistent with IFRS 9 requirements.

Furthermore, the Group pursued the project to implement the IFRS 16 "Leases" standard which is mandatory as of January 1, 2019 to determine its potential impacts on the Group's financial statements. The Company has set up the necessary resources (training, project team, collection matrix, and IT tools) to identify all the leases concerned and quantify the estimated impact of the application of this standard. The Group decided to adopt the full retrospective approach at the transition date. The main estimated impacts, based on actual collection at the end of December 2018, are shown in note 6 "Leases".

These financial statements were finalized and approved by the Board of Directors at its meeting of February 15, 2019 and will be submitted to the shareholders General Meeting of April 11, 2019 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 1.17 and 15), in particular those for pensions and other post-employment benefits (notes 1.15 and 14);
- value the put options granted to third parties on shares in fully consolidated subsidiaries (notes 1.16 and 16);
- measure financial instruments at their fair value (notes 1.14 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 (notes 1.20 and 25);
- perform the valuations adopted for impairment tests purposes (notes 1.4, 1.11 and 3);
- define the accounting principle to be applied in the absence of a definitive standard (notes 1.7 and 10 concerning emission quotas).

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.

Subsidiaries

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

Joint ventures and associated companies

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

The list of the main companies included in the consolidation scope as at December 31, 2018 is provided in note 34.

1.4. Business combinations – goodwill

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

Business combinations carried out before January 1, 2010

These are reported using the acquisition method. Goodwill corresponds to the difference between the acquisition cost of the shares in the acquired company and the purchaser's pro-rata share in the fair value of all identified assets, liabilities and contingent liabilities at the acquisition date. Goodwill on business combinations carried out after January 1, 2004 is reported in the currency of the company acquired. Applying the option offered by IFRS 1, business combinations completed before the transition date of January 1, 2004 have not been restated, and the goodwill arising from them has been maintained at its net value as shown in the balance sheet prepared according to French GAAP as at December 31, 2003.

In the event that the *pro-rata* share of interests in the fair value of assets, liabilities and contingent liabilities acquired exceeds their acquisition cost ("negative goodwill"), the full amount of this negative goodwill is recognized in the income statement of the reporting period in which the acquisition was made, except for acquisitions of minority interests in a company already fully consolidated, in which case this amount is recognized in the consolidated shareholders' equity.

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

Minority interests are valued on the basis of their *pro-rata* share in the fair value of the net assets acquired.

If the business combination takes place through successive purchases, each material transaction is treated separately, and the assets and liabilities acquired are so valued and goodwill thus determined.

Business combinations carried out on or after January 1, 2010

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

- goodwill is determined once, on the date the acquirer obtains control.

  The Group then has the option, in the case of each business combination, upon obtaining control, to value the minority interests:

  - either at their *pro-rata* share in the identifiable net assets of the company acquired ("partial" goodwill option),
  - or at their fair value ("full" goodwill option).

Measurement of minority interests at fair value has the effect of increasing the goodwill by the amount attributable to such minority interests, resulting in the recognition of a "full" goodwill;

- any adjustment in the acquisition price at fair value from the date of acquisition is to be reported, with any subsequent adjustment occurring after the 12-month appropriation period from the date of acquisition to be recorded in the income statement;
- the costs associated with the business combination are to be recognized in the expenses for the period in which they were incurred;
- in the case of combinations carried out in stages, upon obtaining control, the previous holding in the company acquired is to be revalued at fair value on the date of acquisition and any gain or loss which results is to be recorded in the income statement.

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

1.5. Foreign currencies

Transactions in foreign currencies

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

Translation of financial statements of foreign companies

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

In the event of a later sale, the cumulative amount of translation differences relating to the net investment sold and denominated in foreign currency is recorded in the income statement. Applying the option offered by IFRS 1, translation differences accumulated before the transition date were zeroed out by allocating them to retained earnings 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, 2018	Dec. 31, 2017	2018	2017
Us dollar (USD)	1.1450	1.1993	1.1815	1.1293
Swiss franc (CHF)	1.1269	1.1702	1.1548	1.1116
Egyptian pound (EGP)	20.5498	21.3378	20.9957	20.1179
Turkish lira (TRL)	6.0588	4.5464	5.6994	4.1213
KZT	439.9100	398.5600	407.0333	368.5592
MRU	41.8581	425.5217	42.0151	403.6467
XOF	655.9570	655.9570	655.9570	655.9570
Indian rupee (INR)	79.7298	76.6055	80.7273	73.4980

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 those quotas allocated free of charge by the French 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

Deposits 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

In compliance with IAS 17, leases on which nearly all of the risks and benefits inherent in ownership are transferred by the lessor to the lessee are classified as finance leases. All other contracts are classified as operating leases.

Assets held under finance leases are recorded in property, plant and equipment at the lower of their fair value and the current value of the minimum rent payments at the starting date of the lease and amortized over the shortest duration of the lease and its useful life, with the corresponding debt recorded as a liability.

1.10. Investment properties

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

1.11. Impairment of non-current assets

In accordance with IAS 36, the book values of assets with indefinite lives are reviewed at each year-end, and during the year, whenever there is evidence of impairment. 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 (CGU) that the asset is part of (defined by IAS 36 as the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets) insofar as the industrial sites or facilities, products and markets form a coherent whole. The analysis was thus carried out for each geographical area/market/business, and the cash generating units were determined depending on the existence or not of vertical integration between the Group's activities in the area concerned.

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

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

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

Tests are conducted at each year-end on the sensitivity to an increase or decrease of one point in the discount rate and growth rate to infinity applied, in order to assess the effect on the value of 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. Cash and cash equivalents

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

1.14. Financial instruments

Financial assets

The Group classifies its financial assets, when they are first entered in the financial statements, according to IFRS 9 standard based on the contractual cash flows 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 IFRS 9, 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 recorded initially in shareholders' equity, and that of the ineffective portion is recognized directly in the income statement. The accumulated changes in the fair value of the hedging instrument previously recorded in shareholders' equity are transferred to the income statement at the same rate as the hedged cash flows.

1.15. Employee benefits

The Group recognizes the entire amount of its commitments relating to post-employment benefits in accordance with IAS 19 revised principes.

Regulations, standard practices and agreements in force in countries where the Group's consolidated companies have operations provide for various types of post-employment benefits: lump-sum payments on retirement, supplemental pension benefits, guaranteed supplemental pension benefits specifically for executives, etc., as well as other long-term benefits (such as medical cover for retirees etc.).

Defined contribution plans are those for which the Group's commitment is limited only to the payment of contributions recognized as expenses when they are incurred.

Defined benefit plans include all post-employment benefit programs, other than those under defined contribution plans, and represent a future liability for the Group. The corresponding liabilities are calculated on an actuarial basis using specific actuarial assumptions and the projected unit credit method, in accordance with the clauses provided for in the collective bargaining agreements and with standard practices.

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

Actuarial variances arise due to changes in actuarial assumptions (wage inflation, mortality, employee turnover, etc.) and/or variances observed between these assumptions and the actual figures. Actuarial gains and losses on post-employment benefits are recognized under "Other comprehensive income" and are not recycled to profit or loss.

The Group has chosen to apply the IFRS 1 option and to zero out the actuarial variances linked to employee benefits not yet recognized on the transition balance sheet by allocating them to shareholders' equity.

1.16. Put options granted on shares in consolidated subsidiaries

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

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

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

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

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

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

1.17. Provisions

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

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

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

1.18. Sales revenues

In accordance with the IFRS 15 accounting standard, sales revenues are recognized when control over the goods or services is transferred to the customer, which generally, given the nature of the Group's business, corresponds to the date of delivery. It is reported for an amount that reflects the consideration to which the Group expects to be entitled in exchange of transferring those goods or services, net of commercial discounts and rebates and after deduction of excise duties collected by the Group under its business activities. Sales figures include transport and handling costs invoiced to customers.

1.19. Other income and expenses

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

1.20. Income taxes

Deferred taxes are calculated at the tax rates adopted or virtually adopted 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.

1.21. Segment information

In accordance with IFRS 8 "Operating Segments" the segment information provided in note 26 is based on information taken from the internal reporting. This information is used internally by the General 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 business segments and geographical areas.

The operating segments defined pursuant to IFRS 8 comprise the three segments in which the Vicat Group operates: Cement, Concrete & Aggregates and Other Products and Services.

The management indicators presented were adapted in order to be consistent with those used by the Group management, while complying with IFRS 8 disclosure requirements: Operating and consolidated sales revenues, EBITDA and EBIT (see note 1.22), total non-current assets, net capital employed (see note 26), industrial investments, depreciation and amortization and number of employees.

The management indicators used for internal reporting are identical for all the operating segments and geographical areas defined above and are determined in accordance with the IFRS principles applied by the Group in its consolidated financial statements.

1.22. Financial indicators

The following financial performance indicators are used by the Group, as by other industrial players and notably in the building materials sector, and presented with the income statement:

Added value: the value of production less the cost of goods and services purchased;

Gross operating income: added value less personnel costs, taxes and duties (except income taxes and deferred taxes) plus grants and subsidies;

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): gross operating income plus other ordinary income and expenses;

EBIT (Earnings Before Interest and Tax): EBITDA less operating depreciation, amortization and provisions expenses;

Operating cash flow: net income before adjusting for non-cash charges (mainly net depreciation, amortization and provisions expenses, deferred tax, gains or losses on asset disposals and changes in fair value).

1.23. Seasonality

Demand in the Cement, Ready-mixed Concrete & Aggregates businesses is seasonal and tends to decrease in winter in temperate countries and during the rainy season in tropical countries. The Group therefore generally records lower sales in the first and fourth quarters, that is 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 Significant events and changes in consolidation scope

Macroeconomic environment and business trend

At constant consolidation scope and exchange rates, the Group's consolidated sales revenues showed strong growth across all three segments. 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, and Asia. In this latter zone, the situation has considerably worsened in the second half of the year in Turkey following the very sharp devaluation of the Turkish new lira and its impact on the macroeconomic and business environment. In Europe (excluding France), the decline in activity in Switzerland was only partially offset by the improvement in Italy. Lastly, activity across the West Africa & the Middle East zone was once again impacted by the Group's underperformance in Egypt caused by operational constraints resulting from military operations to restore security in its production region, despite the activity improvement in West Africa.

Exchange rate volatility and impact on the income statement

The Group's income statement for 2018 financial year was significantly impacted by the rise of the Euro against most foreign currencies, mainly the Turkish lira, the Indian rupee, the US dollar, and the Swiss franc. This resulted in a negative exchange rate effect of € (138) million in the consolidated sales revenues and in a negative exchange rate effect of € (22) million in the EBITDA.

Consolidated shareholders' equity showed a negative translation adjustment in 2018 for a total net amount of € (51) million.

Egypt

In spite of an operation launched nearly a year ago, 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 logistics flows have more or less returned to their prior situation.

Still, these extraordinary events had a material impact on the subsidiary's sales volumes in 2018. They were close to 46% lower than the previous year. In addition, they occurred in a context in which the entire cement industry has suffered, with a persistently flat market.

However, the Group believes, based on economic and operational indicators currently available, these events are not, at this stage, an indication of an enduring decrease in the asset value. Provided no further adverse geopolitical or security developments occur, these events and their ramifications are so far unlikely to jeopardize the medium-term prospects of an improvement in the subsidiary's profitability. Renewed growth in cement consumption amid the upturn in Egypt's macroeconomic fortunes, with the replenishment of its currency reserves, a pick-up in foreign investment and tighter control of inflation holds out the prospect of major development opportunities for Sinaï Cement Company, especially if this return to growth is accompanied, as announced by the Egyptian authorities, by a solution to the troubles in Sinai and the Gaza Strip.

To meet this challenge, the Group plans to invest in the production facility, which has been damaged by eight years in a difficult operating environment. To enable it to go ahead with investments to improve its productivity and control its costs, the Group launched an EGP 680 million increase in share capital to strenghter the subsidiary's financial structure. The subscription period ended at the end of April 2018, and the increase in share capital was 95.5% subscribed, raising a total of EGP 650 million. SCC held an Extraordinary General Meeting on June 25 to amend its by-laws and make arrangements to submit the finalized transaction for approval by the relevant authorities (EFSA, FATF and ADS). Once these administrative approvals have been obtained, the funds provided by the shareholders will be released to the subsidiary.

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 outcome 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 Group's consolidated shareholders' equity.

Summary of significant events in 2017

Tax regulations: change in tax rates and rules in the United States

Amongst other things, the US tax reform, adopted in late 2017, reduced the federal tax rate from 35% to 21% as of 2018 and amended the basis of allocation and duration of tax loss carryforwards. Deferred tax assets relating to the Group's US subsidiaries primarily arising from tax loss carryforwards were adjusted, resulting in a deferred tax expense of nearly € (8.0) million recorded in the income statement in December 2017.

Tax refund/Exceptional contribution

Claims on the tax treatment of the capital gain on disposal of Soparfi securities, in 2014, by Group subsidiaries led to a positive outcome and resulted in a tax refund of € 38.9 million collected in January 2017. This tax refund is recognized in the 2017 consolidated shareholders' equity, in line with the accounting treatment of the disposal of these securities. Late payment interest received of € 3.2 million was recognized in the 2017 net financial income.

Paper business

Repositioning the Paper business to offer a new product range (cooking, decorative, safety papers, etc.) requires adaptations of the manufacturing base and the industrial process which affected performance. On this basis, at December 31, 2017, € (3.5) million of non current assets not essential for operations were depreciated on an accelerated basis and a € (3.2) million charge was applied to adjust the value of related inventories.

Group refinancing

Vicat SA renewed all its lines of credit early, in December 2017 and January 2018, totaling € 790 million. This transaction improved the Group's financing terms and extended its average debt maturity which stood at nearly four years once this transaction had been taken into consideration.

NOTE 3 Goodwill

The change in the net goodwill by business sector is analyzed in the table below:

(in thousands of euros)	Cement	Concrete & Aggregates	Other Products and Services	Total
AT DECEMBER 31, 2016	717,545	309,644	21,765	1,048,954
Acquisitions/Additions	1,754	5,868		7,622
Disposals/Decreases		(1,240)		(1,240)
Change in foreign exchange rates	(26,529)	(19,558)	(1,622)	(47,709)
Other movements	(432)	(2,292)	2,084	(640)
AT DECEMBER 31, 2017	692,338	292,422	22,227	1,006,987
Acquisitions/Additions	15	2,024	100	2,139
Disposals/Decreases		(762)		(762)
Change in foreign exchange rates	(9,351)	7,005	695	(1,651)
Other movements	(12)	55	(3)	40
AT DECEMBER 31, 2018	**682,990**	**300,744**	**23,019**	**1,006,753**

Impairment test on goodwill:

In accordance with IFRS 3R 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.

At December 31, 2018, goodwill is distributed as follows by cash generating unit (CGU):

December 2018	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	234,417	13.9	8		
West Africa Cement CGU	149,055	11.8 to 15.7	6 to 9.5		
France-Italy CGU	208,583	7.1	1.4		
Switzerland CGU	141,893	7.3	1.3		
Other CGUs total	272,805	7.1 to 17.4	3.2 to 11.5	(4,389)	0
TOTAL	**1,006,753**			**(4,389)**	**0**

The impairment tests carried out in 2018 and 2017 did not result in the recognition of any impairment of goodwill.

Tests on sensitivity to a +1% change in the discount rate conducted at year-end resulted in a recoverable amount slightly lower than the net book value of the two CGUs.

The main variance is the Group's Egyptian subsidiary. The medium-term estimates for this subsidiary take the 2018 financial year, as a baseline which underperformed due to the extraordinary security situation prevailing during the year. The medium-term plan includes an assumption of gradual recovery for both market conditions and the security situation. The Group is confident in the long-term potential of the Egyptian market based on the country's economic and demographic assets, and has recapitalized the subsidiary to make investments as soon as possible (see note 2).

NOTE 4 Other intangible assets

Gross value *(in thousands of euros)*	**Concessions, patents & similar rights**	**Software**	**Other intangible assets**	**Intangible assets in progress**	**Total**
AT DECEMBER 31, 2016	69,824	50,010	70,177	6,281	196,292
Acquisitions	18,788	2,469	1,292	1,452	24,001
Disposals	(3,441)	(800)	(2)		(4,243)
Changes in consolidation scope		42			42
Change in foreign exchange rate	(1,959)	(811)	(6,493)	(293)	(9,556)
Other movements	(1,060)	2,501	4,322	(1,312)	4,451
AT DECEMBER 31, 2017	82,152	53,411	69,296	6,128	210,987
Acquisitions	110	1,569	2,028	4,617	8,324
Disposals		(662)			(662)
Changes in consolidation scope	60	19			79
Change in foreign exchange rate	(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**

Depreciation and impairment *(in thousands of euros)*	**Concessions, patents & similar rights**	**Software**	**Other intangible assets**	**Intangible assests in progress**	**Total**
AT DECEMBER 31, 2016	(24,488)	(29,724)	(35,615)	0	(89,827)
Acquisitions	(2,282)	(4,891)	(5,115)		(12,288)
Disposals	3,441	522			3,963
Changes in consolidation scope		(39)			(39)
Change in foreign exchange rate	878	693	3,631		5,202
Other movements	(31)	(3)	(5)		(39)
AT DECEMBER 31, 2017	(22,482)	(33,442)	(37,104)	0	(93,028)
Acquisitions	(1,789)	(5,093)	(3,195)		(10,077)
Disposals		598			598
Changes in consolidation scope		(19)			(19)
Change in foreign exchange rate	(31)	(171)	(100)		(302)
Other movements		466			466
AT DECEMBER 31, 2018	**(24,302)**	**(37,661)**	**(40,399)**	**0**	**(102,362)**
Net book value at December 31, 2017	59,670	19,969	32,192	6,128	117,959
NET BOOK VALUE AT DECEMBER 31, 2018	**57,913**	**18,233**	**31,432**	**10,738**	**118,316**

No development costs were capitalized in 2018 and 2017.

Research & development costs recognized as expenses in 2018 amounted to € 4.2 thousand (€ 3.2 thousand in 2017).

NOTE 5 Property, plant and equipment

Gross value *(in thousands of euros)*	Land & buildings	Industrial equipment	Other property plant & equipment	Work-in-progress and advances/ down payments	Total
AT DECEMBER 31, 2016	**1,197,489**	**3,052,359**	**149,029**	**66,331**	**4,465,208**
Acquisitions	10,361	42,375	3,795	105,635	162,166
Disposals	(7,166)	(29,283)	(8,156)	(2,190)	(46,795)
Changes in consolidation scope	1,575	997	102	89	2,763
Change in foreign exchange rate	(69,848)	(196,277)	(8,582)	(5,039)	(279,746)
Other movements	14,468	76,325	(1,993)	(86,005)	2,795
AT DECEMBER 31, 2017	**1,146,879**	**2,946,496**	**134,195**	**78,821**	**4,306,391**
Acquisitions	11,843	38,204	8,833	120,634	179,514
Disposals	(5,678)	(18,479)	(7,305)		(31,462)
Changes in consolidation scope	36	1,483	893		2,412
Change in foreign exchange rate	(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**

Depreciation and impairment *(in thousands of euros)*	Lands & Buildings	Industrial equipment	Other property plant & equipment	Work-in-progress and advances/ down payments	Total
AT DECEMBER 31, 2016	**(513,457)**	**(1,850,931)**	**(108,163)**	**(149)**	**(2,472,700)**
Acquisitions	(34,926)	(135,639)	(8,606)	(19)	(179,190)
Disposals	4,453	26,575	7,976	138	39,142
Changes in consolidation scope	(1,250)	(775)	(80)		(2,105)
Change in foreign exchange rate	27,147	115,248	5,942	5	148,342
Other movements	(236)	(5,237)	3,352		(2,121)
AT DECEMBER 31, 2017	**(518,269)**	**(1,850,759)**	**(99,579)**	**(25)**	**(2,468,632)**
Acquisitions	(33,632)	(124,911)	(8,378)		(166,921)
Disposals	1,475	17,037	6,814	19	25,345
Changes in consolidation scope	(3)	(909)	(534)		(1,446)
Change in foreign exchange rate	(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)**
Net book value at December 31, 2017	628,610	1,095,737	34,616	78,796	1,837,759
NET BOOK VALUE AT DECEMBER 31, 2018	**607,568**	**1,038,358**	**38,400**	**121,714**	**1,806,040**

Property, plant and equipment under construction amounted to € 111 million as at December 31, 2018 (€ 72 million as at December 31, 2017) and advances/down payments on property, plant and equipment represented € 11 million as at December 31, 2018 (€ 7 million as at December 31, 2017).

Contractual commitments to acquire tangible and intangible assets amounted to € 59 million as at December 31, 2018 (€ 27 million as at December 31, 2017).

The total amount of interest capitalized in 2018 was € 0.4 million (€ 0.2 million in 2017), determined based on local interest rates ranging from 4.89% to 5.25%, depending on the country in question.

NOTE 6 Leases

Leases are recorded in compliance with IAS 17. The Group's rental commitments relate mainly to transport equipment, real estate, and other hardware and equipment.

Finance and operating leases

Net book value by asset category *(in thousands of euros)*	December 31, 2018	December 31, 2017
Industrial equipment	2,526	140
Other intangible assets and property, plant and equipment	184	236
PROPERTY, PLANT AND EQUIPMENT	**2,710**	**376**

Minimum payments schedule *(in thousands of euros)*	December 31, 2018	December 31, 2017
Less than 1 year	705	353
1 to 5 years	1,561	810
More than 5 years	0	0
TOTAL	**2,266**	**1,163**

The minimum payments for finance leases are broken down according to IAS 17 between a financial expense and debt amortization.

At December 31, 2018, operating lease payments were recognized in accordance with IAS 17 as expenses on a straight-line basis over the term of the agreements. The rent charge recognized in 2018 under these agreements was € 58 million (€ 58 million in 2017).

Operating leases within the scope of IFRS 16

Based on data gathered at the end of December 2018, more than 3,000 leases fell within the scope of IFRS 16. Vehicles made up around 49% of the value of these leased assets and real estate 41%.

The Group has reviewed its leases in light of the IFRS 16 criteria defining an operating lease. Short-duration agreements (less than 12 months), low-value assets (less than US$ 5 thousand), and leases on intangible assets were excluded from the scope of this review.

The duration of leases is the non-cancellable contractual use period of the asset, plus any renewal options that are reasonably certain of being exercised. The discount rate used to calculate the value of the right-to-use and lease liability is based on the interest rate implicit in the lease or, failing that, the lessee's incremental borrowing rate at the signature date of the lease.

The impact estimate is pending finalization, as well as the implementation of dedicated tools.

Implementation of IFRS 16 would result in the recognition in the balance sheet at december 31, 2018 of a lease liability in the order of € 240 million (this additional liability on the leases is close to the amount mentioned below for future minimum payments on leases).

The estimated impacts of IFRS 16 implementation on the 2018 income statement are as follows:

- cancellation of the rent charge: around € 58 million;
- recognition of the depreciation of the right-of-use asset: around € (52) million;
- recognition of finance charges on lease liabilities: around € (9) million.

Future minimum payments schedule on leases

Future minimum payments under operating leases covered by IFRS 16 are estimated as follows at December 31:

(in millions of euros)	December 31, 2018
Less than 1 year	55
1 to 5 years	128
More than 5 years	57
TOTAL	**240**

NOTE 7 Investment properties

(in thousands of euros)	Gross values	Depreciation & Impairment	Net amount
AT DECEMBER 31, 2016	41,166	(23,327)	17,839
Acquisitions/Additions	454	(1,020)	(566)
Disposals/Decreases	(102)	58	(44)
Change in foreign exchange rate	(1,016)	331	(685)
Changes in consolidation scope and other	(474)	170	(304)
AT DECEMBER 31, 2017	40,028	(23,788)	16,240
Acquisitions/Additions	291	(892)	(601)
Disposals/Decreases	(221)	30	(191)
Change in foreign exchange rate	430	(149)	281
Changes in consolidation scope and other	5	(243)	(238)
AT DECEMBER 31, 2018	**40,533**	**(25,042)**	**15,491**
Fair value of investment properties at December 31, 2017			77,480
FAIR VALUE OF INVESTMENT PROPERTIES AT DECEMBER 31, 2018			**77,444**

Rental income from investment properties amounted to € 4,3 million at December 31, 2018 and € 3,8 million at December 31, 2017.

NOTE 8 Investments in associated companies

Change in investments in associated companies *(in thousands of euros)*	2018	2017
AT JANUARY 1	40,696	41,070
Earnings from associated companies	3,737	5,653
Dividends received from investments in associated companies	(2,492)	(1,292)
Changes in consolidation scope	6,345	(366)
Change in foreign exchange rates and other	4,758	(4,369)
AT DECEMBER 31	**53,044**	**40,696**

NOTE 9 Non-current receivables and other assets

(in thousands of euros)	Gross values	Impairment	Net amount
AT DECEMBER 31, 2016	**112,464**	**(1,523)**	**110,941**
Acquisitions/Additions	12,145	(4)	12,141
Disposals/Decreases	(3,673)	49	(3,624)
Change in foreign exchange rate	(2,927)	71	(2,856)
Change recognized in other comprehensive income	(19,343)		(19,343)
Other	(19,788)	86	(19,702)
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 rate	2,377	(35)	2,342
Change recognized in other comprehensive income	14,747		14,747
Other [(1)]	38,889	(1)	38,888
AT DECEMBER 31, 2018	**154,658**	**(1,827)**	**152,831**
Including:			
■ investments in affiliated companies	29,382	(858)	28,524
■ long-term investments	733	(145)	588
■ loans and receivables [(1)]	91,787	(824)	90,963
■ employee benefit plan assets (see note 14)	7,221		7,221
■ financial instruments (see note 17)	25,535		25,535
AT DECEMBER 31, 2018	**154,658**	**(1,827)**	**152,831**

(1) At December 31, 2018, an amount of € 34 million is recorded in the "other non-current receivables". This is subject to two provisional attachments on the bank accounts of an Indian company of the Group, Bharathi Cement, as part of a preliminary investigation carried out by the administrative and judicial authorities on facts prior to Vicat's taking a share of its capital.

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

The proceedings, in February 2015, led to a precautionary seizure by the "Enforcement Directorate" of INR 950 million (approximately € 13 million) from a Bharathi Cement bank account. Following this seizure, the corresponding amounts concerned were reclassified from "cash" to "other current receivables."

A second precautionary seizure of INR 1,530 million (approximately € 21 million) was made in 2016 in the context of the charges regarding the mining concession. It was transferred by the Enforcement Directorate into one of its bank accounts under the Company's name. These deposits were also entered as "other current receivables."

While this measure is not such as to hinder the Company's operations, the Company is appealing to the administrative and judicial authorities to challenge their validity. There were no significant developments last year.

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 in 2018 as "other non-current receivables" (see note 11).

NOTE 10 Inventories and work in progress

(in thousands of euros)	December 31, 2018			December 31, 2017		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials and consumables	284,229	(23,177)	261,052	249,086	(18,973)	230,113
Work-in-progress, finished goods and goods for resale	130,995	(6,914)	124,081	129,132	(7,942)	121,190
TOTAL	**415,224**	**(30,091)**	**385,133**	**378,218**	**(26,915)**	**351,303**

Surplus greenhouse gas emission quotas are recorded under inventories at a zero value (corresponding to 4,467 thousand tonnes at year-end 2018 and 4,127 thousand tonnes at year-end 2017).

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, 2016	411,236	(21,732)	389,504	48,370	2,049	140,432	(2,130)	188,721
Increase		(6,481)	(6,481)			(1)	(90)	(91)
Reversal of provisions used		5,905	5,905				121	121
Change in foreign exchange rate	(25,598)	1,329	(24,269)	(1,717)	(178)	(6,494)	153	(8,236)
Changes in consolidation scope	7,332	(163)	7,169	169		1,777		1,946
Other movements	36,128	136	36,264	11,153	1,568	(19,446)	(1,485)	(8,210)
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 rate	(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	(37,343)		(36,016)
AT DECEMBER 31, 2018	**431,363**	**(24,278)**	**407,085**	**57,028**	**4,042**	**84,381**	**(2,647)**	**142,804**
of which past due as at December 31, 2018:								
■ less than 3 months	96,214	(3,455)	92,759	4,626	1,139	7,177		12,942
■ more than 3 months	32,280	(14,353)	17,927	10,738	1,603	9,600	(2,522)	19,419
of which not past due as at December 31, 2018:								
■ less than 1 year	297,292	(4,197)	293,095	37,253	937	52,663	(125)	90,728
■ more than 1 year	5,577	(2,273)	3,304	4,411	363	14,941		19,715

(1) A receivable of € 34 million on one of the Group's Indian companies, Bharathi Cement, was reclassified as "other non-current assets" at December 31, 2018 (see note 9).

NOTE 12 Cash and cash equivalents

(in thousands of euros)	December 31, 2018	December 31, 2017
Cash	141,291	105,638
Marketable securities and term deposits <3 months	173,342	159,726
CASH AND CASH EQUIVALENTS	**314,633**	**265,364**

Cash deposits include as at December 31, 2018 an amount of € 31 million paid by the shareholders of Sinaï Cement Company, our Egyptian subsidiary, in respect of the ongoing increase in share capital for which release, and thus availability, is contingent on approval by the local competent regulatory authorities.

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 674,391 treasury shares as at December 31, 2018 (684,904 as at December 31, 2017) 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 2018 in respect of 2017 amounted to € 1.50 per share, amounted to a total of € 67,350 thousand, equal to € 1.50 per share paid in 2017 in respect of 2016 and amounted to a total of € 67,350 thousand. The dividend proposed by the Board of Directors to the Ordinary General Meeting for 2018 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, 2018, the liquidity account is composed of 35,548 Vicat shares and € 1,928 thousand in cash.

NOTE 14 Employee benefits

(in thousands of euros)	December 31, 2018	December 31, 2017
Pension plans and termination benefits (TB)	57,753	57,568
Other post-employment benefits	60,591	57,516
Total pension and other post-employment benefit provisions	**118,344**	**115,084**
Plan assets (note 9)	(7,221)	(4,807)
NET LIABILITY	**111,123**	**110,277**

Main plans in force within the Group: 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, 2018			December 31, 2017		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Present value of funded liabilities	445,752	59,780	505,532	443,993	56,597	500,590
Fair value of plan assets	(400,913)		(400,913)	(396,639)		(396,639)
Net liability before asset limit	**44,839**	**59,780**	**104,619**	**47,354**	**56,597**	**103,951**
Limit on recognition of plan assets (asset ceiling)	6,504		6,504	6,326		6,326
NET LIABILITY	**51,343**	**59,780**	**111,123**	**53,680**	**56,597**	**110,277**

Analysis of net annual expense

(in thousands of euros)	December 31, 2018			December 31, 2017		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Current service costs	(11,751)	(1,286)	(13,037)	(12,468)	(1,540)	(14,008)
Financial cost	(5,845)	(2,113)	(7,958)	(5,491)	(2,688)	(8,179)
Interest income on assets	4,157		4,157	3,765		3,765
Recognized past service costs	122		122			0
Curtailments and settlements	(94)		(94)	(61)		(61)
TOTAL (CHARGE) WITH INCOME STATEMENT IMPACT	(13,411)	(3,399)	(16,810)	(14,255)	(4,228)	(18,483)
Actuarial gains and losses on plan assets	(13,508)		(13,508)	20,684		20,684
Experience adjustments	(2,430)	1,200	(1,230)	(71)	4,721	4,650
Adjustments related to demographic assumptions	521	(8,091)	(7,570)	(6)		(6)
Adjustments related to financial assumptions	20,710	7,888	28,598	2,649	(2,288)	361
TOTAL (CHARGE) WITH IMPACT ON OTHER COMPREHENSIVE INCOME	5,293	997	6,290	23,256	2,433	25,689
TOTAL (CHARGE) FOR THE YEAR	**(8,118)**	**(2,402)**	**(10,520)**	**9,001**	**(1,795)**	**7,206**

Change in financial assets used to fund the plans

(in thousands of euros)	December 31, 2018			December 31, 2017		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
FAIR VALUE OF ASSETS AT JANUARY 1	396,639	0	396,639	411,855	0	411,855
Interest income on assets	4,157		4,157	3,765		3,765
Contributions paid in	14,722		14,722	18,141		18,141
Translation differences	15,248		15,248	(36,533)		(36,533)
Benefits paid	(16,833)		(16,833)	(27,933)		(27,933)
Changes in consolidation scope and other	756		756			0
Actuarial gains (losses)	(13,776)		(13,776)	27,344		27,344
FAIR VALUE OF ASSETS AT DECEMBER 31	**400,913**	**0**	**400,913**	**396,639**	**0**	**396,639**

Analysis of plan assets by type and country at December 31, 2018

Breakdown of plan assets	France	Switzerland	USA	India	Total
Cash and cash equivalents		1.5%	1.7%		1.6%
Equity instruments		25.5%	46.2%		27.5%
Debt instruments		26.6%	14.3%		25.2%
Real estate assets		28.1%	6.4%		25.7%
Assets held by insurers	91.2%			100.0%	0.4%
Other	8.8%	18.3%	31.4%		19.6%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
PLAN ASSETS *(in thousands of euros)*	**957**	**358,004**	**41,110**	**842**	**400,913**

Change in net liability

	December 31, 2018			December 31, 2017		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
NET LIABILITY AT JANUARY 1	53,680	56,597	110,277	76,441	65,912	142,353
Charge for the year	8,118	2,402	10,520	(5,411)	(1,795)	(7,206)
Contributions paid in	(9,232)		(9,232)	(9,272)		(9,272)
Translation differences	(286)	2,699	2,413	(6,116)	(5,669)	(11,785)
Benefits paid by employer	(1,213)	(1,920)	(3,133)	(2,041)	(1,851)	(3,892)
Change in consolidation scope	291		291	139		139
Other	(15)	2	(13)	(60)		(60)
NET LIABILITY AT DECEMBER 31	**51,343**	**59,780**	**111,123**	**53,680**	**56,597**	**110,277**

Principal actuarial assumptions	France	Europe (excluding France)	USA	Turkey and India	West Africa & the Middle East
Discount rate					
2018	1.5%	1.1% to 1.5%	4.5%	8.4% to 17.2%	4.5% to 13.0%
2017	1.5%	0.7% to 1.5%	3.8%	6.9% to 9.4%	5.0% to 13.0%
Rate of increase in medical costs					
2018			7.0% to 4.5%		
2017			5.5% to 4.5%		

Discount rate

Discount rates are determined in accordance with the principles set out in IAS 19 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, IAS 19 (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 as at December 31, 2018 corresponding to a variation of +/-50 basis points in the discount rate is € (28.7) million and € 32.3 million, respectively.

The sensitivity of the defined benefit obligation as at December 31, 2018 corresponding to a change of +/-1% in the rate of increase of medical costs is € 11.5 million and € (8.9) million, respectively.

Average duration of benefits

The average duration of benefits under all plans within the Group is 12 years.

It is expected that € 14.1 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 [(2)]	Total
AT DECEMBER 31, 2016	47,640	1,504	25,653	4,531	79,327
Increase	3,889	171	6,865	1,295	12,220
Reversal of provisions used	(2,623)		(4,177)	(549)	(7,349)
Reversal of unused provisions			(864)	(75)	(939)
Change in foreign exchange rate	(2,826)	(132)	(1,948)	(261)	(5,167)
Changes in consolidation scope	1,347				1,347
Other movements	165		(70)	(94)	1
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 rate	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**
of which less than one year			*7,924*	*1,680*	*9,604*
of which more than one year	*49,618*	*1,027*	*16,538*	*3,575*	*70,757*

Impact (net of expenses incurred) on 2018 income statement *(in thousands of euros)*	Additional expense	Reversals unused
Operating income	11,615	(490)
Non-operating income	705	

(1) At December 31, 2018, other risks included:
- *an amount of € 1.5 million (€ 2.1 million at December 31, 2017) corresponding to the current estimate of gross expected costs for repair of damage that occurred in 2006 following deliveries of concrete mixtures and concrete made in 2004 whose sulfate content exceeded applicable standards. This amount corresponds to the current estimate of the Group's pro-rata share of liability for repair of identified damage before the residual insurance indemnity of € 1.8 million recognized under non-current assets in the balance sheet as at December 31, 2018 and December 31, 2017 (note 9);*
- *an amount of € 10.6 million (€ 10.1 million as at December 31, 2017) 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 € 12.4 million as at December 31, 2018 (€ 13,3 million as at December 31, 2017) corresponds to the sum of other provisions that, taken individually, are not material.*

(2) After reclassification to deferred tax of the provision for tax to be repaid by Vicat SA to the subsidiaries under the French tax consolidation group, resulting in a net overall liability position for the tax group.
As from 2018, the provision for tax to be repaid by Vicat SA to the subsidiaries is eliminated in the consolidated financial statements against a reduction in the recognition of deferred tax assets on tax losses carried forward. Financial years 2017 and 2016 have been restated for comparison purposes: € 38.0 million and € 38.5 million, respectively, of provisions were reclassed and the tax group's resulting net deferred tax liability was reclassed as a liability in the amounts of € 21.8 million and € 30.8 million, respectively. This reclassification had no impact on the group's net income or consolidated shareholders' equity.

NOTE 16 Net financial liabilities and put options

Financial liabilities as at December 31, 2018 break down as follows:

(in thousands of euros)	December 31, 2018	December 31, 2017
Financial liabilities at more than one year	878,225	924,941
Put options at more than one year	4,119	3,462
Liabilities and put options at more than one year	**882,344**	**928,403**
Financial instrument assets at more than one year (1)	(25,537)	(10,790)
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENT ASSETS AT MORE THAN ONE YEAR	856,807	917,613
Financial liabilities at less than one year	153,562	138,499
Put options at less than one year	0	0
Liabilities and put options at less than one year	**153,562**	**138,499**
Financial instrument assets at less than one year (1)	0	(232)
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENT ASSETS AT LESS THAN ONE YEAR	153,562	138,267
Total financial liabilities net of financial instrument assets (1)	1,006,250	1,052,418
Total put options	4,119	3,462
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENT ASSETS	**1,010,369**	**1,055,880**

(1) As at December 31, 2018, financial instrument assets (€ 25.5 million) are presented either under non-current assets (see note 9), if their maturity is more than 1 year (€ 25.5 million) or under other receivables, if their maturity is less than one year (€ 0.0 million). They totaled € 11.0 million as at December 31, 2017.

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

(in thousands of euros)	Financial liabilities and put options > 1 year	Financial instruments, assets > 1 year	Financial liabilities and put options < 1 year	Financial instruments, assets < 1 year	Total
AT DECEMBER 31, 2016	980,017	(53,005)	250,266	(19,466)	1,157,812
Issues	106,218		41,369		147,587
Repayments	(83,425)		(159,298)		(242,723)
Change in foreign exchange rate	(9,428)		(5,994)		(15,422)
Changes in consolidation scope	(488)		726		238
Other movements (1)	(64,491)	42,215	11,430	19,234	8,388
AT DECEMBER 31, 2017	928,403	(10,790)	138,499	(232)	1,055,880
Issues	94,081		20,757		114,838
Repayments	(155,638)		(22,156)		(177,794)
Change in foreign exchange rate	1,614		(126)		1,488
Changes in consolidation scope					0
Other movements (1)	13,883	(14,747)	16,589	232	15,957
AT DECEMBER 31, 2018	**882,343**	**(25,537)**	**153,563**	**0**	**1,010,369**

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

16.1 Financial liabilities

Analysis of financial liabilities by category and maturity

December 31, 2018

(in thousands of euros)	Total	2019	2020	2021	2022	2023	More than 5 years
Bank borrowings and financial liabilities	924,565	83,894	238,367	5,552	102,156	5,185	489,411
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
Liabilities on non-current assets under finance leases	3,194	749	596	392	393	345	719
Current bank lines and overdrafts	65,013	65,013					
FINANCIAL LIABILITIES	**1,006,250**	**153,562**	**240,453**	**9,970**	**102,723**	**5,798**	**493,744**
of which commercial paper	*489,000*						*489,000*

Financial liabilities at less than one year mainly comprise bilateral credit lines relating to Sococim Industries in Senegal, NCC in the United States, Bastas Cimento in Turkey, Mauricim in Mauritania, and Vigier Holding in Switzerland, as well as bank overdrafts.

December 31, 2017

(in thousands of euros)	Total	2018	2019	2020	2021	2022	More than 5 years
Bank borrowings and financial liabilities	989,360	79,456	326,593	239,886	3,515	339,012	898
Of which financial instrument assets	(11,022)	(232)		(8,995)		(1,795)	
Of which financial instrument liabilities	1,295	96	201	998			
Miscellaneous borrowings and financial liabilities	5,929	3,504	1,689	168	187	168	213
Liabilities on non-current assets under finance leases	2,372	541	1,242	284	165	140	
Current bank lines and overdrafts	54,757	54,757					
FINANCIAL LIABILITIES	**1,052,418**	**138,258**	**329,524**	**240,338**	**3,867**	**339,320**	**1,111**
of which commercial paper	*550,000*		*310,000*			*240,000*	

Analysis of borrowings and financial liabilities by currency and interest rate

By currency (net of currency swaps)

(in thousands of euros)	December 31, 2018	December 31, 2017
Euro	674,600	771,979
US dollar	4,043	29,228
Turkish new lira	13,686	12,023
CFA Franc	84,967	59,382
Swiss franc	175,483	143,390
Mauritanian ouguiya	13,008	6,754
Egyptian pound	31,813	27,607
Indian rupee	8,650	2,055
TOTAL	**1,006,250**	**1,052,418**

By interest rate

(in thousands of euros)	December 31, 2018	December 31, 2017
Fixed rate	425,827	392,191
Floating rate	580,423	660,227
TOTAL	**1,006,250**	**1,052,418**

The average interest rate on the Group's gross indebtedness at December 31, 2018 was 2.77%. It was 3.19% as at December 31, 2017.

The average debt maturity at December 31, 2018 was 3 and a half years. It was slightly less than 3 years at the end of 2017.

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

Agreements were concluded between Vicat and Société Financière Internationale in order to organize their relations as shareholders of Mynaral Tas, under which the Group granted a put option to its partner on its shareholding in Mynaral Tas.

The put option granted to International Finance Corporation was exercisable at the earliest in December 2013. Booking of this option resulted in the recognition of a liability of € 4.1 million at more than one year as at December 31, 2018 (€ 3.5 million as at December 31, 2017). 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, 2018:

(in millions of euros)	USD	EUR	CHF
Assets	21	88	146
Liabilities and contracted commitments	(593)	(76)	(59)
Net position before risk management	**(572)**	**12**	**87**
Hedging instruments	577	0	(145)
Net position after risk management	**6**	**12**	**(58)**

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 (CHF 58.7 million).

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, would amount, in euro equivalent, to a loss of € 0.34 million (including € 0.51 million for the Kazakhstan debt).

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 a.).

Interest rate risk

Floating rate financial liabilities are hedged through the use of caps on original maturities of 4 and 5 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	(5,909)	(2,086)
Impact of a change of -100 bps in the interest rate	(1,313)	(72)

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

Liquidity risk

As at December 31, 2018, the Group had € 468 million in unutilized confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 332 million as at December 31, 2017).

The Group also has a € 550 million commercial paper issue program. At December 31, 2018, the amount of commercial paper issued stood at € 489 million. Commercial paper consists of short-term debt instruments backed by confirmed lines of credit in the amounts issued and classified as medium-term borrowings in the consolidated balance sheet.

Unused confirmed lines of credit are used to cover the risk of the Group finding itself unable to issue its commercial paper through market transactions. As at December 31, 2018, these lines matched the commercial paper they covered, at € 489 million.

Some medium-term or long-term loan agreements contain specific covenants especially with regards to 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 (27.75%) and leverage (1.5917) 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, 2018, the Group is compliant with all ratios required by covenants included in financing agreements.

Analysis of the portfolio of derivatives as at December 31, 2018:

(in thousands of currencies)	**Nominal value** *(currencies)*	**Nominal value** *(euros)*	**Market value** *(euros)*	**Current maturity** **<1 year** *(euros)*	**1 - 5 years** *(euros)*	**+5 years** *(euros)*
CASH FLOW HEDGES (a)						
Compound instruments						
■ *Cross Currency Swap* TF $/TF €	$ 350,000	305,677	25,537		25,537	
OTHER DERIVATIVES						
Interest rate instruments						
■ *Euro* Caps	€ 500,000	500,000	(1,347)	(86)	(1,261)	
FOREIGN EXCHANGE INSTRUMENTS (a)						
Hedging for foreign exchange risk on intra-group loans						
■ Forward Sales CHF	CHF 145,000	128,672	(69)	(69)		
Hedging for foreign exchange risk on commitment (Ciplan acquisition - note 2)						
■ Forward purchases BRL	BRL 565,000	127,138	(105)	(105)		
■ Forward purchases USD	USD 202,000	176,419	(43)	(43)		
TOTAL			**23,972**			

(1) Offsetting this, the difference between the value of the liability at the hedged rate and at amortized cost comes to € (41.6) 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 derivative instruments was determined by assuming an exposure at default calculated using the add-on method, a 40% loss given default, and a probability of default based on the credit ratings of banks or the estimated credit rating of the Group. The impact on fair value was not material and was not included in the market value of financial instruments as presented above.

In application of IFRS 7, the breakdown of financial instruments measured at fair value by hierarchical level of fair value in the consolidated statement of financial position is as follows as at December 31, 2018:

(in millions of euros)	December 31, 2018	
Level 1: instruments quoted on an active market	0.0	
Level 2: valuation based on observable market information	24.0	see above
Level 3: valuation based on non-observable market information	25.5	Note 9

NOTE 18 Other liabilities

(in thousands of euros)	December 31, 2018	December 31, 2017
Payroll liabilities	67,709	63,363
Tax liabilities	38,181	39,330
Other liabilities and accruals	116,609	109,683
TOTAL	**222,499**	**212,376**

NOTE 19 Sales revenues

(in thousands of euros)	2018	2017
Sales of goods	2,241,714	2,239,957
Sales of services	340,751	323,507
SALES REVENUES	**2,582,465**	**2,563,464**

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

(in thousands of euros)	Dec. 31, 2018	Changes in consolidation scope	Change in foreign exchange rate	Dec. 31, 2018 Constant scope and exchange rates	Dec 31, 2017
Sales revenues	2,582,465	6,485	(138,457)	2,714,437	2,563,464

NOTE 20 Personnel costs and number of employees

(in thousands of euros)	2018	2017
Wages and salaries	313,787	310,276
Payroll taxes	110,756	109,670
Employee profit sharing (French companies)	4,420	4,047
PERSONNEL COSTS	**428,963**	**423,993**
Average number of employees of the consolidated companies	8,684	8,346

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)	2018	2017
Net charges to amortization/depreciation of fixed assets	(177,862)	(188,043)
Net provisions expenses	(728)	(3,469)
Net charges to other assets depreciation	(6,688)	(5,508)
NET CHARGES TO OPERATING DEPRECIATION, AMORTIZATION AND PROVISIONS	**(185,278)**	**(197,020)**
Other net charges to non-operating depreciation, amortization and provisions (1)	1,184	(3,548)
NET DEPRECIATION AND PROVISIONS	**(184,094)**	**(200,568)**

(1) Including a non-operating depreciation charge at December 31, 2017 for some Paper business non-current assets amounting to € (3.5) million (see note 2).

NOTE 22 Other income and expenses

(in thousands of euros)	2018	2017
Net income from disposals of assets	8,636	3,420
Income from investment properties	4,266	3,750
Other (1)	30,203	16,263
Other operating income (expense)	**43,105**	**23,433**
Other non-operating income (expense) (2)	**(7,407)**	**(12,010)**
TOTAL	**35,698**	**11,423**

(1) Including at December 31, 2018 an amount of € 10.9 million as a result of a compensatory allowance granted to our American subsidiary NCC under a transactional settlement as regards a business loss prejudice prior to 2018. This settlement will be paid over 4 years, the first payment having been received in July 2018.

(2) Including at December 31, 2017:

- *a non-operating charge of € (3.2) million for an adjustment to the value of some Paper business inventories (see note 2);*
- *a charge of € (1.5) million for the remaining balance of the settlement agreement which closed all proceedings relating to the tax audit of our subsidiary, Sococim Industries in Senegal,*
- *a charge of € (1.4) million for fees to register the merger between Kalburgi Cement and Gulbarga Power Private Limited (GPPL).*

NOTE 23 Financial performance indicators

The reconciliation of Gross Operating Income, EBITDA, EBIT and Operating Income is as follows:

(in thousands of euros)	2018	2017
Gross Operating Income	**391,411**	**420,737**
Other operating income (expense)	43,105	23,433
EBITDA	**434,516**	**444,170**
Net charges to operating depreciation, amortization and provisions	(185,278)	(197,020)
EBIT	**249,238**	**247,150**
Other non-operating income (expense)	(7,407)	(12,010)
Net charges to non-operating depreciation, amortization and provisions	1,184	(3,548)
OPERATING INCOME	**243,015**	**231,592**

NOTE 24 Financial income (expense)

(in thousands of euros)	2018	2017
Interest income from financing and cash management activities	20,781	17,127
Interest expense from financing and cash management activities	(41,368)	(44,792)
Net cost of financial debt	**(20,587)**	**(27,665)**
Dividends	2,202	2,522
Foreign exchange gains	17,336	11,403
Fair value adjustments to financial assets and liabilities		1,671
Net income from disposal of financial assets		29
Write-back of impairment of financial assets	464	140
Other income	22	27
Other financial income	**20,024**	**15,792**
Foreign exchange losses	(12,789)	(9,557)
Fair value adjustments to financial assets and liabilities	(353)	
Impairment on financial assets	(677)	(4)
Net expense from disposal of financial assets	(54)	
Discounting expenses	(4,835)	(6,760)
Other financial expenses	**(18,708)**	**(16,321)**
FINANCIAL INCOME (EXPENSE)	**(19,271)**	**(28,194)**

NOTE 25 Income tax

Analysis of income tax expense

(in thousands of euros)	2018	2017
Current taxes	(61,147)	(55,823)
Deferred taxes	(5,510)	2,623
TOTAL	**(66,657)**	**(53,200)**

Reconciliation between the theoretical and the effective tax expense

The difference between the amount of income tax theoretically due at the standard rate and the actual amount due is analyzed as follows:

(in thousands of euros)	2018	2017
Net earnings from consolidated companies	157,087	150,197
Income tax	66,657	53,200
Profit (loss) before tax	223,744	203,397
Theoretical tax rate	34.4%	34.4%
Theoretical income tax expense at the parent company rate	**(77,035)**	**(70,030)**
Reconciliation:		
Differences between French and foreign tax rates (1)	13,489	9,876
Transactions taxed at specific rates	(4,166)	4,876
Changes in tax rates (2)	(204)	(7,633)
Permanent differences	(1,173)	(2,178)
Tax credits	-	577
Other (3)	2,432	11,312
ACTUAL INCOME TAX EXPENSE	**(66,657)**	**(53,200)**

(1) Differences between French and foreign tax rates relate mainly to Switzerland, Turkey, the US, and Egypt.
(2) In 2017, this item mainly concerns the change in US Federal corporate income tax rate from 35% to 21% as from 2018; the impact on the existing stock of deferred tax is close to € (8) million.
(3) Mainly including in 2017 a € 9.9 million repayment by the French tax authorities following the French constitutional court's ruling that the 3% tax on dividend payments was not legally founded.

Change in deferred tax assets and liabilities

	Deferred tax assets (1)		Deferred tax liabilities (1)	
(in thousands of euros)	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
DEFERRED TAX AT JANUARY 1:	95,633	150,199	182,441	235,792
Expense/income for the year	943	(27,238)	6,453	(29,861)
Deferred tax recognized in other comprehensive income	(1,003)	(2,106)	807	4,205
Changes in consolidation scope		35	148	
Reclassification	(8,693)	(9,060)	(8,693)	(9,060)
Translation and other changes	2,665	(16,197)	446	(18,635)
DEFERRED TAX AT DECEMBER 31:	**89,545**	**95,633**	**181,602**	**182,441**

(1) After reclassification to deferred tax of the provision for tax to be repaid by Vicat SA to the subsidiaries under the French tax consolidation group, resulting in a net overall liability position for the tax group (see note 15 (2)).

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

(in thousands of euros)	2018	2017
Non-current assets and finance leases	(3,983)	11,449
Financial instruments	(90)	(178)
Pensions and other post-employment benefits	(415)	(16,717)
Accelerated depreciation, regulated provisions and other provisions	2,395	5,909
Other timing differences, tax loss carry-forwards and miscellaneous	(5,228)	(4,152)
NET DEFERRED TAX (EXPENSE)/INCOME	**(7,321)**	**(3,689)**
■ recognized in consolidated net income	*(5,510)*	*2,623*
■ recognized in other comprehensive income	*(1,811)*	*(6,312)*

Source of deferred tax assets and liabilities

(in thousands of euros)	December 31, 2018	December 31, 2017 (2)
Non-current assets and finance leases	158,491	156,472
Financial instruments	(4,030)	(3,950)
Pensions	(29,521)	(28,761)
Provisions for risks and contingencies, regulated provisions	74	1,871
Special tax depreciation	29,580	29,726
Other timing differences, tax loss carry-forwards and miscellaneous	(62,538)	(68,550)
Net deferred tax liabilities	**92,056**	**86,808**
Deferred tax assets (1) - (2)	(89,546)	(95,633)
Deferred tax liabilities	181,602	182,441
NET BALANCE	**92,056**	**86,808**

(1) The deferred tax assets mainly originate from the tax losses carried forward by subsidiaries based in the United States and India, with periods of limitation ranging from 2022 to 2038.
(2) After reclassification to deferred tax of the provision for tax to be repaid by Vicat SA to the subsidiaries under the French tax consolidation group, resulting in a net overall liability position for the tax group (see note 15 (2)).

Deferred tax assets not recognized in the financial statements

Deferred tax assets not recognized in the financial statements as at December 31, 2018, owing either to their planned imputation during the exemption periods enjoyed by the entities concerned or to the probability of their not being recovered, amounted to € 8.2 million (€ 8.3 million as at December 31, 2017). These relate essentially to one entity benefiting from a tax exemption scheme.

Tax assessment in Senegal

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

NOTE 26 Segment information

a) Information by business segment

December 31, 2018 *(in thousands of euros, except employees)*	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 sales revenues	1,252,210	990,235	340,020	2,582,465
EBITDA (*cf.* 1.22 & 23)	329,847	85,391	19,278	434,516
EBIT (*cf.* 1.22 & 23)	201,297	41,724	6,217	249,238
Balance sheet				
Total non-current assets	2,299,868	757,897	184,255	3,242,020
Net capital employed (1)	2,254,685	737,383	201,365	3,193,433
Additional information				
Acquisitions of intangible and tangible assets	103,845	61,787	22,612	188,244
Net depreciation and amortization charges	(122,777)	(42,084)	(13,001)	(177,862)
Average number of employees	4,103	3,406	1,175	8,684

December 31, 2017 *(in thousands of euros, except employees)*	Cement	Concrete & Aggregates	Other Products and Services	Total
Income statement				
Operating sales revenues	1,492,561	1,008,067	424,836	2,925,464
Inter-segment eliminations	(247,924)	(19,841)	(94,235)	(362,000)
Consolidated sales revenues	1,244,637	988,226	330,601	2,563,464
EBITDA (*cf.* 1.22 & 23)	353,366	64,522	26,282	444,170
EBIT (*cf.* 1.22 & 23)	219,532	18,001	9,617	247,150
Balance sheet				
Total non-current assets	2,303,382	750,975	154,700	3,209,057
Net capital employed (1)	2,337,168	694,154	170,087	3,201,409
Additional information				
Acquisitions of intangible and tangible assets	85,035	90,753	11,590	187,378
Net depreciation and amortization charges	(131,258)	(42,900)	(13,885)	(188,043)
Average number of employees	3,906	3,308	1,132	8,346

(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 tax.

b) Information by geographical areas

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

December 31, 2018 *(in thousands of euros, except employees)*	France	Europe (excluding France)	USA	Asia	Africa & the Middle East	Total
Income statement:						
Operating sales revenues	966,562	390,596	404,263	564,459	275,364	2,601,244
Inter-country eliminations	(16,606)	(420)	0	(49)	(1,704)	(18,779)
Consolidated sales revenues	949,956	390,176	404,263	564,410	273,660	2,582,465
EBITDA (*cf.* 1.22 & 23)	147,817	87,272	71,659	97,024	30,744	434,516
EBIT (*cf.* 1.22 & 23)	91,548	60,403	45,625	54,474	(2,812)	249,238
Balance sheet						
Total non-current assets	681,219	569,947	447,060	962,058	581,736	3,242,020
Net capital employed (1)	687,516	536,922	371,189	1,007,696	590,110	3,193,433
Additional information:						
Acquisitions of intangible and tangible assets	59,099	29,983	32,882	31,159	35,121	188,244
Net depreciation and amortization charges	(54,825)	(26,733)	(26,531)	(39,713)	(30,060)	(177,862)
Average number of employees	2,845	1,091	1,155	2,282	1,311	8,684

December 31, 2017 *(in thousands of euros, except employees)*	France	Europe (excluding France)	USA	Asia	Africa & the Middle East	Total
Income statement:						
Operating sales revenues	906,773	410,524	392,904	579,096	293,521	2,582,818
Inter-country eliminations	(16,355)	(449)	0	(29)	(2,521)	(19,354)
Consolidated sales revenues	890,418	410,075	392,904	579,067	291,000	2,563,464
EBITDA (*cf.* 1.22 & 23)	129,218	94,618	60,004	117,621	42,709	444,170
EBIT (*cf.* 1.22 & 23)	69,091	61,922	33,833	71,584	10,720	247,150
Balance sheet						
Total non-current assets	672,398	533,807	422,164	1,009,801	570,887	3,209,057
Net capital employed (1)	686,803	484,598	346,755	1,093,699	589,554	3,201,409
Additional information:						
Acquisitions of intangible and tangible assets	59,161	21,377	33,978	32,695	40,167	187,378
Net depreciation and amortization charges	(56,955)	(28,842)	(27,708)	(44,884)	(29,654)	(188,043)
Average number of employees	2,751	1,075	1,112	2,253	1,155	8,346

(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 tax.

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 27 Net cash flows generated from operating activities

Net cash flows from operating activities conducted by the Group in 2018 were € 333 million, compared with € 343 million in 2017.

This decrease in cash flows generated by operating activities between 2017 and 2018 resulted from a drop in cash flow from operations of € 8 million and a decline in the change in working capital requirement of nearly € 2 million.

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

(in thousands of euros)	WCR at Dec. 31, 2016	Change in WCR 2017	Other Changes (1)	WCR at Dec. 31, 2017	Change in WCR 2018	Other Changes (1)	WCR at Dec. 31, 2018
Inventories	385,770	(11,292)	(23,175)	351,303	39,491	(5,661)	385,133
Other WCR components	29,434	14,726	(3,193)	40,967	(34,097)	(4,134)	2,736
WCR	**415,204**	**3,434**	**(26,368)**	**392,270**	**5,394**	**(9,795)**	**387,869**

(1) Exchange rates, consolidation scope and miscellaneous.

NOTE 28 Net cash flows from investing activities

Net cash flows from investing activities conducted by the Group in 2018 were € (213) million, compared with € (187) million in 2017.

Acquisitions of intangible and tangible assets

These reflect outflows for industrial investments (€ 180 million in 2018 and € 179 million in 2017) mainly corresponding, in 2018 and 2017, to investments made in France, the United States, Senegal, and Switzerland.

Acquisition/disposal of shares in consolidated companies

Operations for the acquisition/disposal of consolidated companies carried out in 2018 resulted in a total outflow of € (23) million (total outflow of € (15) million in 2017).

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.

Key disbursements made by the Group in 2017 were mainly to improve its reach in the Concrete & Aggregates business in France, through partnership agreements and/or equity investments.

NOTE 29 Analysis of net cash balances

(in thousands of euros)	December 31, 2018 Net	December 31, 2017 Net
Cash and cash equivalents (see note 12)	314,633	265,364
Bank overdrafts	(52,665)	(45,306)
NET CASH BALANCES	**261,968**	**220,058**

Net cash balances include as at December 31, 2018 an amount of € 31 million allocated by the shareholders of Sinaï Cement Company, our Egyptian subsidiary, in respect of the ongoing increase in share capital for which release is contingent on approval by the local competent regulatory authorities.

NOTE 30 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 2018 was as follows: G. Sidos: € 888,584 and D. Petetin: € 361,509.

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 (€ 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 as at December 31, 2018 (note 1.15.).

NOTE 31 Transactions with related companies

In addition to information required for related parties regarding the senior executives, described in note 30, 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 in 2018 and were all concluded on an arm's length basis.

These transactions have all been recorded in compliance with IAS 24 and their impact on the Group's consolidated financial statements for 2018 and 2017 is as follows, broken down by type and by related party:

	December 31, 2018				December 31, 2017			
(in thousands of euros)	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Affiliated companies	404	3,813	2,608	1,188	656	3,276	3,094	3,435
Other related parties	70	1,274	0	311	66	1,430	0	0
TOTAL	**474**	**5,087**	**2,608**	**1,499**	**722**	**4,706**	**3,094**	**3,435**

NOTE 32 Fees paid to the 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 2018 are as follows:

	KPMG Audit		Wolff & associés		Other	
2018 *(in thousands of euros)*	Amount (excl. tax)	%	Amount (excl. tax)	%	Amount (excl. tax)	%
AUDIT						
Certification of individual and consolidated financial statements	1,088	51%	386	18%	647	31%
■ Vicat SA	274	56%	215	44%		0%
■ Controlled entities	814	50%	171	10%	647	40%
Services other than the certification of the financial statements	17	100%		0%		0%
■ Vicat SA		-		-		-
■ Controlled entities	17	100%		0%		0%
SUB-TOTAL, AUDIT FEES	1,105	52%	386	18%	647	30%
OTHER SERVICES						
Legal, tax, employment and other matters	50	100%		0%		0%
SUB-TOTAL, OTHER SERVICES	50	100%	0	0%	0	0%
TOTAL	**1,155**	**53%**	**386**	**18%**	**647**	**30%**

NOTE 33 Subsequent events

Further to the agreement signed in early October 2018, the Vicat Group acquired the company Ciplan (Cimento do Planalto) on January 21, 2019 and now holds a majority stake of 64.74% of the Company's share capital. This transaction was completed in the form of a reserved capital increase of € 295 million, which will be used to settle a vast majority of Ciplan's existing debt. The transaction was funded through debt.

Ciplan operates a modern plan, 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).

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

NOTE 34 List of main consolidated companies as at December 31, 2018

Fully consolidated: France

COMPANY	COUNTRY	CITY	December 31, 2018	December 31, 2017
			% interest	
VICAT	FRANCE	PARIS LA DEFENSE	-	-
ANNECY BETON CARRIERES	FRANCE	CRAN GEVRIER	49.98	49.97
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	99.97
BETON TRAVAUX	FRANCE	PARIS LA DEFENSE	99.98	99.98
CARRIERE DE BELLECOMBES	FRANCE	BELLECOMBE EN BAUGES	49.95	49.95
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	December 31, 2018	December 31, 2017
			% interest	
SINAI CEMENT COMPANY	EGYPT	CAIRO	56.20	56.94
JAMBYL CEMENT PRODUCTION COMPANY LLP	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

COMPANY	COUNTRY	CITY	December 31, 2018	December 31, 2017
			% interest	
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	70.00
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	60.00
VIGIER BETON JURA SA	SWITZERLAND	BELPRAHON (BERN)	81.42	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)	90.47	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	December 31, 2018	December 31, 2017
			% interest	
BASTAS BASKENT CIMENTO	TURKEY	ANKARA	91.58	91.58
BASTAS HAZIR BETON	TURKEY	ANKARA	91.58	91.58
KONYA CIMENTO	TURKEY	KONYA	83.08	83.08
KONYA HAZIR BETON	TURKEY	KONYA	83.08	83.08
TAMTAS	TURKEY	ANKARA	100.00	100.00
MAURICIM	MAURITANIA	NOUAKCHOTT	100.00	100.00
BHARATHI CEMENT	INDIA	HYDERABAD	51.02	51.02
KALBURGI CEMENT	INDIA	HYDERABAD	99.98	99.98

Equity method: France

COMPANY	COUNTRY	CITY	December 31, 2018	December 31, 2017
			% interest	
CARRIERES BRESSE BOURGOGNE	FRANCE	EPERVANS	33.27	33.27
DRAGAGES ET CARRIERES	FRANCE	EPERVANS	49.98	49.98
SABLIERES DU CENTRE	FRANCE	LES MARTRES D'ARTIERE	49.99	49.99
SCI ABBE CALES	FRANCE	CHAMBERY	69.98	-

Equity method: Rest of the world

COMPANY	COUNTRY	CITY	December 31, 2018	December 31, 2017
			% interest	
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	14.46