



**REGISTRATION  
DOCUMENT**

AND ANNUAL  
FINANCIAL REPORT

**2016**



**VICAT**

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# 2016 REGISTRATION DOCUMENT

including the **annual financial report**

## PROFILE

### THE VICAT GROUP IN 2016

Driven by its team of passionate professionals, Vicat is an international cement manufacturing group that provides effective solutions to construction players through high-quality materials, products and services.

In spite of a highly volatile geopolitical and monetary environment, the Group delivered a good performance in 2016. Operating margin is up and the results reflect the dynamism of the Group's sales teams and successful cost-control. Vicat enjoys an organic growth reserve which corresponds to about a third of its cement production capacity.

The Group has a strong financial position and is continuing to maximize its free cash flow as well as reducing debt.



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“

*Vicat's DNA is bound in this simple story: innovation, ethics, entrepreneurship, family.*

# MESSAGE FROM THE CHAIRMAN AND CEO



*Vicat improved profitability in 2016.*

By virtue of its development model based on geographical diversification of entities and a sustained high level of cost-effectiveness for its industrial facilities, the Group has made consistent progress despite unstable monetary and geopolitical backgrounds.

The Group's financial situation has been further improved as a result of repayment of 10% of its net debt. This was made possible by a healthy generation of cash flow without compromising the operational conditions of its industrial assets.

This success is also the result of hard work on productivity by production, administrative, and sales personnel who have given every proof of their enormous professionalism, efficacy, availability, and creativity. I extend my deepest thanks to the eight thousand men and women working for Vicat for all they have done to achieve this level of performance.

Two hundred years ago Louis Vicat unveiled the mysteries of artificial cement, known at the time as 'artificial hydraulic lime'. Seeking no financial advantage, he took out no patent and while continuing his research gave free advice to entrepreneurs embarking upon the manufacture of cement. In June, the cement industry will mark this bicentennial, in Paris, by means of an international scientific symposium showcasing the modernity of the material whose discovery was as important in the history of humanity as that of bronze and iron. Vicat

will be present, and this summer will relay the message in the French pavilion at Expo 2017 in Astana, Kazakhstan.

After first helping his father in his research, in 1853 Joseph Vicat built a cement plant that marked the beginnings of the Vicat Group. Vicat's DNA is bound in this simple story: innovation, ethics, entrepreneurship, family.

Today still, Vicat is remodeling itself, adapting to a changing world. But its values continue to resonate in everything it does, from innovation in its ultra-modern laboratories to quality and service to partners and clients.

Vicat's integration into its environment entered a new dimension in 2016, with the creation of a new business, Vicat Éco-Valorisation, a vector for development in the harnessing of short-supply-chain waste streams in a circular economy. Judicious use of raw materials and recycled waste is reaching a new level of industrialization with this ambitious, environmentally responsible, and profitable undertaking.

Consolidated by the vigor of 2016, Vicat is entering 2017 with confidence. Our main markets are moving in the right direction in terms of both volumes and selling prices. Our objective is to keep consolidating our positions and to further reduce our debt while awaiting the opportunity to take a new step forward in our development.

Guy Sidos



*By virtue of its development model based on geographical diversification of entities and a sustained high level of cost-effectiveness for its industrial facilities, the Group has made consistent progress despite unstable monetary and geopolitical backgrounds.*





Ragland cement factory in Alabama (United States)

# GROUP PRESENTATION

# 1

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## 1.1. PROFILE

Artificial cement was invented by Louis Vicat just 200 years ago, in 1817.

The Vicat Group has a thorough knowledge of all aspects of the cement, ready-mixed Concrete & Aggregates business acquired over two centuries of research, discoveries and involvement in countless construction projects for buildings, civil engineering structures, and other infrastructural facilities.

Cement is Vicat Group's core business: in 1817, Louis Vicat invented artificial cement and in 1853, his son Joseph Vicat built the Group's first cement plant. This business accounted for more than 51% of the Vicat Group's consolidated sales in 2016.

The Group's industrial and commercial expertise, together with its strategic model for long-term development, backed by its shareholders and a management presence by members of the founding family since the Company's formation, have made the Group a regional leader in the 11 countries where it operates across Europe, North America, Asia, Africa and the Middle East.

Beginning in 1974 with the acquisition of a cement factory in the United States, the Group's international expansion has continued since at a pace sustained by its strong cash flow, with debt kept firmly under

control. The Group doubled its overall cement production capacity between 2006 and 2012, with a strong focus on the emerging countries. The portion of consolidated sales generated outside France has risen steadily and rapidly, from 43% in 2000 to 68% in 2016 (including 36% in emerging countries).

Wherever justified by market conditions, the Group pursues a policy of vertical integration into Ready-mixed Concrete & Aggregates, which accounted for 37% of consolidated sales in 2016.

The Group also benefits from synergies with complementary activities (Precast Concrete Products, Construction Chemicals, Transport, Paper and Bags businesses) carried on in certain markets to consolidate its range of products and services, and to strengthen its regional positioning.

€ **2,454** million  
in sales

**8,009**  
employees

**3** business segments  
Cement,  
Concrete & Aggregates,  
Other Products & Services





**11** operating countries

**21.9** million tonnes of cement

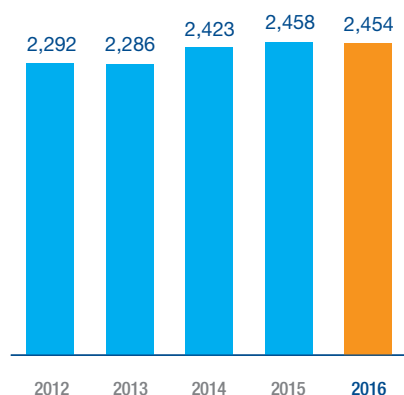
**8.8** million m<sup>3</sup> of concrete

**22.1** million tonnes of aggregates

## 1.2. KEY FIGURES

### CONSOLIDATED SALES

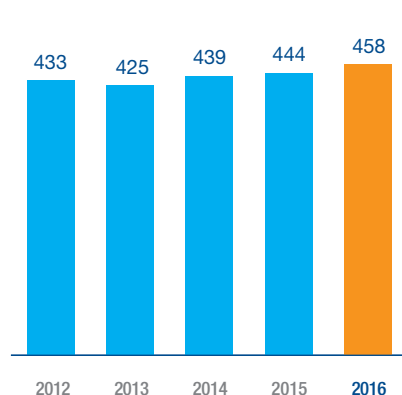
[in millions of euros]



Consolidated sales for 2016 were stable at € 2,454 million. This figure is an increase of + 4.1% compared with 2015 at constant consolidation scope and exchange rates.

### EBITDA\*<sup>(1)</sup>

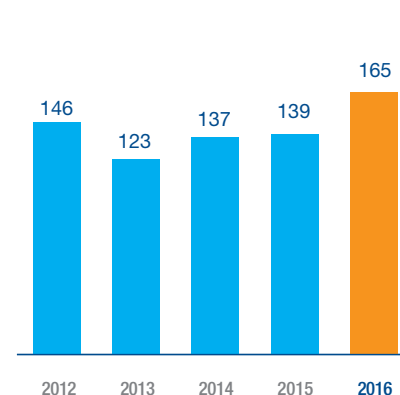
[in millions of euros]



The Group's consolidated EBITDA rose by + 3.2% to € 458 million compared with 2014, and by + 8.0% at constant consolidation scope and exchange rates.

### CONSOLIDATED NET INCOME\*

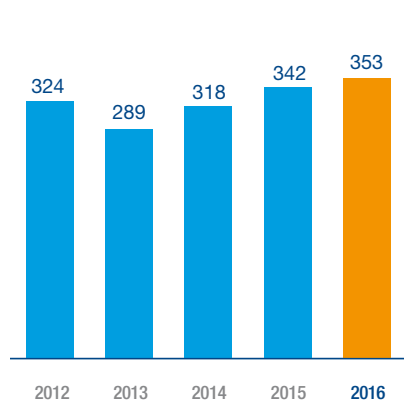
[in millions of euros]



Consolidated net income rose by + 18.1% to € 165 million, and by + 25.3% at constant consolidation scope and exchange rates. That represents a + 6.7% margin.

### CASH FLOWS FROM OPERATIONS\*

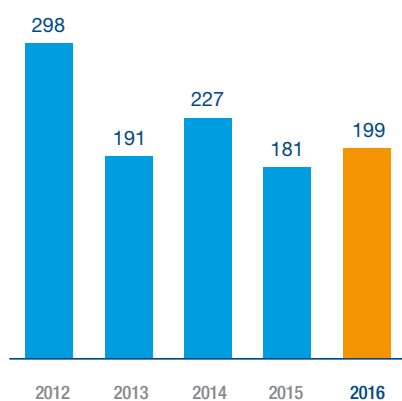
[in millions of euros]



Cash flows from operations amounted to € 353 million, generating free cash flow of € 254 million in 2016.

### TOTAL INVESTMENTS\*

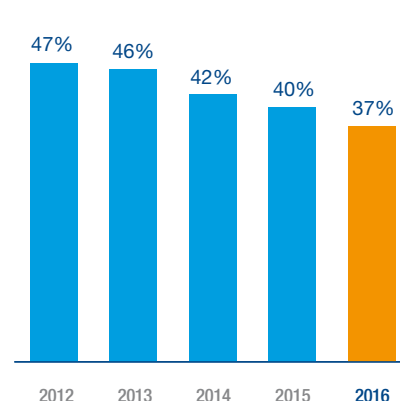
[in millions of euros]



Investments in 2016 amounted to € 199 million, following the same trend as the past four years, in accordance with the Group's strategy.

### NET DEBT/EQUITY

[in %]



On the basis of consolidated shareholders' equity, the gearing<sup>(2)</sup> ratio was 36.9% as at December 31, 2016, compared with 40.3% as at December 31, 2015.

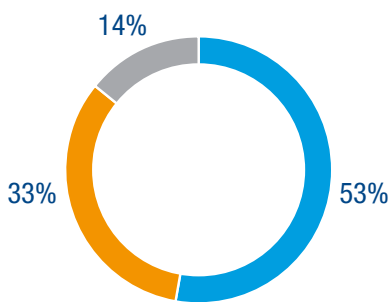
(1) EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): gross operating income plus other ordinary income and expenses.

(2) Gearing is a ratio concerning the financial structure and is equal to net debt over consolidated shareholders' equity.

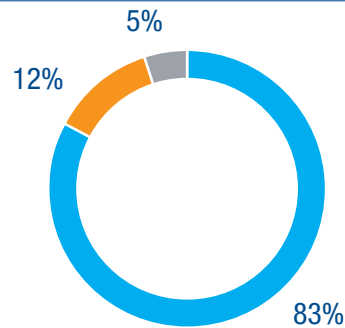
\* Figures for 2012-2015 have been restated in accordance with the new accounting standard applied for recording greenhouse gas trading. The nature and impact of these restatements are presented in notes 1.7 and 35 to the consolidated financial statements.

**BY BUSINESS SEGMENT**

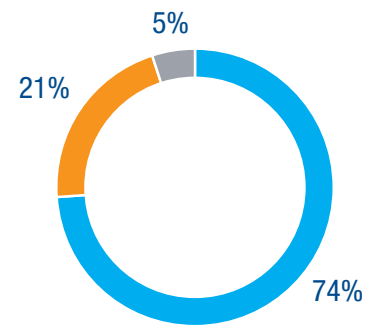
OPERATING SALES



EBITDA



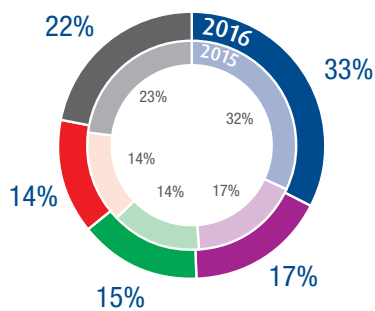
NET CAPITAL EMPLOYED



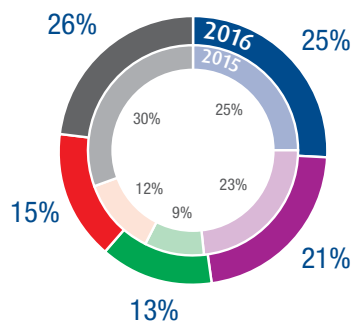
▼ CEMENT ▼ CONCRETE & AGGREGATES ▼ OTHER PRODUCTS & SERVICES

**BY GEOGRAPHICAL AREA**

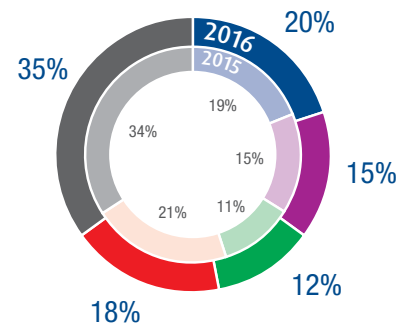
OPERATING SALES



EBITDA



NET CAPITAL EMPLOYED



▼ FRANCE ▼ EUROPE (EXCLUDING FRANCE) ▼ UNITED STATES ▼ AFRICA AND MIDDLE EAST ▼ ASIA



## 1.3. HISTORY

### 1817 – Louis Vicat invented artificial cement

After graduating from two of France's elite engineering schools, Ecole Polytechnique and Ecole des Ponts et Chaussées, Louis Vicat invented artificial cement in 1817. On February 16, 1818, his invention was authenticated by the Académie des Sciences. The report was signed by Messrs. de Prony, Gay-Lussac and Girard, distinguished scientists of the time.

### 1853 – Construction at Le Genevrey of the Group's first cement factory

In the vicinity of Grenoble the young engineer Joseph Vicat began to manufacture artificial cement in kilns, after analyzing the local argillaceous limestone and finding it particularly well suited to this task. The initial results were highly satisfactory. Aged 32 at the time and a graduate of the Ecole Polytechnique like his father, Joseph Vicat soon decided to build a cement factory at Le Genevrey, near the town of Vif in the Isère department.

### 1875 – Construction of the La Pérelle factory for the manufacture of quick-setting cement

After tireless and rigorous exploration and testing, Joseph Vicat found deposits of limestone particularly suited for the manufacture of quick-setting cement in the Chartreuse mountain range and built a factory for this purpose at La Pérelle, near Saint-Laurent-du-Pont, to the north of Grenoble.

### 1922-1929 – Construction of the Montalieu and La-Grave-de-Peille factories

Joseph Merceron-Vicat started building the Montalieu factory in 1922 and the Grave-de-Peille factory in 1929. The production capacity of the Montalieu site increased steadily over the ensuing years, becoming the Group's main cement factory in Europe. Today, Montalieu is among Europe's largest cement factories and remains one of the Group's flagship facilities.

### 1960-1974 – Development of the Group's Cement business in France

At the end of the 1960s and during the 1970s, André Merceron-Vicat worked hard to promote the Company's vigorous development.

- 1968 Construction of the Créchy cement factory in the Allier department of central France;
- 1969 Acquisition of the Xeuilley cement factory (Meurthe-et-Moselle, Lorraine);
- 1970 Acquisition of Ciments de Voreppe et Bouvesse in the Isère department;
- 1970 Acquisition of Ciments de la Porte de France (Saint-Egrève, Isère);
- 1972 Absorption of Ciments Pont-à-Vendin, based in the Pas-de-Calais department of northern France;
- 1974 Acquisition of Ciments Chiron (Chambéry, Savoie).

The Vicat company became France's third-largest producer of cement.

### 1974 – The Group began to expand abroad, focusing initially on the United States

The Company expanded its presence into foreign markets, acquiring the Ragland cement factory in Alabama in 1974.

### 1984 – Jacques Merceron-Vicat was appointed as Chairman and Chief Executive Officer of the Group

### 1980-1990 – Vertical integration in France with the development of the Group's Concrete & Aggregates businesses

In France, the Group continued its development with the acquisition of the SATM group (Transport, Concrete & Aggregates) and of a number of companies active in Ready-mixed Concrete & Aggregates, thus gradually building up a network of concrete batching plants and quarries in the Ile-de-France, Centre, Rhône-Alpes and Provence-Alpes-Côte d'Azur (PACA) regions.

### 1987 – Acquisition of the Lebec factory (California, USA)

Located near Los Angeles, this factory has a cement production capacity of 1.3 million tonnes.

### 1991-1994 – Acquisitions of Konya Cimento and Bastas Baskent Cimento in Turkey

With the acquisition of the Konya cement factory about 230 km south of Ankara, 1991 marked the Group's entry into Turkey, a country with strong potential for development. This was followed by another acquisition in 1994, of Bastas Baskent Cimento, based closer to Ankara.

Today, Konya Cimento and Bastas Baskent Cimento together have a cement production capacity of 4.8 million tons. The Group has supplemented its operations in this country with activities in Ready-mixed Concrete & Aggregates.

### 1999 – Acquisition of Sococim Industries in Senegal

The Group successfully integrated Sococim Industries, a company based in Rufisque, near Dakar, thus securing access to a rapidly-developing new continent. Today, Sococim Industries has a cement production capacity of 3.5 million tonnes.

### 2001 – Acquisition of Vigier in Switzerland

In 2001, the Group acquired Vigier, a Swiss group of companies based not far from its French operations in the Rhône-Alpes and Lorraine regions. By integrating Vigier's various businesses – Cement, Concrete, Aggregates, Precast Concrete – the Vicat Group expanded its own operations across the Swiss border.

### 2003 – Acquisition of Cementi Centro Sud in Italy

In early 2003, the Group acquired a grinding plant and two shipping terminals in Italy.

### 2004 – Establishment in Mali

Construction of a cement distribution station in Bamako.

### 2003-2005 – Acquisition of a shareholding in Sinai Cement Company in Egypt

The Vicat Group acquired a controlling interest in Sinai Cement Company through an increase in share capital and successive purchases of blocks of shares. Today, the El Arish cement factory located in the northern Sinai Peninsula has a cement production capacity of 3.6 million tonnes.

### 2006 – Launch of the “Performance 2010” industrial investment plan

This major industrial investment program allowed the Group to double its cement production capacity between 2006 and 2012 while reducing production costs, especially its energy expenses, notably by increasing the use of alternative fuels.

### 2007 – Establishment of a cement factory in Kazakhstan

Initiated in 2007, the construction of the Jambyl Cement factory in Mynaral was completed in 2010, thus meeting the needs of the rapidly growing Kazakh market. The factory steadily increased its output over the following years to reach a cement production capacity of more than 1.4 million tonnes.

### 2008 – New corporate governance

Guy Sidos was appointed Chief Executive Officer, replacing Jacques Merceron-Vicat, who continues to serve as Chairman of the Board of Directors.

### 2008 – Expansion into India and Mauritania

Formation of a joint venture between Vicat and the Indian cement manufacturer Sagar Cements. The new company aims to build a

greenfield plant with a nominal cement production capacity of 2.8 million tonnes at Chatrasala, in the southern Indian state of Karnataka.

Acquisition of a majority holding in a cement grinding mill with a capacity of 0.5 million tonnes, located at Nouakchott in Mauritania.

### 2010 – New acquisition in India

In 2010, the Group made a significant acquisition, becoming the majority shareholder in Bharathi Cement, a company based in Andhra Pradesh state, in southern India. The production capacity of this company's cement factory has since been raised to 5 million tonnes.

### 2013 – Successful completion of the plan to double the Group's overall cement production capacity

Between 2006 and 2012, the Vicat Group doubled its overall cement production capacity, by creating new greenfield plants, by increasing the production capacity of its existing sites, and through acquisitions. In addition to marking the successful completion of this plan, 2013 also saw improved production performance made possible by new equipment.

### 2014 – Guy Sidos was appointed Chairman and Chief Executive Officer

### 2014 – Expansion of operations in India

Purchase of the stake held by Sagar Cements in Vicat Sagar Cement. On completion of this transaction, Vicat held 100% of the share capital of Vicat Sagar Cement, renamed Kalburgi Cement at the beginning of 2015.

## 1.4. STRENGTHS AND STRATEGY

The Group focuses on its core business, Cement, in which it has an acknowledged historical expertise, and expands into the ready-mixed concrete and aggregates markets by vertical integration, in order to secure its access to the cement-consuming markets. It also benefits from synergies with complementary activities, turned to account in certain markets, to consolidate its range of products and services and to strengthen its regional positioning (for example the Precast Concrete business in Switzerland or Transport in France).

The Group favors controlled development in its various businesses, balancing a dynamic internal growth, sustained by industrial investment to meet market demand, with a selective external growth policy to approach new markets having an attractive growth potential or to accelerate its vertical integration.

### 1.4.1. THE GROUP'S STRENGTHS

Over the years, the Group has developed an acknowledged expertise in its main businesses, with a multi-location approach which has led it to build strong regional positions and balance the distribution of its activities.

The Group's principal strengths can be summarized as follows:

- industrial and commercial expertise in the Group's core businesses;
- long-term strategy, assured by family shareholding and management, since the family has managed the Group for over 160 years and boasts in-depth experience of the businesses;
- diversified geographic presence with strong regional positions;
- a stable industrial policy prioritizing long-term control and management of geological reserves as well as maintaining a modern, high-performance industrial base;

- a solid financial structure with levels of profitability enabling the Group, as has been the practice in the past, to finance its growth objectives from its own resources, thereby favoring the creation of value for shareholders.

These strengths allow the Group to respond vigorously to competitive pressure in certain of its markets and to position itself effectively on sustainably growing markets by rapidly increasing its industrial production capacities, or by acquisitions. The Company combines high operating margins and active management of the environmental aspects of its operations.

#### 1.4.2. DEVELOPMENT STRATEGY ANALYSIS BY BUSINESS

##### 1.4.2.1. Cement

Cement is the Group's main business, forming the base of its development and profitability. Growth in this business rests on three pillars:

- dynamic internal growth;
- external growth targeting markets with high development potential;
- and construction of greenfield plants.

The Group's production facilities are described in section 1.5 "Description of businesses" of this Registration Document.

##### (a) Internal growth sustained by industrial investment

In the markets where it operates, the Group deliberately sustains its industrial investment, with the following aims:

- first, modernizing its production facilities to improve the efficiency and economic performance of its factories and thus to have the industrial capacity to respond to intense competition;
- second, increasing its production capacity to keep in step with its markets and to consolidate or increase its positions as a regional leader.

In 2013, a major industrial investment program was completed (amounting to a total of € 2.7 billion), which had been launched six years earlier, allowing the Group to modernize its production facilities and to reposition two-thirds of its production capacity to focus on emerging countries.

The Group now intends to take advantage of its strong market positions, the quality of its industrial infrastructure and its strict cost controls in order progressively to maximize its generation of cash flow and reduce its debt level, before embarking on a new phase in its international growth strategy.

The Group also wants to continue the industrial development of its businesses in general, and of its Cement business in particular, while also actively managing environmental aspects.

##### (b) External growth

##### ACQUISITIONS TARGETING NEW MARKETS WITH CONSIDERABLE POTENTIAL

The Group's strategy is to penetrate new markets in the Cement sector in a highly selective manner. Accordingly, in pursuing external growth, the Group aims to satisfy all the following criteria:

- location near a significant market with attractive growth potential;
- long-term control and management of geological reserves (objective of 100 years for cement) and securing of operating licenses;
- net contribution by the project to the Group's results in the short term.

The Group's record of growth over the past 30 years illustrates the success of this policy to date.

##### CONSTRUCTION OF GREENFIELD PLANTS

The Group may also seize opportunities to enter new developing markets by building new factories on so-called greenfield sites. Such projects are examined very selectively and must comply with the Group's previously-mentioned external growth criteria.

In this context, the Group brought on stream the Jambyl Cement factory at the Mynaral site in Kazakhstan in April 2011 and the Vicat Sagar Cement factory in the southern Indian state of Karnataka at the end of 2012.

##### 1.4.2.2. Ready-mixed concrete

The Group is developing its Ready-mixed Concrete business in order to reinforce its Cement Manufacturing business. This development strategy is in line with the maturity of the relevant markets and their integration in the Group's concrete production.

The Group's objective is to create a network of ready-mixed concrete batching plants around cement factories and close to its consumption markets, whether by constructing new plants or acquiring existing producers.

The Group's objective in investing in this business is vertical integration while prioritizing the flexibility and mobility of its industrial equipment and ensuring the profitability of the business.

The Group's development in France, Switzerland, Turkey and the United States illustrates this strategy. In other markets such as India, Egypt or Senegal, the Group's strategy is to monitor trends in these markets so as to develop its activities once demand for ready-mixed concrete is sufficiently high.



### 1.4.2.3. Aggregates

The Group's presence in the Aggregates business is intended to provide a total response to its clients' demand for construction materials and to secure the aggregate resources necessary to develop the Ready-mixed concrete activity. Development in this business relies on industrial acquisitions and investments intended to increase the capacity of existing installations and to open new quarries and installations.

Investments in this business take into account the following criteria:

- proximity to the end markets and to the Group's concrete batching plants;
- control and management of major geological reserves (objective of more than 30 years);
- profitability specific to this business.

This development plan has been implemented successfully in France, Switzerland, Turkey, India and Senegal.

### 1.4.3. GEOGRAPHIC DEVELOPMENT STRATEGY

The Group is established and operates in 11 countries. It recorded 32.4% of its consolidated sales in France, 16.8% in Europe (excluding France), 14.8% in the United States, and 36.0% in emerging markets (India, Kazakhstan, Egypt, Mali, Mauritania, Senegal and Turkey).

The Group's strategy is to combine investments in developed countries, which generate more regular cash flows, with investments in emerging markets offering significant growth opportunities in the longer term, but which remain subject to more significant market fluctuations, and thereby contribute to a diversification of its geographic exposure. In this context, the Group has a particular interest in development projects in emerging countries.

In the markets where it operates, the Group aims to develop strong regional positions around its industrial Cement production facilities, while also consolidating those positions through its Ready-mixed Concrete & Aggregates businesses. Where the Group has entered a market through acquisition of a local producer, it lends its financial strength and its industrial and commercial expertise to optimize the economic performance of the acquired entity while capitalizing on the local identity of the acquired brands.

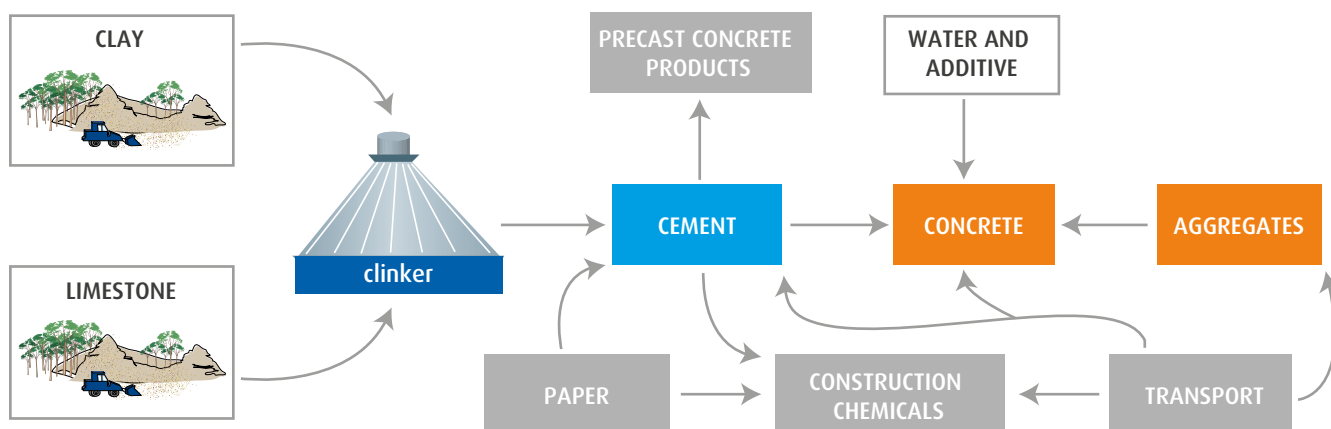
## 1.5. DESCRIPTION OF BUSINESSES

The Group's three businesses are:

- Cement;
- Ready-mixed Concrete & Aggregates;
- Other Products & Services.

The following diagram shows the integration of the Group's various businesses.

### INTEGRATION OF THE GROUP'S BUSINESSES



**Cement:** cement is a hydraulic binder used in the manufacture of concrete; it is made up of limestone and clay. In contact with water, the cement silicates and aluminates reorganize and form a crystalline structure, which gives concrete its strength (see the Glossary at the end of this Registration Document).

**Ready-mixed concrete:** concrete is produced by mixing cement, aggregates, water and additives. Depending on the work for which it is intended and the environment to which it will be exposed, concrete is mixed, dosed and used specifically to meet precise quality and performance criteria.

**Aggregates:** aggregates are sands and natural gravels used in the construction of civil engineering works, public works and buildings. A significant quantity of these aggregates is used in the manufacture of concrete, with the remainder being used in highway construction.

**Other Products & Services:** the Group also operates in activities complementary to its three main businesses, which enables it to develop synergies, optimize costs, and improve customer service. These activities are transport, construction chemicals, the production of paper and paper bags, and precast concrete products.

As at December 31, 2016, the Group employed 8,103 people worldwide, and recorded 68% of its sales outside France.

The following table indicates the extent of the Group's business activities in each of the countries where it operates

Country	Cement	Concrete & Aggregates	Other Products & Services
France	▼	▼	▼
Switzerland	▼	▼	▼
Italy	▼		
USA	▼	▼	
Egypt	▼		
Senegal	▼	▼	
Mali	▼		
Mauritania	▼	▼	
Turkey	▼	▼	▼
India	▼	▼	▼
Kazakhstan	▼		

### Consolidated sales by business segment in 2016

(in millions of euros)	2016	%
Cement	1,244	50.7
Concrete & Aggregates	905	36.9
Other Products & Services	305	12.4
<b>TOTAL</b>	<b>2,454</b>	<b>100.0</b>

The share of the Group's core business contributed by Cement, Concrete & Aggregates remained fairly stable in 2016 at nearly 88% of consolidated sales.

### EBITDA by business segment in 2016

(in millions of euros)	2016	%
Cement	380	83.1
Concrete & Aggregates	57	14.4
Other Products & Services	21	4.5
<b>TOTAL</b>	<b>458</b>	<b>100.0</b>

This breakdown must be understood by referring to the relative significance of the capital employed in each activity (see page 9).

See section 2.2 of the Registration Document, "Examination of the financial position and results", for further information.

## 1.5.1. CEMENT

Cement manufacture has been the Group's core business since the Company's foundation in 1853. Cement is a fine mineral powder and is the principal component of concrete, to which it imparts a certain number of properties, and in particular its strength. It is a high-quality yet relatively inexpensive construction material used in construction projects worldwide.

As at December 31, 2016, the Group's worldwide Cement business comprised 15 cement factories and 5 clinker grinding plants. In France, the Group also operates two factories specializing in natural fast-setting cement. The Group's cement sales volumes in 2016 (before intra-group eliminations) amounted to 21.9 million tonnes (compared with 19.8 million tonnes in 2015 and 20.5 million tonnes in 2014). In 2016, this segment thus accounted for 50.7% of the Group's consolidated sales (51.1% in 2015 and 52.1% in 2014) and 83.1% of the Group's EBITDA (80.7% in 2015 and 77.2% in 2014).

### 1.5.1.1. Products

The Group manufactures and markets various categories of cement, which are classified according to the chemical composition of their constituent raw materials, any addition of supplementary ingredients at the grinding stage, and the fineness of the product. Each cement range is appropriate for specific applications such as housing construction, civil engineering works, underground works, or the production of concretes subject to corrosive conditions.

The distribution between each type of application on a given market depends on the maturity and the construction practices of the country. The Group's cement factories manufacture conventional cements as well as cements for specific applications. In both cases, these cements are certified as compliant with the standards currently in force in the various countries in which the Group operates, in terms of both composition and

designation. The principal cement categories produced by the Group are listed and classified below according to French standards:

- CEM I (Portland cements) and CEM II (Portland composite cements): the cements most commonly used in the housing construction industry, to produce conventional reinforced concrete works;
- CEM III (blast furnace cements) and CEM V (slag cements): conventional cements, with few heat releasing properties during hydration and with low sulfate content, used in underground work in corrosive conditions or for work in marine environments;
- CEM IV (pozzolan cements): conventional cements using mineral products of volcanic origin with hydraulic properties. The Group manufactures and sells this type of cement only in Italy;
- natural quick-setting cement: special quick-hardening cement, whose strength is immediately superior and increases gradually over time. For 160 years, the Group has produced its quick-setting cement from a natural alpine stone, with an exceptional performance offering immediate and high strength as well as low shrinkage. This cement is used for sealing blocks or plugging leaks, and for renovating exterior walls.

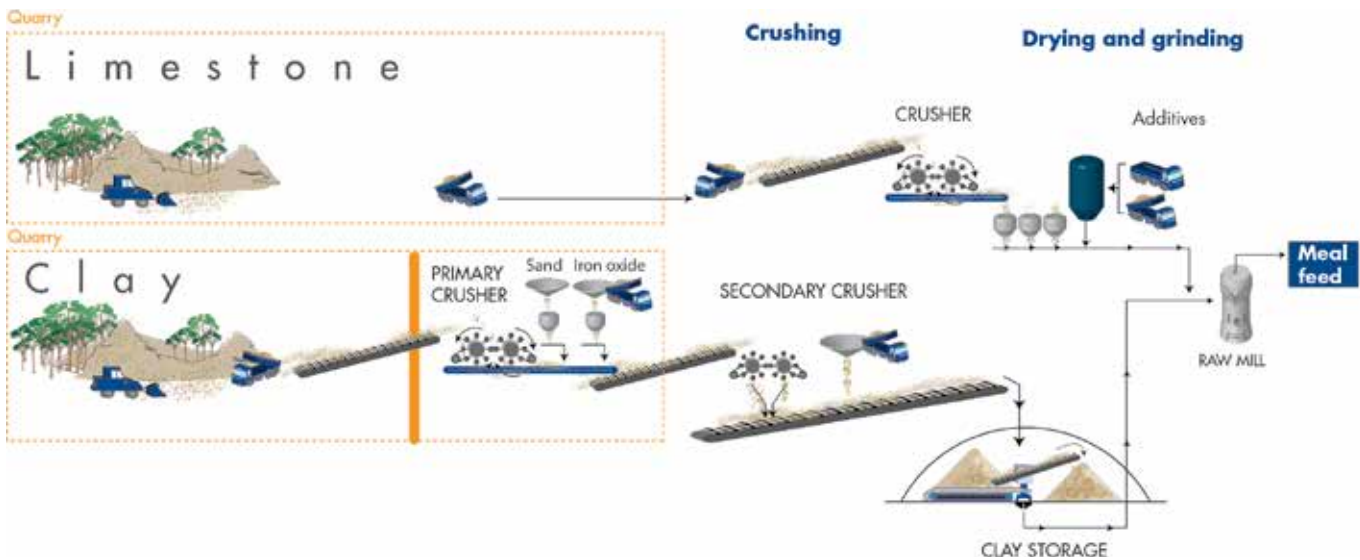
All these cements are checked regularly and thoroughly at each stage of the manufacturing process, thus guaranteeing compliance of the finished product with current standards. In addition, the Group

conducts research and development programs on its products and their applications, advancing the knowledge of these products and optimizing their use (see section 1.8 “Research and development” of this Registration Document).

### 1.5.1.2. Manufacturing methods

Cement is manufactured mainly in four stages:

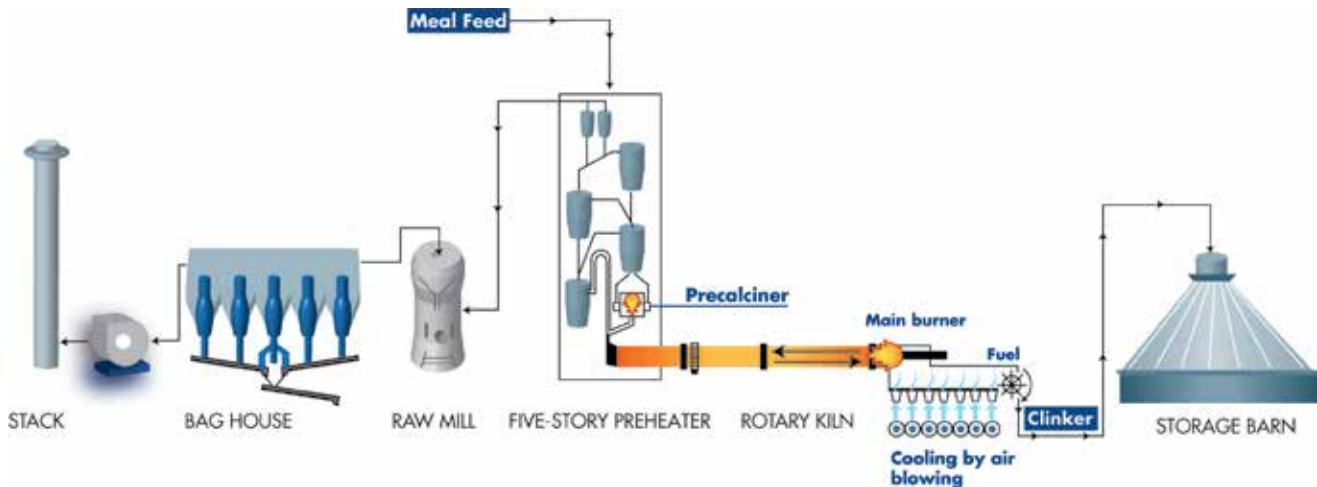
- Extraction of raw materials: Limestone and clay are extracted from quarries generally located near the cement factory. The rock is blasted out with explosives. The rocks and blocks obtained are then transported to crushers, in order to reduce their size and obtain stones less than 6 cm in diameter.
- Preparing the raw meal: The materials extracted from the quarries (limestone and clay) are finely crushed until rock flours are obtained. These flours are then mixed in fixed proportions (approximately 80% limestone and 20% clay) before being fed into the kiln. The chemical composition and the homogeneity of the material on entry to the kiln, and its regularity over time, are fundamental elements in controlling the production process.



- The kiln system includes a heat exchanger cyclone tower, where the raw meal is introduced after being heated by the exhaust fumes from the revolving kiln (pre-calcination phase). The raw meal undergoes complex chemical reactions during this firing: first, limestone is decarbonated under the action of the heat at a temperature approaching 900°C and is converted into lime, while clays are broken

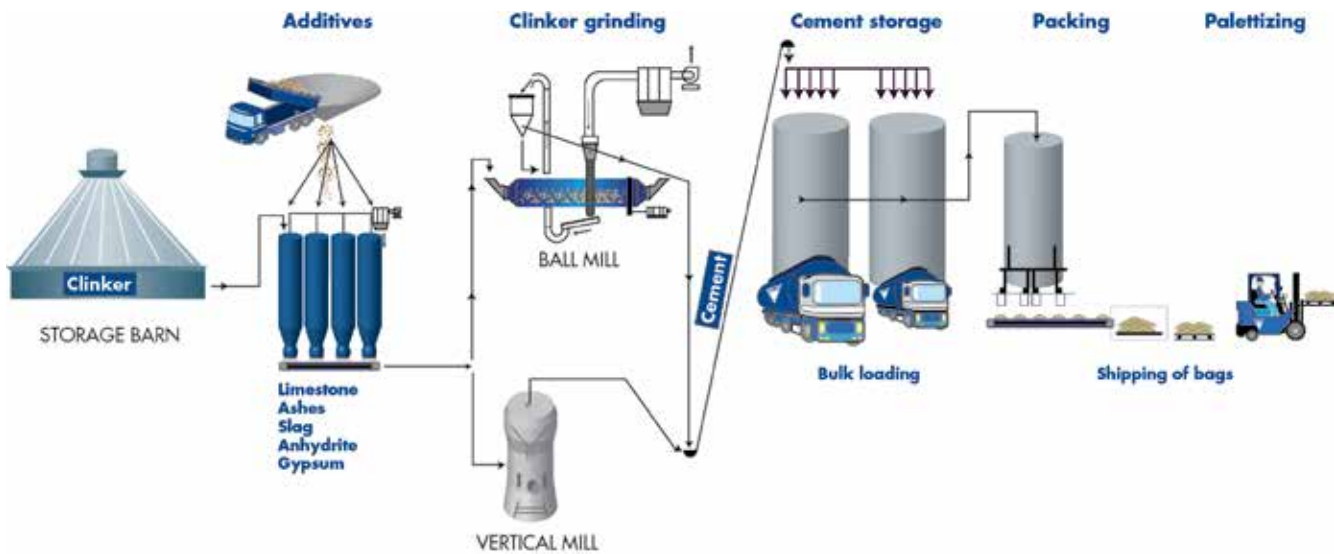
down into silicates and aluminates. The unit then recombines these at a temperature of approximately 1,450°C into lime silicates and aluminates. This chemical process creates a semi-finished product called clinker, which has the properties of a hydraulic binder. This firing takes place in tilted revolving kilns lined with refractory bricks.





There is a large global trade in clinker, the semi-finished product. As this product is easier to transport and store, clinker transfers from areas with excess capacity to areas with under-capacity or to areas not having the mineral resources necessary for clinker manufacture have been developing over the past few years. This reduces the volume of the transported product compared with cement, thereby lowering logistics costs. Once it has reached the consumption market, clinker is delivered to grinding plants, which complete the cement manufacturing process up to packaging and distribution. This method is particularly used by the Group in Italy and Mauritania;

- At the final stage, clinker is ground very finely and limestone filler and gypsum are then added to obtain artificial cement, which can be sold in bags or in bulk. Gypsum and limestone filler are added in order to control the cement setting time. Depending on the quality of the cement, other additives may be included, such as fly ash, blast furnace slag or natural or artificial pozzolans.



There are three types of cement manufacturing processes, each characterized by the specific treatment of the raw materials before firing, namely the dry, semi-dry/semi-wet, and wet processes. The technology used depends on the source of the raw materials. The source and nature of the clay or limestone, together with the water content, are particularly important. In recent decades, the cement industry has invested heavily in

the planned transfer from the wet to the dry process, which consumes less energy, when raw material resources permit this. Of the Group's 21 kilns currently in service, 20 are dry process kilns.

The cement-manufacturing process is very energy intensive, in terms of both electricity and thermal energy. Electricity is used for transporting the materials inside the factories for the crushing and grinding operations,

while thermal energy is consumed mainly when firing the clinker. The cost of energy accounts for approximately 30% of the average ex-works cement cost price for the industry and is the primary expense item (this percentage being lower for the Group). In 2016, energy costs for the Group as a whole amounted to nearly € 300 million. The Group allocates a significant part of its industrial investment to improving its energy productivity.

The Group optimizes its energy requirements by using waste as alternative fuel to fossil fuels (coal, gas and oil). The combustion of this waste in a clinker kiln makes it possible to recover and use the energy released. All the Group's French factories have obtained agreement from the inspecting authorities to use non-hazardous industrial waste or landfill waste (tires, animal meal, industrial oils, etc.) as fuel. The Group gives priority to multi-fuel factories capable of switching between different kinds of fuels according to fuel price. In 2016, the share of alternative fuels in the Group's Cement Manufacturing business was 24,4% on average (compared with 24.6% in 2015 and in 2014), with significant variations (from 0% to 90%) depending on the availability of fuels in the operating countries.

For further information, see section 1.8 "Research and development" below as well as section 3.3 "Being a proponent of strategies for sustainable construction" in the Corporate Social Responsibility report included in this Registration Document.

The Group also uses clinker replacement materials produced by other industrial processes, such as fly ash (derived from the burning of coal in power plants) or blast furnace slag (which is a by-product from steel works). The use of such materials in defined proportions can improve certain properties of the cement and reduce the amount of clinker and thus the amount of fossil fuel needed for its manufacture.

### 1.5.1.3. Operating sites and production equipment

The Group manufactures cement in all 11 countries where it operates.

The Group is one of the leading cement manufacturers in the French market, with strong positions in the eastern half of France, and particularly in the southeastern quarter of the country. The Group has also developed solid positions in the southern United States (Alabama, Georgia) and in California, in the western and central regions of Switzerland, in Central Anatolia in Turkey, and in both the Sinai Peninsula and Cairo in Egypt. The Group also estimates that it has a leading position in Senegal and the countries bordering it. In addition, the Group has a grinding plant and shipping terminals in Italy. Finally, by establishing facilities in Kazakhstan and in the southern Indian states of Karnataka and Andhra Pradesh, the Group confirms its geographic diversification and its international dimension.

The table below shows the Group's various cement producing sites in France and abroad:

Country	Production capacities	Sites	Key dates
<b>France</b>	<b>4.6 million tonnes</b>	Montalieu (1 dry process kiln)	The Group's main cement factory in France, its initial construction dates from 1922.
		La-Grave-de-Peille (1 dry process kiln)	Built in 1929, the La Grave-de-Peille factory is the Group's second largest cement factory in France.
		Créchy (1 dry process kiln)	Built in 1968, this cement factory is located near Vichy.
		Xeuilley (1 semi-wet process kiln)	Acquired in 1969, during the cement industry's restructuring period.
		Saint-Egrève (1 dry process kiln)	Acquired in 1970, this factory is located in southeastern France, in the Rhône-Alpes region.
<b>USA</b>	<b>2.6 million tonnes</b>	Ragland (1 dry process kiln)	The 1974 acquisition of this cement factory in Alabama marked the first step in the Group's international development.
		Lebec (1 dry process kiln)	In 1987, the Group reinforced its presence in the United States with the acquisition of this factory near Los Angeles in California.
<b>Turkey</b>	<b>4.8 million tonnes</b>	Konya (2 dry process kilns)	This factory, acquired in 1991, is located in the southern portion of the Anatolian plateau.
		Bastas (2 dry process kilns)	This cement factory, acquired in 1994, is located in central Turkey, near the country's capital, Ankara.
<b>Senegal</b>	<b>3.5 million tonnes</b>	Rufisque (3 dry process kilns)	In 1999, the Group took over Sococim Industries, which operates a cement factory near the capital, Dakar.
<b>Switzerland</b>	<b>0.9 million tonnes</b>	Reuchenette (1 dry process kiln)	The acquisition of Vigier in 2001 allowed the Group to expand its presence in Europe.
<b>Egypt</b>	<b>3.6 million tonnes</b>	El Arish (2 dry process kilns)	At the beginning of 2003, the Group took a strategic holding in the Sinai Cement Company, owner of a cement factory built in 2001, located 40 km from El Arish harbor.
<b>Italy</b>	<b>0.5 million tonnes</b>	Oristano (grinding mill)	Acquired in 2003, Cementi Centro Sud is the owner of a grinding mill in Sardinia and has 2 shipping terminals in Taranto (in Apulia) and Imperia (near Genoa).
<b>Mali</b>		Bamako (distribution depot)	After a first facility established in 2004, inauguration in 2006 of a railway terminal and a bagging unit, operated by the subsidiary Ciments et Matériaux du Mali.
<b>Kazakhstan</b>	<b>1.4 million tonnes</b>	Mynaral (1 dry process kiln)	In 2007, the Group acquired a special-purpose company established to build a cement factory 400 km north of Almaty. The factory came on stream at the start of April 2011.

Country	Production capacities	Sites	Key dates
Mauritania	0.5 million tonnes	Nouakchott (grinding mill)	In 2008, the Group acquired 65% of the share capital of BSA Ciment SA, which operates a cement grinding mill near the Mauritanian capital.
India	7.8 million tonnes	Chatrasala (1 dry process kiln)  Kadapa (2 dry process kilns)	Kalburgi Cement (formerly Vicat Sagar Cement) built a greenfield plant in northern Karnataka. This cement factory, with a capacity of 2.8 million tonnes, began production at the end of 2012.  In April 2010, the Group acquired 5% of Bharathi Cement, the operator of a cement factory with a production capacity of 2.5 million tonnes, which was raised to 5 million tonnes by the end of 2010.

This represents a total production capacity of 30.2 million tonnes.

Section 1.7 “Overview of markets and Group performance” rounds out this presentation by providing information for each country.

Cement manufacturing is a highly capital-intensive industry, requiring significant investments. The cost of building a cement factory generally amounts to between € 200 million and € 300 million, depending on the type of work, the production capacity planned and the location of the country. The Group takes care to maintain its production facilities at a high level of performance and reliability. Accordingly, it has continuously invested in new equipment, giving it the benefit of the latest proven and recognized technologies, and has thus in particular steadily improved the energy balance of the installations. The choice of leading international suppliers is also in line with the Group’s policy of industrial excellence intended to give priority to quality, durability and performance of the equipment.

In most cases, the Group owns the land on which its cement factories are built. The Lebec cement factory has a lease granted in 1966 for a term of 99 years with 49 years remaining. In addition, except for some vehicles (such as loaders and trucks), the Group generally has full ownership of its production equipment.

The Group controls and manages the clay and limestone quarries whether by owning the land it exploits, or through renewable mining rights agreements for terms of between 10 and 30 years according to country, or again through concessions granted by the state, which offer both possession of the land and the right to exploit it. These concessions are also renewable periodically.

From the outset of its quarry operations, the Group takes into account the constraints of restoring its sites. For details, see the report on Corporate Social Responsibility in Chapter 3 of this Registration Document.

#### 1.5.1.4. Competitive position

A trend toward concentration has occurred in recent decades, first in Europe, then in the United States, followed by the rest of the world, leading to the emergence of powerful global players. From this standpoint, 2015 and 2016 were prolific years for concentrations of key players. Nevertheless, the worldwide cement industry remains

fragmented: in 2016, the world leader had a global market share of only about 7% <sup>(1)</sup>.

Markets are therefore subject to strong competition, and the Group faces competition from both domestic cement manufacturers such as Oyak in Turkey, Ciments du Sahel in Senegal, UltraTech in India, or Steppe Cement in Kazakhstan, as well as with multinational cement manufacturers such as LafargeHolcim (Switzerland), Cemex (Mexico), HeidelbergCement (Germany) and Italcementi (Italy), whose merger was completed in 2016. These companies operate in a number of the Group’s markets.

As cement is a heavy product and expensive to transport, the operating range of most cement factories does not generally exceed 300 km by road. Competition thus plays out mainly with cement manufacturers having factories in the Group’s marketing zones. Except in the case of cement factories with sea or river access, thus able to ship their cement over long distances at low cost by boat, or by rail in some countries such as India or Kazakhstan, the cement market remains local.

As mentioned in section 2.4 “Investments”, this activity is also highly capital intensive and the construction of new capacities must necessarily rely on effective land control of significant high-quality quarry reserves, the ability to obtain operating permits, the existence of available energy sources, and the presence nearby of a large and growing market.

Moreover, cement players active in a local market should be able to provide their customers with continuous services, in all circumstances, and with products of consistent quality that meet their expectations as well as applicable standards.

#### 1.5.1.5. Customers

The profiles of customers are similar in most areas in the world where the Group is established. Customers are either general contractors, such as concrete mixers, manufacturers of precast concrete products, contractors in the construction and public works sector, local authorities, residential property developers or master masons, or intermediaries such as construction material wholesalers or retail chains. The relative significance of one type of customer, however, can vary considerably from one country of operation to another according to the maturity of the market and local construction practices.

(1) Source: Global Cement report, following the merger of Lafarge and Holcim.

In addition, cement is marketed either in bulk or in bags, depending on the level of development of each operating country. Accordingly, as ready-mixed concrete is a very mature sector in the United States, in this market the Group primarily sells its cement in bulk and mostly to concrete mixers. Conversely, in Senegal, which has yet to develop a ready-mixed concrete sector, the Group sells its cement primarily in bags to wholesalers and to retailers.

## 1.5.2. READY-MIXED CONCRETE

Ready-mixed concrete, in which cement is a main component, is an essential material in today's construction projects.

Ready-mixed concrete activities have been established in each of the Group's operating countries through the acquisition or formation of many companies. The Group initially developed its Ready-mixed Concrete business in France during the 1980s, through direct investments in companies. The Group then pursued its goal of vertical integration by selective acquisitions of companies, firstly in the markets served by its Cement business, and secondly by developing its production facilities in its existing locations.

The Group operated 230 concrete batching plants distributed over five countries as at December 31, 2016, and its companies sold more than 8,8 million m<sup>3</sup> of concrete during the year.

### 1.5.2.1. Products

Concrete's main qualities are its strength under compression, its durability and rapid-setting properties, together with its ease of pouring and handling under varied weather and construction conditions. The qualities and performance of a concrete can be obtained and guaranteed only if the physico-chemical formulation of the concrete and its production cycle are rigorously adhered-to. For perfect formulation of concrete, the various components must be precisely proportioned in a given order and at a given rate, and these materials must then be mixed continuously and uniformly. These production constraints explain why concrete manufactured in a batching plant is of a superior quality and uniformity to any concrete mixed manually or in a concrete mixer. This is also the fundamental reason for the growth of ready-mixed concrete, which guarantees compliance with the standards laid down in construction work specifications.

The Group offers a broad range of concretes, ranging from standard concrete to special concrete, developed for specific applications by its research and development laboratory, thus meeting its customers' needs and constraints:

- Flexiperf (fluid concretes and mortars): The Flexiperf range includes concrete and anhydrite screeds and self-placing horizontal and vertical concrete. It adapts to all situations for flawless quality;
- Stylperf (decorative concrete floors): Colored, deactivated, forged, stabilized concrete, etc. The Stylperf range offers a variety of textures, appearances and colors so that our clients can let their creativity develop;

- Defiperf (specific concretes): The Defiperf range includes heavy and light concretes, shotcrete and extruded or structurally isolating concrete, dipped concrete and pavements. It offers a high level of performance to meet the highest demands;

- BVperf (standard concretes): The BVperf range includes specific properties and prescribed composition concrete paving. It guarantees works are carried out in accordance with good practices and environmental requirements;

The Group's research and development laboratories design innovative concrete for new applications or ease of use. See section 1.8 "Research and development" of this Registration Document for further details.

### 1.5.2.2. Manufacturing methods

Concrete is obtained by mixing aggregates, cement, chemical additives and water in various proportions in batching plants to produce ready-mixed concrete. A concrete batching plant consists of silos (for cement, sands and fine gravels), storage tanks for the various additives, and a mixer.

The proportions of cement and aggregates (sands and fine gravel) can be varied, chemical additives (such as plasticizers, setting retardants or accelerants) can be added, and a part of the cement can be replaced by derivatives such as fly ash or slag, in order to obtain the concrete properties sought by the customer. Significant technical expertise and demanding quality control is therefore essential to handle the many construction factors to be taken into account by the Group's customers, such as setting time, suitability for pumping, pouring the concrete, weather conditions, shrinkage and structural strength.

The qualities and performances of a concrete can be guaranteed only if the formulation is very precise and its production cycle rigorously adhered-to. The dosage of water, in particular, must be precise and the materials must be mixed continuously and uniformly. To meet all these constraints, the Group's concrete batching plants have been largely automated, in order to guarantee precision in the process.

The concrete prepared in the batching plant is loaded by gravity into a mixer truck, which delivers the concrete to the customer. Depending on the country, the Group either operates its own fleet of mixer trucks or uses subcontractors, to whom it subcontracts ready-mixed concrete deliveries. Delivery logistics are an essential aspect when manufacturing concrete because of its limited setting time. A significant portion of ready-mixed concrete is pumped from the mixer truck to the point of placement at the construction site. This delivery approach is made possible by pump trucks, a number of which are owned or leased directly by the Group (in particular in France by its subsidiary Delta Pompage).

Raw material prices vary considerably according to the national markets in which the Group operates. In general, raw materials account for approximately 70% of the total production and delivery costs of concrete. Cement represents, overall, more than half of this cost. Delivery is the second largest component of the cost, at approximately 20% of the total. A significant portion of the cement and aggregates used in its concrete batching plants is supplied by the Group.



In France, the technical sales team of the Group's Ready-mixed Concrete business enjoys the collaboration of Sigma Béton, a key unit of the Louis Vicat Technical Center, specializing in the ready-mixed concrete, aggregates and road products sectors, and certified ISO 9002 for the formulation, analysis and audit of aggregates, cement and concrete.

### 1.5.2.3. Operating sites and production equipment

The Group has vertically integrated its operations in France, Switzerland, the United States, Turkey and Mauritania, and has operations in its Cement and Ready-mixed Concrete businesses in these countries.

As at December 31, 2016, the Group operated 230 concrete batching plants, located near its principal cement production sites, forming regional networks in order to supply construction sites and urban centers.

- France: 134 concrete batching plants;
- Switzerland: 19 concrete batching plants;
- United States: 44 concrete batching plants;
- Turkey: 32 concrete batching plants;
- Mauritania: 1 concrete batching plant.

These batching plants are located near the places where the concrete is used since, in view of the setting times, concrete prepared in a batching plant must be delivered to the pouring site within one and a half hours at the most. The operating range of a batching plant is generally between 20 and 30 km, depending also on traffic conditions in the area.

The majority of the concrete batching plants are fixed, although the Group also uses a certain number of mobile systems that are installed on its customers' construction sites (generally the largest ones), according to customers' needs.

### 1.5.2.4. Competitive position

Since barriers to entry are not high, the ready-mixed concrete market is very fragmented, with a number of large players, from cement manufacturers and international industrial groups to independent operators.

### 1.5.2.5. Customers

Ready-mixed concrete is sold mainly to construction and public works contractors, from major international construction groups to house building companies, farmers or private individuals. The batching plants fulfill scheduled work contract orders and immediate delivery requests.

## 1.5.3. AGGREGATES

The Ready-mixed Concrete & Aggregates businesses are managed within the same segment, because of the similarity of their customers and the Group's vertical integration policy.

The Group sold 22.1 million tonnes of aggregates in 2016, produced by its 66 quarries.

### 1.5.3.1. Products

Aggregates (sands and gravel), which are the principal raw materials consumed in the world after water, are natural materials used in the manufacture of concrete, masonry and asphalt. They are also the basic materials for building roads, infill and structures.

There are two main product categories: those from crushed rocks (solid rock) and those from natural gravel and sand (alluvial). This is in addition to recycled materials from demolitions.

Local geology determines the types of aggregates available in a given market. The products differ in physical and chemical composition, particularly in their size, hardness and color. They are typically designated by minimum and maximum diameters.

- Solid rock is extracted from limestone, granite, porphyry and other massifs. The most common materials are gravel (0/100, 0/80, 0/31, 0/20), cuttings (0/4, 4/6, 6/10, 10/14, 10/20), ballast and riprap blocks. These materials are mainly intended for earthworks, for the manufacture of bituminous mix, blocks or breeze blocks, and increasingly for manufacturing ready-mixed concrete.
- Sand and limestone or sand-lime gravel are extracted from ancient sedimentation of river or glacial deposits, and supply concrete batching plants, bituminous mix plants and construction or public works sites. Materials produced are sand, fine gravel, rolled or crushed gravel primarily intended for precast concrete products, public construction, plasters and the preparation of bituminous mix.

### 1.5.3.2. Manufacturing methods

Aggregates can come from solid or alluvial rock:

- solid rock: the rock is blasted out with explosive before being crushed, sifted and then washed. Crushers are used to reduce the large rocks to a finer gravel. Processing is completed by sifting the material to sort the various "cut-offs" and recycle the coarse particulates.

From the beginning of a project, solid rock quarrying takes integration with the environment into account during operations, and the future of the site once the quarry is closed;

- alluvial rocks: these rocks derive from the sedimentation of river or glacial deposits. They can be extracted out of the water, in steps from 5 to 8 m in height, or in water by using dredgers or draglines. Extracted gravel is conveyed to processing facilities by conveyor belts or dumpers, or by boat, geography permitting. In some cases, some of the processing can take place directly in the dredger. The

transported product is then washed, sifted and crushed to achieve the desired size.

The wash water is processed using hydrocyclone separation to recover usable fine particulates. This water is then clarified to be fully reused during the process. Residual clay can be used to reconfigure the quarry, as embankments or as an agricultural sub-layer. A wide range of site configuration options is available following closure of the quarry: sports field (lawn, track, etc.), industrial platform, restoration as agricultural or forested land, plantings on the slopes, wetlands and so forth. If bodies of water were created, they can be used for fishing, boating or an environmental project.

The production of aggregates requires heavy equipment in a quarry, for handling both solid rock and alluvial rock. The quarrying and grinding of solid rock requires the use of loaders, transport equipment and crushers. Alluvial rocks are extracted using dredgers or draglines. Aggregates on the processing site are generally transported using conveyor belts.

### 1.5.3.3. Operating sites and production equipment

The Group's strategy for its Aggregates business in France and in Switzerland is to concentrate on the regions where it already has a presence in the Ready-mixed Concrete business. The Group regularly acquires quarry owners in the aggregates industry or directly establishes operations at new sites.

In other countries, the aim is to round out the Group's offerings to its customers, especially where local requirements are not adequately met and where there are promising growth opportunities.

As at December 31, 2016, the Group operated 66 quarries.

- France: 38 quarries;
- Switzerland: 19 quarries;
- Turkey: 6 quarries;
- Senegal: 2 quarries;
- India: 1 quarry.

Extractions are performed on land which the Group owns or over which it has long-term operating rights, and for which it has obtained the necessary licenses. In addition, the Group maintains the level of its reserves through acquisitions and by obtaining new extraction licenses. Finally, management of the quarries takes into account the vital need to restore the sites. This policy is described in detail in the report on Corporate Social Responsibility in Chapter 3 of this Registration Document.

The industrial plant comprises heavy equipment such as loaders, haulage machines, crushers and other equipment such as dredgers or draglines. With the exception of some vehicles held under leases or finance leases agreements, the Group generally owns this equipment.

### 1.5.3.4. Competitive position

The aggregates market is generally fragmented into many local markets. The various participants are regional or national quarry operators, firms in the construction and public works sector which are vertically integrated, together with international industrial groups supplying construction materials.

The Group gives priority to operating quarries located near the consumption markets, so as to optimize its production costs. This approach facilitates access to customers, reduces transport costs and allows distribution that is sufficiently flexible to satisfy various types of orders, whether for delivery of a few tonnes of sand or thousands of tonnes intended to fill a large motorway site, or to provide individual dwellings.

### 1.5.3.5. Customers

The Group sells a portion of its aggregates to ready-mixed concrete manufacturers, in the form of either intra-group or external sales. Other customers include manufacturers of precast concrete products, contractors in the public works and road construction sectors, either for their asphalt plants or as infill, construction contractors, but also farmers or private individuals for various purposes.

## 1.5.4. OTHER PRODUCTS & SERVICES

In France, Switzerland, Turkey and India, the Group also has operations in activities complementary to its main businesses. These activities are transport, construction chemicals, the production of paper and paper bags, and precast concrete products.

Operations in the Group's Other Products & Services segment are described in section 1.7 "Overview of Group performance and markets" of this Registration Document.

## 1.5.5. OPERATIONS AND PRODUCTION FACILITIES

15

Cement plants

5

Grinding  
plants

30.2

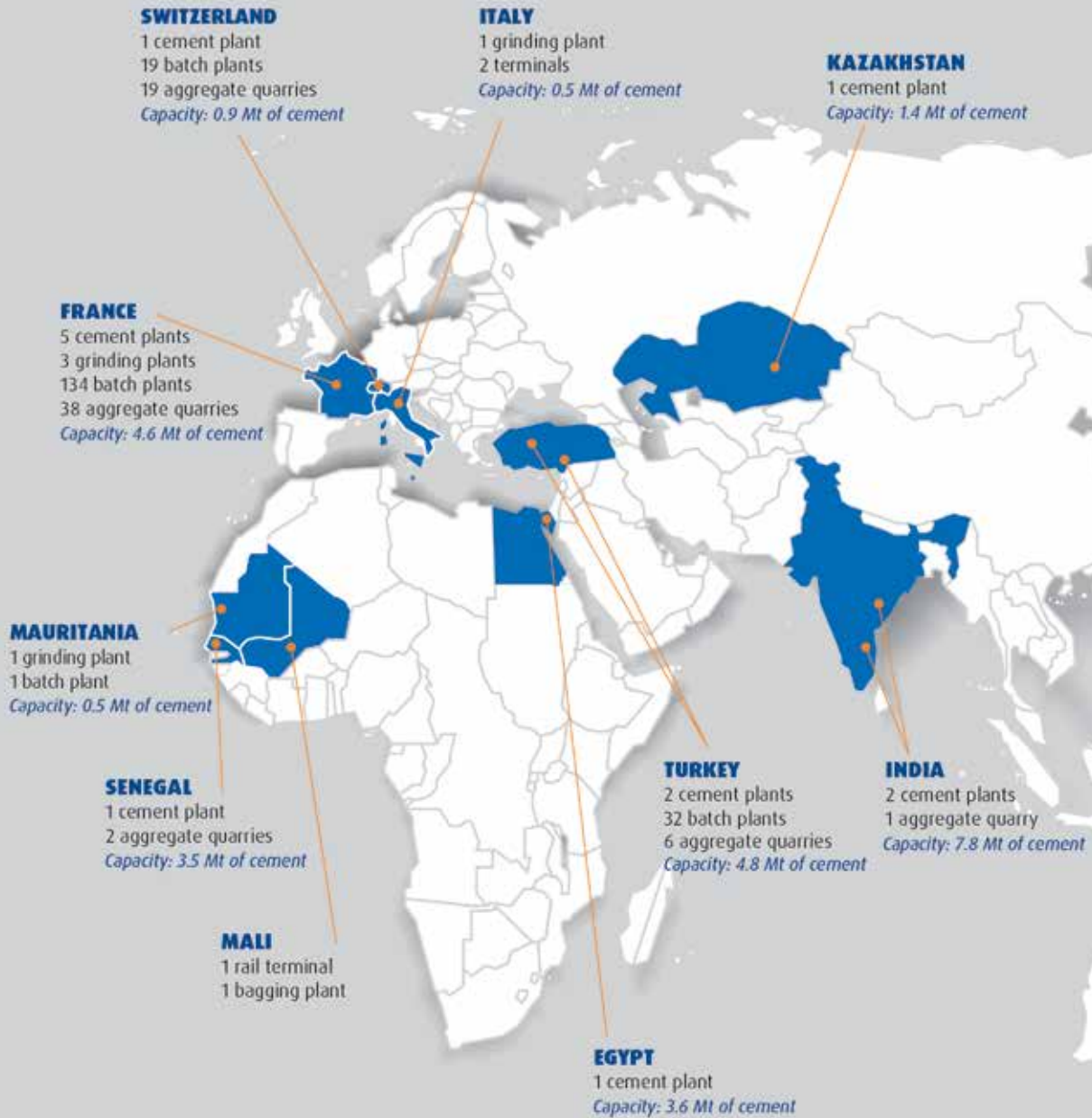
million tonnes  
of cement  
capacity

230

Concrete  
batching plants

66

Aggregate  
quarries

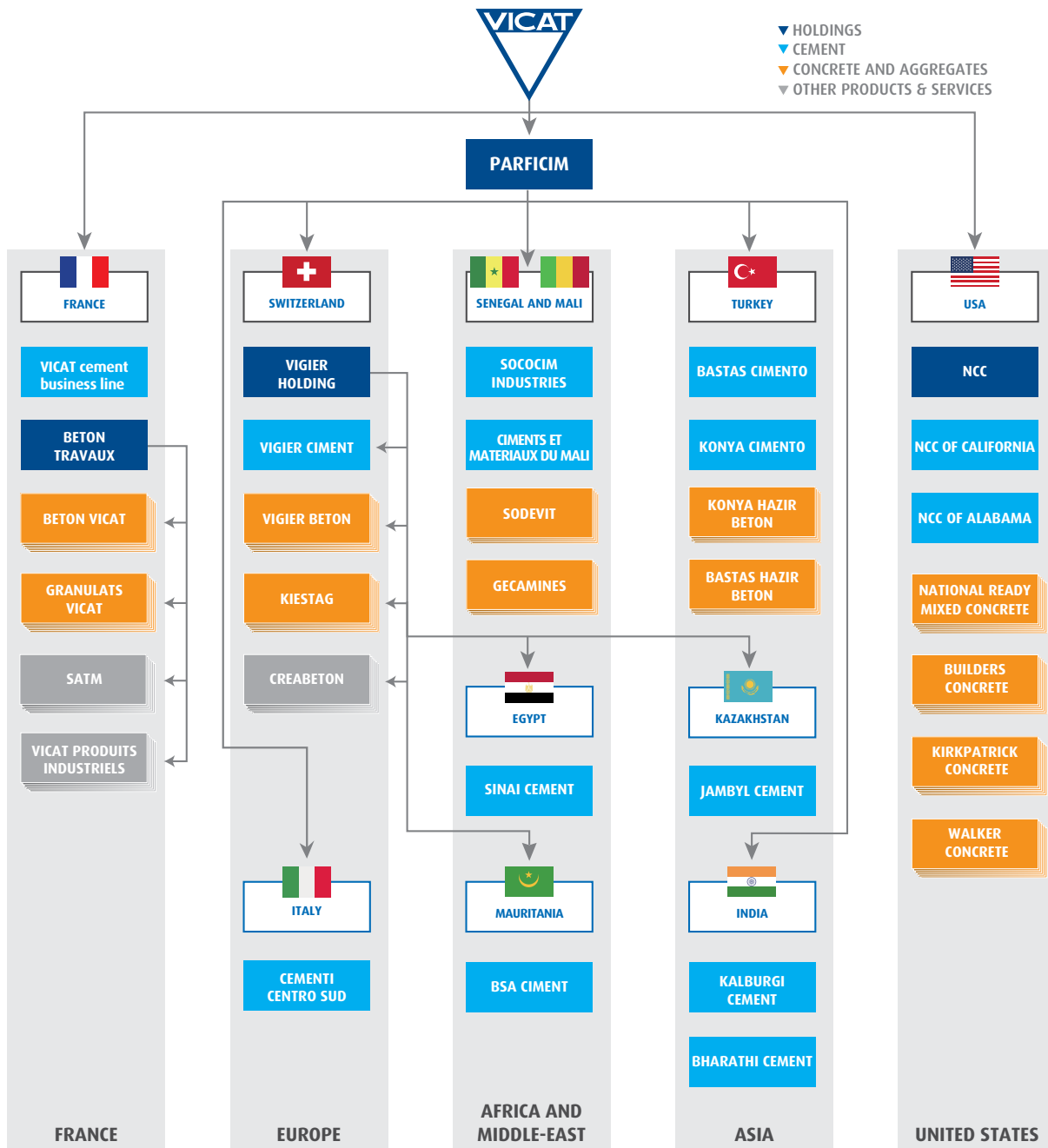




## 1.6. SIMPLIFIED ORGANIZATION CHART

The organization chart below summarizes the principal links between the Group's companies (136 companies are consolidated by the Group). Only the most significant Group companies or those useful for gaining an understanding and appreciation of the Group's organization are shown on this chart.

The organization chart was also designed to highlight the five geographic zones in which the Group operates, with color-coding of the business engaged-in by each Group entity.



Some of the subsidiaries directly and indirectly controlled by the Group have minority shareholders who may be industrial or financial partners, or historical shareholders in the subsidiary in question before it was acquired by the Group. The presence of these minority shareholders may lead to the signing of shareholder agreements containing provisions relating to corporate governance, information provided to shareholders, or changes in ownership structure in the subsidiary in question. Nonetheless, and except as otherwise stated below, these shareholder

agreements do not provide for put or call options, modifications to the cash distribution, or more generally measures that could have a material impact on the Group's financial structure or limit the exercise of majority control.

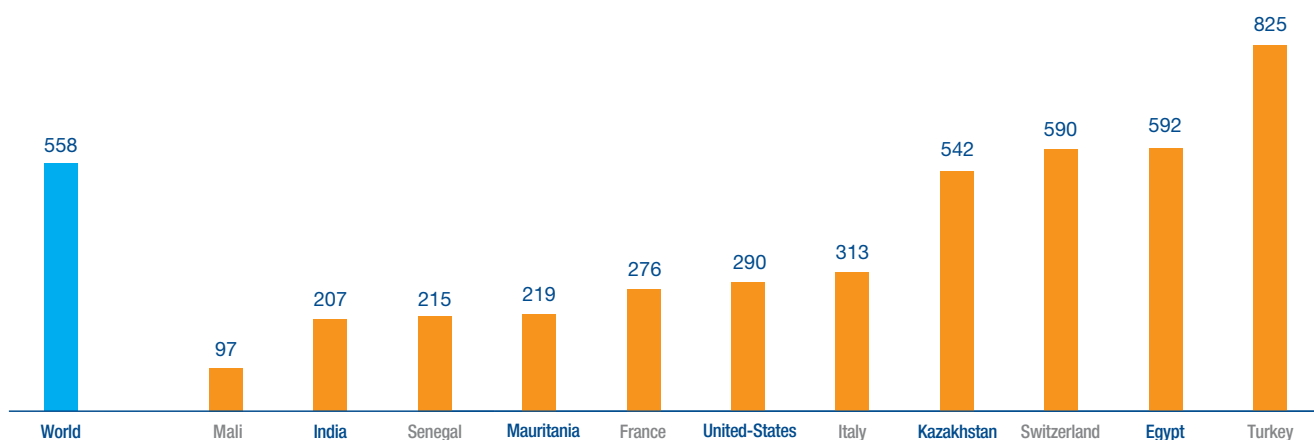
Information on the Group's main subsidiaries is provided in section 9.4 "Information on subsidiaries and shareholdings" of this Registration Document.

## 1.7. OVERVIEW OF GROUP PERFORMANCE AND MARKETS

Generally, the dynamism of the construction materials industry in a given market depends primarily on the demographic development of the population, economic growth, and trends in the rate of urbanization. In addition, the architectural culture and local construction practices

have a great influence on the choice of construction materials, which mainly include concrete, wood and steel. This choice is also guided by the availability and the price of each of these materials locally.

### ANNUAL CEMENT CONSUMPTION PER CAPITA IN 2015 (KG PER CAPITA)

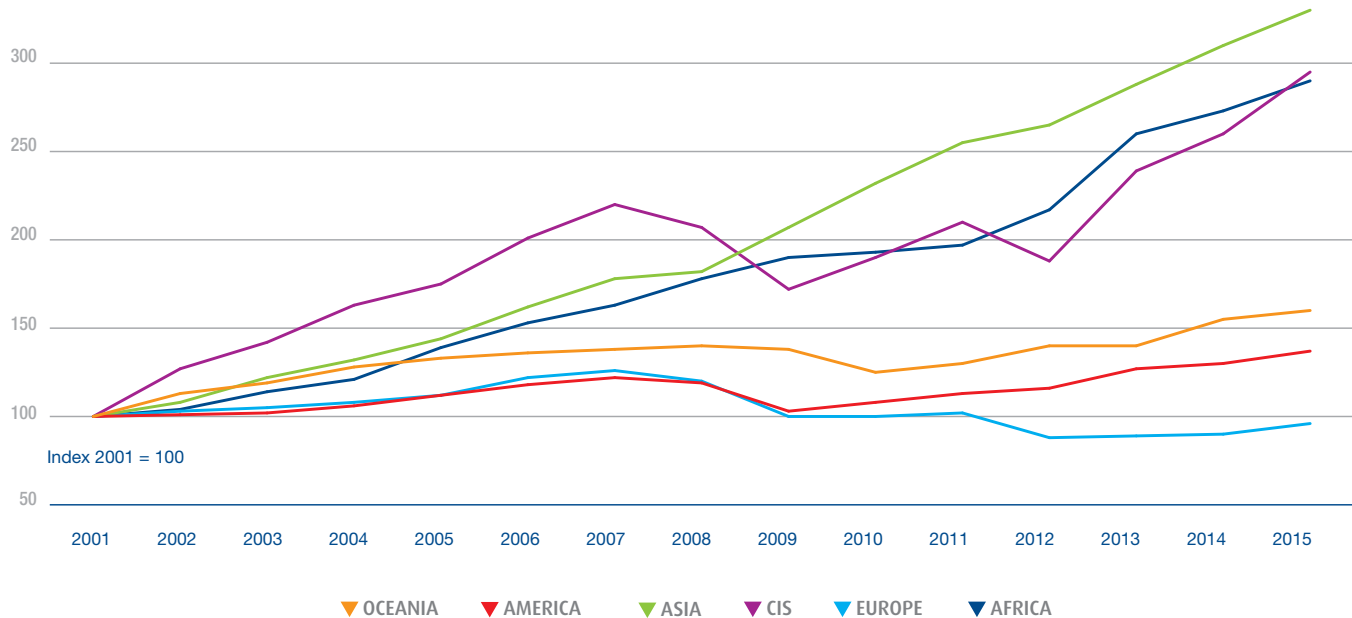


Sources: SFIC for France, CemBureau, USGS, internal sources.

The selling price of cement, which is the Group's principal product, is determined primarily by availability and ease of extraction of its component raw materials, the cost of thermal and electrical energy, and

the availability of qualified personnel to maintain the production facilities. The availability of surplus production capacity increases competitive intensity and influences prices.

## WORLD CEMENT PRODUCTION BY MAJOR REGION 2001-2015



Source: Cembureau.

Between 2001 and 2015, the regions having seen the greatest growth in cement production were Asia, the Commonwealth of Independent States (CIS, comprising nine of the former Soviet republics) and Africa.

These findings confirm the relevance of the Vicat Group's strategy of geographic diversification, which involved massive investments over the same period in India, Senegal, Egypt and Kazakhstan.

## Breakdown of consolidated sales by geographic area in 2016

(in million of euros)	2016	%
France	795	32.4
Europe (excluding France)	411	16.8
USA	363	14.8
Africa and Middle-East	346	14.1
Asia	538	21.9
<b>TOTAL</b>	<b>2,454</b>	<b>100.0</b>

Due to the Group's significant geographic diversification efforts in recent years, the portion of sales generated in emerging countries with strong economic growth reached 36% of the Group's consolidated sales in 2016.

## CEMENT SALES VOLUMES

The Group has 15 cement factories spread over eight countries, as well as five clinker grinding plants established in three countries.

<i>(in thousands of tonnes)<sup>(1)</sup></i>	2016	2015	2014
France	2,953	2,786	2,831
Switzerland	924	899	963
Italy	182	175	235
USA	2,005	1,933	1,685
Senegal/Mali/Mauritania	2,955	2,874	3,246
Egypt	2,624	2,058	2,222
Turkey	4,034	3,686	3,519
India	4,835	4,045	4,557
Kazakhstan	1,363	1,336	1,272
<b>TOTAL</b>	<b>21,875</b>	<b>19,792</b>	<b>20,530</b>

(1) Volumes of cement, clinker and masonry cement.

Intra-group cement sales accounted for 17.9% of the Group's business, with a significant disparity, ranging from 0% to 35% depending on the operating regions.

## CONCRETE VOLUMES SOLD

The Group's 230 concrete batching plants produced 8,8 million m<sup>3</sup> of concrete in 2016.

<i>(in thousands of m<sup>3</sup>)</i>	2016	2015	2014
France	2,888	2,777	3,077
Switzerland	741	744	839
USA	2,054	2,152	2,003
Turkey	3,140	2,860	2,348
Mauritania	5	2	6
<b>TOTAL</b>	<b>8,828</b>	<b>8,535</b>	<b>8,273</b>

## AGGREGATES SALES VOLUMES

The 66 quarries operated by the Group's Aggregates business produced 22.1 million tonnes of aggregates in 2016.

<i>(in thousands of tonnes<sup>2</sup>)</i>	2016	2015	2014
France	8,967	8,995	9,902
Switzerland	2,971	3,147	3,389
Senegal	2,862	2,401	2,484
Turkey	6,578	5,592	4,879
India	727	810	561
<b>TOTAL</b>	<b>22,105</b>	<b>20,945</b>	<b>21,215</b>



In the markets where it operates, the Group aims to develop strong regional positions around its Cement production facilities, while also consolidating those positions through Ready-mixed Concrete & Aggregates businesses. In countries where the Group establishes a presence through external growth, it seeks to leverage the local identity of the acquired brands.

### 1.7.1. FRANCE



France is the Group's historical market. It operates through its five cement factories located in the eastern half of the country and a network of concrete batching plants and quarries located mainly in the same marketing zones, with a high concentration in

the southeastern quarter of the country. Furthermore, the Group has operations in France which are complementary to its three core businesses.

#### Group sales volumes in France

	2016	2015	Change
Cement (in thousands of tonnes)	2,953	2,786	+6.0%
Concrete (in thousands of m <sup>3</sup> )	2,888	2,776	+4.0%
Aggregates (in thousands of tonnes)	8,967	8,995	-0.3%

France posted 1.1% growth for 2016, which was 0.6% below that of the euro zone as a whole.

A total of 376,500 new homes were built in 2016, an increase of 10.4% compared with 2015. The number of housing authorizations in 2016 totaled 453,200, an increase of 14.2% compared with 2015 <sup>(1)</sup>, a trend that was even more marked for ordinary multiple-occupancy housing (+19%).

Public works projects increased by 3.5% compared with 2015 <sup>(2)</sup>. The rise in contracts won accelerated in the fourth quarter of 2016, however the level of activity remains very low given the slump recorded in recent years; it is still well below the level of 2008.

#### 1.7.1.1. Cement

The French cement market is mature, with consumption of around 17.4 million tonnes in 2016. This volume remains low, due to the deteriorated economic situation that has lasted for nearly eight years. Consumption per capita was approximately 270 kg of cement.

Since 2007, market volumes have fallen by more than 30%, an average annual decrease of 3.3% over the period. This slide ended in 2016, which saw a slight recovery in the region of 1.5% <sup>(3)</sup>.

The French cement industry is concentrated; four groups account for approximately 94% of the market: LafargeHolcim, Ciments Calcia (HeidelbergCement Group), Vicat and CRH (since the CRH takeover of Holcim's assets in France).

Vicat sales rose (+6% by volume) thanks to growth in the domestic market, as well as strong export sales. There was, however, a slight contraction in average sales prices, reflecting the fall in the share of bagged sales.

#### 1.7.1.2. Ready-mixed Concrete & Aggregates

In 2016, the ready-mixed concrete market in France accounted for nearly 35.6 million m<sup>3</sup> of concrete <sup>(4)</sup>, an increase of 2.3% from 2015. There are nearly 1,900 concrete batching plants and more than 500 companies throughout France.

The Group's 134 concrete batching plants cover 10 of the 19 French regions, which are located mainly in eastern France, and sold nearly 2.9 million m<sup>3</sup> in 2016, accounting for approximately 8% of the domestic market. The Group's sales volume in 2016 was up 4% compared with 2015.

The French aggregates market amounted to around 300 million in 2016 <sup>(4)</sup> (excluding recycled materials), stable compared with 2015, following years of decline. The share of eruptive aggregates fell, with limestone and alluvial aggregates benefiting from this. Alluvial aggregate sales are in line with those of ready-mixed concrete, which are reflecting a general recovery in the construction business.

More than 1,600 companies operate in this market in France. The Group is one of the top ten aggregate producers in the country.

The Group has 60 sites, including 38 quarries, which enabled it to produce and market 9.0 million tonnes of aggregates in 2016, corresponding to around 3% of the domestic market. Sales volumes in 2016 were stable (-0.3%) compared with 2015.

#### 1.7.1.3. Other Products & Services

Other Products & Services include activities that are complementary to the Group's main businesses, such as Transport and Major Projects featuring SATM, Construction chemical products with Vicat Produits Industriels, and the Paper Business with Papeteries de Vézille.

(1) Source: French Ministry of the Ecology, Sustainable Development and Energy.

(2) Source: French National Federation of Public Works.

(3) Source: French cement industry trade association (SFIC - "Syndicat Français de l'Industrie Cimentière").

(4) Source: Union Nationale des Industries de Carrières et de Matériaux (UNICEM - materials and quarrying trade association).

## Breakdown of sales by business

<i>(in millions of euros)</i>	2016	2015	Change
Transport and Major Projects	103.3	91.0	+13.5%
Vicat Produits Industriels	67.1	69.9	-4.1%
Paper	38.5	38.5	+0.1%

## Transport and Major Projects



Through its 15 branches in France, SATM uses three means of transport: bucket, tank and platform trucks. SATM generates most of its transport sales as a shipping agent and is a leading player in the field of bulk, bucket and tank transport, which confers great flexibility and adaptability to the market. SATM operates a fleet of approximately 1,000 vehicles, the majority of which belong to sub-contractors working regularly with the Group.

SATM transports much of the cement and aggregates to the Group's ready-mixed concrete batching plants, which accounts for approximately half of SATM's revenue in the Group. The complementary nature of this transport activity with the Group's businesses allows it to optimize the quality of service provided to its customers. Sales in this business rose by 5.4% during 2016.

SATM's Major Projects business primarily operates on large infrastructure construction sites such as TGV railway lines, motorway projects and power station construction programs. SATM operates on these sites to deliver ready-mixed concrete by means of mobile concrete mixing and batching stations intended for major projects. SATM is a true partner in the major projects field, in France and abroad. During 2016, sales rose sharply (+62%) compared with 2015, a year of recovery following a cyclical dip. In 2016 SATM continued to supply concrete for the coastal road in Reunion.

## Construction chemicals



Vicat Produits Industriels (VPI) is a major player in the industrial mortar market for construction and civil engineering, with four plants and a sales network in France. With VPI, the Group has a closer view of the construction materials market and therefore a better understanding of end user needs.

VPI offers a broad range of approximately 200 products that meet many needs: exterior wall coatings, mortar and traditional concretes, products used to repair floors and walls, tiling adhesives and thermal insulation products. The evolution and development of these products and their adaptation to the customer's requirements are handled by the research laboratory team at L'Isle-d'Abeau.

VPI's sales were down slightly in 2016, falling by 4.1% to € 67.1 million, impacted by a challenging environment, both in terms of volume and price in France. Despite everything, VPI showed strong resistance, driven by its commercial initiatives. The Civil Engineering business declined compared with 2015, with one-off projects in 2015 having boosted the previous year's figures.

## Paper and bags



Located in the Grenoble area, Papeteries de Vizille operates in two segments: writing/printing paper and bag production.

The following table shows the changes in volumes sold by Papeteries de Vizille:

	2016	2015	Change
Writing and printing paper <i>(in tonnes)</i>	19,096	19,966	-4.4%
Bags <i>(in thousands of units)</i>	59,554	56,714	-5.0%

## WRITING AND PRINTING PAPER PRODUCTION

The "Printing/Writing" business focuses on the production of specialty papers with high added value. Accordingly, despite the Company's small size, Papeteries de Vizille has partnered with renowned publishers and major French banks, while continuing to expand into various countries around the world where the Company's expertise is recognized along with the quality and technical sophistication of their products.

During 2016, sales of new products continued to rise, representing 58% of tonnage sold. These products relate to the markets in paper for food packaging, baking, high security and industrial specialty paper. This growth offset the decline in historical markets.

The company generated 49% of its 2015 sales through exports to 41 countries, which is essential to support its strategy of positioning in growing niche markets.

## PRODUCTION OF PAPER BAGS

The Bag business provides large capacity paper bags to the agro-food, chemical and construction sectors. The factory has an annual production capacity of approximately 75 million bags, equal to approximately 15% of the national market. Some of the bags sold by Papeteries de Vizille are intended for the Group.

The Company continued its growth in fast-growing niche markets, such as human foods. Since 2016, Papeteries de Vizille has been manufacturing a new easy-open bag – the Stanpack – which has been patented and won a prize at the Paris packaging trade show.

Sales in the bags business accordingly grew by 4.4%.

## 1.7.2. EUROPE (EXCLUDING FRANCE)

### Group sales volumes in Europe (excluding France)

	2016	2015	Change
Cement (in thousands of tonnes)	1,106	1,075	+2.9%
Concrete (in thousands of m <sup>3</sup> )	741	744	-0.3%
Aggregates (in thousands of tonnes)	2,971	3,148	-5.6%

#### 1.7.2.1. Switzerland



The Group entered the Swiss market in 2001 by acquiring the Vigier group, which was already vertically integrated both through a network of concrete batching plants and quarries and through significant business activity in prefabricated concrete products. It operates mainly in the western and central parts of the country.

Following a year that was disturbed by the Swiss National Bank's decision to abandon the minimum exchange rate of 1.20 Swiss Francs to the euro, Swiss GDP regained its positive trend with growth of 1.5%. The construction index of the Société Suisse des Entrepreneurs (Swiss Entrepreneurs' Society) maintained its high level.

#### Cement

With growth of 3.3%, the demand for cement in Switzerland returned above the threshold of 5 million tonnes, which represents nearly 600 kg of cement consumption per capita, a very high level of demand for a mature market.

The principal producers on this market are LafargeHolcim, which holds approximately two thirds of the Swiss market, JuraCim (CRH group) and Vigier, a Group subsidiary. Holcim has a significant presence in the east of the country, whereas JuraCim and Vigier operate in the western part of the country. Through its subsidiary Vigier, the Group is ranked the 3rd largest cement manufacturer in Switzerland.

Vigier Cement maintains very strong sales by volume, at 0.9 million tonnes and growth of 2.8%, in line with the market. Pressure on prices from neighboring countries and made favorable by exchange rates remained high.

#### Ready-mixed Concrete & Aggregates

The ready-mixed concrete market is highly developed in Switzerland, with a dense network of concrete batching plants.

Through Vigier and its subsidiaries, the Group owns 19 concrete batching plants spread over the western half of Switzerland. These plants produced 0.74 million m<sup>3</sup> in 2016, stable compared with the previous year.

Following years marked by major projects in Seeland-Jura, sales volumes stabilized at the current level.

Vigier operates 19 aggregates sites, located near the concrete batching plants. These quarries are generally smaller than in France and are primarily intended to meet the needs of the concrete batching plants. Sales of Vigier's aggregates declined 5.6% compared with the previous year, falling to 3 million tonnes in 2016.

#### Other Products & Services



Creabeton Matériaux, a subsidiary of Vigier, comprises four Precast Concrete production sites. The four factories are supplied with cement and aggregates by other companies within the Group.

Creabeton Matériaux manufactures and sells a complete range of concrete products, in particular products for gardens (flagstones, paving stones), products for infrastructures (Deltablocs, drainage systems) and made-to-measure products (architectural items). Vigier Group also manufactures and sells railroad sleepers and concrete platform curbs under the Vigier Rail brand, and has acquired a supplier of technical solutions which has licenses for the "Low Vibration Tracks" slab track systems.

Precast concrete sales amounted to € 121 million in 2016, down from € 134 million in 2015, representing 403 thousand tonnes of concrete products. The fall of 8% in sales was accentuated by the unfavorable exchange rate effect. This drop stems mainly from the rail business, which suffered from a reduction in the number of projects.

#### 1.7.2.2. Italy



Cement consumption in Italy further fell by 3% to below <sup>(1)</sup> 19 million tonnes in 2016, again reflecting internal demand that fell by 4% and bringing the cumulative decline in volumes to more than 60%

for the period between 2007 and 2016.

Cementi Centro Sud, a subsidiary of the Group, runs a grinding mill in Sardinia and two port terminals, one near Genoa and the other in the south of the country, together earning 0.18 million tonnes in sales. Cementi Centro Sud does not hold a significant share of the Italian cement market, yet it provides the Group with a strategic base for operations in a country with a still-fragmented cement industry comprising about twenty producers.

(1) Source: 2015 AITEC (International Association of Technicians, Experts and Researchers) value but estimated for 2016 in view of the lag in publishing figures.

### 1.7.3. USA

#### The Group's sales volumes in the United States

	2016	2015	Change
Cement (in thousands of tonnes)	2,005	1,932	+3.8%
Concrete (in thousands of m <sup>3</sup> )	2,054	2,152	+4.6%

The Group is active in two main regions: California and the Southeast (chiefly Alabama and Georgia).

Following a 2.6% increase in GDP for 2015, the US is expected to post growth of approximately 1.6% in 2016, the lowest since 2011. At the national level, construction expenditure is still rising (+4.4%) thanks to the residential and commercial sectors. Public works (-0.9%) suffered from a lack of public funding and were held back by the electoral period.

#### 1.7.3.1. Cement



The American cement market, which peaked at over 128 million tonnes in 2005 and 2006, fell to 71 million tonnes

in 2010, but has since grown again by 5% per year on average. Domestic consumption is estimated to be 95 million tonnes in 2016<sup>(1)</sup>, representing growth of 3.2% compared with 2015. *Per capita* consumption is lower than it should be (at about 290 kg per capita), due in particular to a preference for construction using wood.

The American cement industry provides around 90% of national consumption, with the rest imported chiefly from Canada, Asia and Mexico.

The following table presents cement consumption in the two regions of the United States where the Group is present<sup>(2)</sup>:

(in millions of tonnes)	2016	2015	Change
South-East	10.5	9.1	+15.3%
California	9.3	9.4	-1.0%
<b>TOTAL UNITED STATES</b>	<b>95.1</b>	<b>92.1</b>	<b>+3.2%</b>

The Group has two factories in the United States which are more than 3,000 km apart and which therefore serve separate markets. With very different weather conditions, consumption trends have opposite trends in the markets: growth of 15% in the South-east and a fall of 1% in California. The Group's sales volumes rose by 3.8% in 2016 compared with 2015, the average of these zones, reflecting these specific regional factors.

(1) Source: United States Geological Survey (USGS).

(2) Source: Global Cement Report.

(3) Source: National Ready Mix Concrete Association (NRMCA).

The Group's competitors in the two markets in which it operates in the United States are HeidelbergCement, LafargeHolcim, Argos, Cemex, Vulcan and Buzzi Unicem in the Southeast and Cemex, HeidelbergCement, CPC, Mitsubishi and Martin Marietta in California. The shift toward concentration within the sector was also apparent in the US market, with the mergers of Lafarge Holcim and HeidelbergCement-Italcementi.

With overall production accounting for around 2% of the national market, the Group's subsidiary National Cement Company (NCC) is reportedly the 15th largest US cement manufacturer<sup>(2)</sup> at the national level, and a major player in the two regions where it is active.

#### 1.7.3.2. Ready-mixed concrete



Ready-mixed concrete is widely used in the United States.

The US market for ready-mixed concrete was estimated at around 262 million m<sup>3</sup> in 2016<sup>(3)</sup>. After falling by over 40% in the period between 2007 and 2010, the market began to recover in 2011. With an improvement of 2% in 2016, it has now climbed back nearly 29% from its low point. This average, however, masks contrasting regional pictures, as indicated for the Cement business: strong growth in the South-east and a slight fall in California.



This market is highly competitive with both large and strongly integrated players,

such as Cemex or LafargeHolcim, but many small independent producers still operate at the local level as well.



Given the size of the American market, only the two regional markets in which the Group operates are discussed below. In 2016, the Group's ready-mixed concrete market in the Southeast (Alabama and Georgia) accounted for a production of nearly 11.2 million m<sup>3</sup>, a 9% increase over 2015<sup>(3)</sup>, with Georgia showing the greatest improvement. The ready-mixed concrete market in California accounted for a production of 26 million m<sup>3</sup> in 2016, down by 2% compared with the previous year<sup>(3)</sup>.

The Group has grown through successive acquisitions and currently runs 44 plants in North America, mainly through Kirkpatrick Concrete, National Ready mix and Walker Concrete. These plants produced a combined total of 2.1 million m<sup>3</sup> in 2016 (of which 71% in California and 29% in the South-east), down 4.6% compared with total production in 2015. Price trends were favorable, helping to boost the value of sales for the ready-mixed concrete business, despite the fall in volumes.

## 1.7.4. AFRICA AND MIDDLE-EAST

### The Group's sales volumes in Africa and Middle East

	2016	2015	Change
Cement (in thousands of tonnes)	5,579	4,932	+13.1%
Aggregates (in thousands of tonnes)	2,862	2,401	+19.2%

#### 1.7.4.1. Senegal and Mali

##### Cement



The Group has been active in Senegal since 1999 through its subsidiary Sococim Industries, based in Rufisque, near Dakar, from which it has expanded into surrounding West African countries, namely Mali, the Gambia, Guinea-Conakry, Burkina Faso and Mauritania.

Together, these countries accounted for cement consumption in the order of 9.5 million tonnes, up by around 8% in 2016 <sup>(1)</sup>.

In the absence of official statistics, the Group estimates that the Senegalese cement market grew by around 6% per year on average for the past 15 years. Growth was estimated at 3.5% for 2016. The market has more than doubled in size over the past 15 years, with annual climbing to nearly 3.3 million tonnes in 2016. *Per capita* consumption amounts to about 215 kg per year.

The Group faces competition in Senegal with Ciment du Sahel and, since January 2015, with the Nigerian group Dangote. This competitive pressure initially led to a reduction in volumes sold by the Group and average sales prices, however, a partial recover has since been seen thanks to the high quality of Sococim's offering.

The cement industry in Senegal enjoys access to limestone resources hard to find in West Africa, and also supplies neighboring countries, which do not all have domestic clinker producers. After having concentrated on the domestic market, Sococim Industries now supplies the West African sub- region: between 30 and 40% of the cement produced by Sococim Industries are exported (varies according to year).



With sales volumes amounting to 2.7 million tonnes, up 8.6% compared with 2015, Sococim Industries has confirmed its leading position with around 56% market share.

In the aftermath of the difficulties faced in 2013, Mali enjoyed a third year of growth, the latest estimates showing a rate of +5.2% for 2016. Cement consumption was around 2 million tonnes in 2016 <sup>(1)</sup>, a rise of some 7%. A total of 0.8 million tonnes were sold by Ciments et Matériaux du Mali, to which 0.7 million tonnes of direct sales recorded by Sococim Industries were added, giving a total increase of +9% for the Group.

(1) Internal estimates.

##### Aggregates

The Group operates in the aggregates market serving Senegal and neighboring countries. The Group produces crushed aggregates (limestone and basalt) in the western part of Senegal (Dakar and Thiès), which are used in the country's 11 regions and in neighboring Gambia.

The economic background to the construction industry was favorable in 2016, with strong growth in demand for aggregates, particularly in the second half. Public works, already buoyant in the first half of 2016, was further strengthened in the second half with the launch of several major projects.

The Group had a good year with 2.9 million tonnes in 2016 and volumes sold rising by 19.2% compared with 2015.

#### 1.7.4.2. Mauritania



The general slowdown in economic activity in 2015, following the sharp decline in the price of iron ore on the global market, continued in 2016. GDP growth recovered slightly (+5.5% compared with +3.7% in 2015).

BSA Ciment, the Group's subsidiary, grinds high-quality, imported clinker to produce a "marine cement" equivalent, which is in high demand in the capital city.

The Group estimates that cement consumption was 0.9 million tonnes, representing a fall in consumption over the previous year. A fourth operator joined the three historical players, and captured market share in a declining market.

In a difficult context, BSA Ciment saw its sales fall 23% to 0.2 million tonnes.

The Group also has a ready-mixed concrete operation, which saw its activity return to levels approaching that of 2014, following a particularly poor 2015.

#### 1.7.4.3. Egypt



The Group entered the Egyptian market in 2003 when it acquired an interest in Sinai Cement Company, and operates in the northeastern part of the country.

The political situation in Egypt has stabilized since 2015, leading to a more substantial rise in GDP, posting a +3.8% increase for the 2015-16 fiscal year (following +4.2% the previous year, a figure published by the Egyptian finance ministry). The Egyptian pound depreciated by 55% against the euro between January 1 and December 31, 2016, as a result of an initial devaluation in March 2016, followed by a decision to allow it to float freely in November 2016.



In this context, cement consumption posted its third consecutive annual increase, to 58 million tonnes of cement in 2016, representing around 600 kg of cement per capita and per year, an increase of 8.0% <sup>(1)</sup> compared with 2015.

There are 19 cement companies spread throughout Egypt, including LafargeHolcim, Cemex and Italcementi. Most cement factories are concentrated within a 200 km radius around Cairo, the capital.

Sales by Sinai Cement Company came to 2.6 million tonnes, up 27.5% compared with 2015.

### 1.7.5. ASIA

#### The Group's sales volumes in Asia

	2016	2015	Change
Cement (in thousands of tonnes)	10,231	9,067	+12.8%
Concrete (in thousands of m <sup>3</sup> )	3,140	2,860	+9.8%
Aggregates (in thousands of tonnes)	7,305	6,402	+14.1%

#### 1.7.5.1. Turkey

The Group has been active in Turkey for 25 years, through its cement factories in Konya and near Ankara, the capital, and *via* its network of concrete batching plants and quarries serving the Anatolia region and part of the Mediterranean coast.

This period has seen increased urbanization, population growth and major rural-urban migrations in Turkey, all of which have kept up demand for residential and industrial construction and infrastructure development. The construction and construction materials industries are both in line with this growth.

Amidst regional geopolitical instability and an uncertain domestic environment, economic growth slowed in Turkey in 2016. This had a negative impact on the Turkish Lira, which depreciated slightly during the year.

#### Cement



Annual consumption was estimated at 67.8 million tonnes for 2016 <sup>(2)</sup>, a rise of 3.7%. Cement consumption *per capita* exceeded 800 kg per year, reflecting the country's infrastructure needs.

If the Turkish cement manufacturing sector remains largely fragmented, there seems, however, to be an incipient concentration with the emergence of multinational players such as Vicat, HeidelbergCement (Germany) and Cementir (Italy) and from Turkish groups of national stature (such as Oyak, Sabanci and Nuh). The principal cement consumption areas in Turkey are the urban areas of Marmara (Istanbul) and Central Anatolia (Ankara), and the tourist areas of the Mediterranean (Antalya) and the Aegean Sea.



The Group has just under 6% of the national market, but is well-placed in the two regions where it operates. During 2016, the Group's sales reached 4.1 million tonnes, an 8.9% increase overall, with strong growth in

Ankara, thanks to the restarting of kiln 1 in late 2015, but with a drop in activity in Konya, where the start of major projects is a long time coming.

In an increasingly competitive environment, sales prices posted a moderate decline.

#### Ready-mixed Concrete & Aggregates



The Turkish ready-mixed concrete market was estimated at approximately 114 million m<sup>3</sup> in 2016 <sup>(3)</sup>, up 6.5% compared with the previous year.

The ready-mixed concrete business in Turkey must adapt both to the rigorous climatic conditions in the center of the country and to the constraints related to the country's tourist trade. Thus, the Group alternates its ready-mixed concrete business: from spring until autumn, it supplies mainly the Ankara and Konya regions and, during the winter and the low season for tourism, the construction sites on the Mediterranean, through a network of 32 concrete batching plants.



In the concrete business, volumes rose in the Ankara region but fell in Konya. Overall, Group volumes in Turkey increased by +9.8%.

The aggregates sector mirrored changes in demand for ready-mixed concrete. In the Ankara region, the local market faced a shortage of aggregates compliant with cleanliness specifications, and a growing request for higher concrete quality.

The Group's position in Turkey in the Aggregates business is focused on covering its ready-mixed concrete market, which accounts for four fifths of its outlets. Volumes increased by 17.6% in 2016 compared with 2015, thanks to growth in the Ankara region, met primarily by the Group.

(1) Source: Ministry of Industry at end October. November and December estimates.

(2) Source: TCMB (Turkish Central Bank) and internal estimate for non-member companies.

(3) Internal source.

### 1.7.5.2. Kazakhstan



Following 2015, which was marked by a slump in the price of oil, the collapse of the ruble and successive devaluations of the tenge, the latest estimates show GDP

growth at around 0.7% in 2016. The second half of 2016 saw an improvement, thanks to the recovery in the price of oil.

Construction activity was affected by this difficult context, since a large part of construction activity is linked to public infrastructure investment. Cement consumption in 2016 was around 9 million tonnes, down 6% compared with 2015. For domestic manufacturers, this was, however, offset by the significant decline in imports.

The Group operates in Kazakhstan by means of the Jambyl Cement factory. The factory's main markets are in the regions surrounding Almaty and Astana, the capital, and to a lesser extent the southern and western regions of the country. Thanks to the quality of its products and its excellent logistics system, Jambyl Cement sold nearly 1.4 million tonnes of cement in 2016 (+2.0%), only six years after its brand-new factory was commissioned on a new site.

### 1.7.5.3. India



India is vying with China for a position at the head of the major emerging countries. GDP growth was slightly under 7% in 2016. Construction activity on

individual housing continued to drive cement consumption. The public works sector suffered badly from the reduction in central government spending. Aerial transit systems in the major cities were the only projects that continued.

### Cement

The cement market in India was estimated at 264 million tonnes in 2016<sup>(1)</sup>, making it the second-largest cement market in the world. It posted an average annual increase of 10% between 2004 and 2010, though its growth subsequently slowed to an average rate of 5%. But with a per capita consumption of almost 200 kg per year, there is still much potential for growth in the market in view of infrastructure requirements, population dynamics and continuing urbanization.

In 2008, the Group set up operations in India through a limited joint venture Kalburgi Cement and in 2010 it increased its presence in this high-potential market with the acquisition of Bharathi Cement. Thus, with a cement production capacity of 7.8 million tonnes, the Group is able to tap into its significant development potential in order to serve India's southern and western markets.

In 2016, the cement market in the states where the Group is active in South India (Andhra Pradesh, Tamil Nadu, Karnataka, Kerala and Goa) and in Maharashtra was estimated to be around 92 million tonnes, up 7% compared with 2015. On the other hand, prices remained volatile.

The Group markets the production of its two factories under the Bharathi Cement label through a broad network of distributors. In 2016, the Group sold more than 4.8 million tonnes of cement, a 20% increase, although prices fell.

### Aggregates

Bharathi Rock Products operates an aggregate quarry approximately 50 km from Bangalore, in Karnataka. This company sold 0.7 million tonnes of aggregates in 2016, generating a 10% fall of turnover.

## 1.8. RESEARCH AND DEVELOPMENT

The Group's research resources, housed in the Louis Vicat Technical Center at L'Isle-d'Abeau near Lyon, are focused on innovation, development and product follow-up in France.

Opened in 1993, this center is located in the heart of the Rhône-Alpes region, close to the Group's long-established facilities in Grenoble and its flagship cement factory in Montalieu, in the Isère department. A team of 90 research scientists and technicians works in three different laboratories:

- the materials and microstructures laboratory, which investigates the properties of materials;
- the Sigma Béton laboratory, which formulates and maintains quality control objectives for concrete and aggregates;

- the construction industry product formulation laboratory, which develops innovative compounds for interior building works.

The main themes addressed by the Group's Research and Development teams involve anticipating or responding to the specific demands of its customers in a market that has changed rapidly in recent years, being guided by the following concerns:

- the environmental challenges faced by the planet, are accelerating efforts made by the Group for over a decade to reduce its carbon footprint among other aims;
- recyclability of materials to protect natural resources;
- renovation of buildings to improve their thermal and acoustic performance;

(1) Source: CM-CIC Market Solutions.

- the need for greater sustainability of structures so that they can be used in several ways over their life cycle;
- very early in the product development process, taking account of arduous working conditions for our employees, and for our customers when implementing solutions.

In the context of these activities, the Group registers patents in order to protect the development of products resulting from the work of its Research & Development teams. The Group is not dependent on patents, licenses or manufacturing processes protected by third-party intellectual property rights.

Total research and development expenses amounted to € 3.804 million in 2016 (see note 4 to the consolidated financial statements in section 7.1.1 of this Registration Document).

### 1.8.1. PROCESSES

Research topics are taken into account in manufacturing methods.

Efforts to improve the energy efficiency of cement factories, reclamation of excavated land (site decontamination), recycling of materials from demolition and the substitution of alternative fuels for fossil fuels are based on a circular economy model. In 2016, the use of alternative fuels avoided the consumption of the equivalent of 600,000 tonnes of carbon and lowered CO<sub>2</sub> emissions by increasing the proportion of energy generated using biomass. Cooperation between the Research and Development teams and our plants allowed this modification of the energy mix while optimizing cement quality.

### 1.8.2. LOW-CARBON PRODUCTS

For over ten years, research has focused on the development of new cements which, with equivalent mechanical properties, will result in lower CO<sub>2</sub> emissions. This issue, which is fundamental for the future of the industry and is in keeping with the Group's objective of taking part in the collective effort in favor of the environment, mobilizes significant manpower in the fields of crystallography, thermodynamics and additives. State-of-the-art equipment is used to pursue research in this area, ranging from a diffractometer to an X-ray fluorescence spectrometer and an electron microscope. This research resulted in the industrial production of a new cement, Alpenatup, in 2013. The Cement, Concrete and Building Systems Research & Development teams, now grouped within a single Research and Development Department, support the sales team and our customers to bring new products to the market.

### 1.8.3. CONSTRUCTION SOLUTIONS

The Group is constantly developing new concrete products to meet the expectations of customers in the building and public works sector. Several technological breakthroughs have been achieved in the concrete industry, with self-leveling concretes, for example, whose extreme fluidity allows them to move effortlessly into and through intricate formwork. The

development of high and ultra-high performance concrete, and more recently of ultra-high performance fiber-reinforced concrete, Smartup at Vicat, have multiplied the material's resistance tenfold (compressive strength of around 200 MPa). These concrete products meet the exacting requirements of customers for the construction of complex civil engineering structures or high-rise buildings, giving free rein to architectural creativity.

Changes in French thermal regulations adopting the commitments of the Grenelle environmental round table are taken into account. Research is also aimed at precisely determining the contribution of concrete to the design of innovative construction solutions meeting high energy-efficiency standards for buildings. The Group is thus taking part in a joint research project with scientists from the *Commissariat à l'Energie Atomique* (CEA) working at the *Institut National de l'Energie Solaire* (INES) in Chambéry to develop precise inertia models for concrete. Research and development teams are developing insulating structural concrete products and are also working to optimize acoustic comfort.

Vicat has a sustainable construction solution made from natural quick-setting cement manufactured at the Group's production facility at the foot of the Chartreuse mountain range combined with bio-sourced materials, such as hemp.

Its analytical capabilities enable the Louis Vicat Technical Center to diagnose issues affecting concrete poured in the 19th and 20th centuries and offer treatment solutions. Vicat is a member of the *Cercle des Partenaires du Patrimoine*, an association formed by the French Ministry of Culture and Communication to mobilize companies in support of research programs relating to heritage building fabric, and thus takes part in research on approaches to the restoration of our architectural heritage.

### 1.8.4. PARTNERSHIP POLICY

The Louis Vicat Technical Center works closely with several public and private research centers such as the French research agencies CEA (Atomic Energy Commission), INES (Solar-Energy Institute) in Chambéry, IFSTTAR (Institute for the Science and Technology of Transport, Development and Networks), the research laboratories at architecture schools, universities, and technical services of some of the Group's customers in the building and public works sector.

Vicat was a founding member in 2007 of Pole Innovations Constructives, a French construction industry excellence cluster, which it chairs. Based in the north of the Isère, this cluster brings together a network of key participants in the construction sector (such as industrial and institutional players, architects, SMEs/micro-enterprises, craftsmen, *Les Grands Ateliers de l'Isle-d'Abeau*, an association of architects, engineers and artists), architecture schools, *École Nationale des Travaux Publics de l'État* (the French national school of public works), *Centre de Formation des Apprentis du BTP* (a training center for apprentices in the building and public works sector). Its aim is to accelerate the spread of innovations in the construction industry with the prime aim of meeting the challenges of sustainable development.





Vicat employees at the Grave-de-Peille cement factory (France)

# COMMENTS ON RESULTS AND FINANCIAL POSITION

# 2

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## 2.1. SELECTED INFORMATION

### Income statement items

<i>(in millions of euros, unless otherwise indicated)</i>	2016	2015 restated*	2014 restated*
Consolidated net sales	2,454	2,458	2,423
EBITDA <sup>(1)</sup>	458	444	439
EBIT <sup>(2)</sup>	258	246	256
Financial Income/(expense)	(38)	(48)	(58)
Consolidated net income	165	139	137
Group share of net income	139	118	122
Net earnings per share <i>(in euros)</i>	3.10	2.63	2.72
Dividend per share <i>(in euros)</i>	1.50	1.50	1.50

(1) Earnings Before Interest, Taxes, Depreciation and Amortization: gross operating income plus other ordinary income and expenses, EBITDA is not a measure defined by accounting policies. Since EBITDA is calculated differently from one company to another, the data provided in this Registration Document and related to the Group's EBITDA might not be comparable to EBITDA data reported by other companies.

(2) Earnings Before Interest and Taxes: EBITDA less depreciation, amortization and operating provisions; EBIT is not a measure defined by accounting policies. Since EBIT is calculated differently from one company to another, the data provided in this Registration Document and related to the Group's EBIT might not be comparable to EBIT data reported by other companies.

### Investments

<i>(in millions of euros)</i>	2016	2015 restated*	2014 restated*
Industrial investments	136	162	153
Financial investments	63	19	74

### Cash flows

<i>(in millions of euros)</i>	2016	2015 restated*	2014 restated*
Self-Financing capacity	353	342	318
Cash flows from operating activities	386	295	299
Cash flows from investing activities	(188)	(178)	(221)
Cash flows from financing activities	(205)	(131)	(76)
Free cash flow	254	133	148

### Balance sheet items

<i>(in millions of euros)</i>	2016	2015 restated*	2014 restated*
Total assets	4,729	4,859	4,757
Shareholder's equity	2,470	2,530	2,448
Net financial debt (excluding put options)	912	1,018	1,022

\* Figures for 2014 and 2015 have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35 of the consolidated financial statements for 2016.

**Consolidated financial ratios**

	2016	2015 restated*	2014 restated*
Net debt/total equity (in %) (gearing)	36.9	40.3	41.7
Net debt/EBITDA (leverage)	1.99	2.27	2.33
Coverage of net financial expenses			
by EBITDA	15.0	12.0	9.2
by EBIT	8.5	6.6	5.4

**Indicators by business segment**

(in millions of euros)	2016	2015 restated*	2014 restated*
<b>Cement</b>			
Consolidated net sales	1,244	1,256	1,261
EBITDA	380	357	338
Net capital employed	2,490	2,709	2,699
Industrial investments	89	121	103
<b>Concrete and Aggregates</b>			
Consolidated net sales	905	892	860
EBITDA	57	61	71
Net capital employed	722	669	619
Industrial investments	29	31	36
<b>Other Products &amp; Services</b>			
Consolidated net sales	305	310	301
EBITDA	20	25	30
Net capital employed	175	179	170
Industrial investments	17	10	13

**Non-financial indicators**

	2016	2015	2014
<b>Sales volumes</b>			
Cement (in millions of tons)	21.9	19.8	21.2
Concrete (in millions of m <sup>3</sup> )	8.8	8.5	8.3
Aggregates (in millions of tons)	22.1	20.9	20.5
<b>Use of alternative fuels (Cement)</b>	<b>25%</b>	<b>25%</b>	<b>25%</b>
<b>Workforce as at December 31</b>	<b>8,103</b>	<b>7,928</b>	<b>7,854</b>

\* Figures for 2014-2015 have been restated in accordance with the new accounting standard applied for recording greenhouse gas trading. The nature and impact of these restatements are presented in notes 1.7 and 35 to the consolidated financial statements for 2016.

## 2.2. EXAMINATION OF THE FINANCIAL POSITION AND RESULTS

Investors are advised to read the following financial information, together with section 2.2.2 “Comparison of the earnings for 2016 and 2015”, section 2.3 “Cash flow and equity”, the audited annual consolidated financial statements for the three years covered in this Registration Document, and the notes relating thereto in section 7 “Financial Information” of this Registration Document, as well as all other financial information contained in this Registration Document.

### 2.2.1. SUMMARY

#### 2.2.1.1. Summary of the Group’s 2016 results

As at the date of this Registration Document, the Group operates in 11 countries, where it conducts its main businesses, namely Cement, Ready-mixed Concrete and Aggregates.

Country	Cement	Concrete and Aggregates	Other Products & Services
France	▼	▼	▼
Switzerland	▼	▼	▼
Italy	▼		
United States	▼	▼	
Egypt	▼		
Senegal	▼	▼	
Mali	▼		
Mauritania	▼	▼	
Turkey	▼	▼	▼
India	▼	▼	▼
Kazakhstan	▼		

In 2016, the Group’s total shipments in these main businesses amounted to 21.9 million tons of cement, 8.8 million m<sup>3</sup> of concrete and 22.1 million tons of aggregates. In France, Switzerland, Turkey and India, the Group also operates in activities complementary to the main businesses.

Consolidated sales in the 2016 financial year came to € 2,454 million, stable on a reported basis (-0.2%) and up +4.1% at constant scope and exchange rates compared with 2015.

Changes in consolidated sales by region, excluding scope and currency effects, show:

- strong business growth in Egypt, supported by an increase in volumes and a slight rise in selling prices;
- buoyant business levels in Asia, with strong volume growth in both Cement and Concrete & Aggregates offsetting the fall in prices. Volume growth was less impressive in Kazakhstan but accompanied by a slight improvement in selling prices;
- further improvement in the United States, supported by a substantial increase in Cement volumes and selling prices;
- finally, business levels recovered in France, with a significant improvement in Cement and Concrete volumes, offsetting the erosion in selling prices. It should be noted that the Other Products & Services business also saw substantial growth in 2016.

These positive factors made up for:

- lower business levels in Europe excluding France, as a result of a slight fall in sales in Switzerland resulting from a substantial decline in the Precast business and lower prices in the Cement business. Activity was stable in Italy;
- a very slight contraction in business levels in West Africa. Growth in Senegal, in both the Cement and Aggregates businesses, driven by a sharp improvement in volumes, only partly offset the substantial decline in Mauritania, where operations were affected by a tough competitive environment.

#### Change in 2016 /2015 sales by business and geographical region

	France		Outside France		Total	
	In millions of euros	Change 2016/2015	In millions of euros	Change 2016/2015	In millions of euros	Change 2016/2015
Cement	242.4	+2.1%	1,001.7	-1.7%	1,244.1	- 0.9%
Concrete & Aggregates	371.7	+1.0%	533.2	+1.7%	904.9	+1.4%
Other Products & Services	181.1	+5.4%	123.7	-10.3%	304.8	-1.6%
<b>TOTAL</b>	<b>795.3</b>	<b>+2.3%</b>	<b>1,658.5</b>	<b>-1.3%</b>	<b>2,453.8</b>	<b>-0.2%</b>

Consolidated EBITDA grew +3.2% to € 458 million, and rose +8.0% at constant scope and exchange rates compared with adjusted 2015 EBITDA. On that basis, EBITDA margin on consolidated sales improved from 18.1% in 2015 (adjusted) to 18.7%.

This increase in EBITDA relative to the adjusted 2015 figure, at constant scope and exchange rates, was mainly due to:

- a sharp improvement in EBITDA in Egypt, because of a substantial fall in production costs arising from the use of coal, solid growth in volumes, and a very slight improvement in selling prices;
- a further improvement in EBITDA in the United States, supported by higher average prices and volumes in Cement, which comfortably offset lower volumes in Concrete;
- a return to growth at the EBITDA level in France, supported by the Cement and Other Products & Services businesses, making up for the fall in EBITDA in Concrete & Aggregates;
- a slight increase in EBITDA in Turkey on the back of strong growth in volumes, offsetting a fall in average selling prices;
- stable EBITDA in West Africa.

These positive factors compensated for:

- a decrease in EBITDA in Switzerland, resulting from the very sharp drop in Precast business levels;
- lower EBITDA in Kazakhstan, with higher volumes and selling prices failing to offset increases in certain costs, mainly resulting from the devaluation of the tenge;
- a very slight fall in EBITDA in India, where strong volume growth almost entirely compensated lower selling prices.

Consolidated EBIT totalled € 258 million. Compared with adjusted 2015 EBIT, it rose +5.0% or +9.6% at constant scope and exchange rates. EBIT margin improved slightly and was 10.5% in 2016, compared with 10.0% in 2015 (adjusted).

Financial income improved strongly by € +10.1 million to stand at €(38.1) million as at December 31, 2016, which is mainly explained by the reduction in the net financial indebtedness, the decrease of the cost of net financial indebtedness, the rate of which was 3.37% in 2016 versus 3.59% in 2015 and is essentially due to the restructuring of the debt in India during the second half and a net gain on other income and expenses of € +3.6 million;

The increase of +7.6%, as reported, of the income tax expense versus 2015 restated, at € (66.7) million, reflects growth of +10.8% of the profit before tax reported and a reduced income tax rate which, in 2016, stood at 30.6% of the profit before tax reported versus 31.6% in 2015 restated. This decrease of fiscal pressure arises in particular from France, with the withdrawal of the 10% exceptional contributions and the reduction of the income tax rate for 2020, both having a € +2.9 million positive impact on the income statement.

Consolidated net income compared with the previous year restated amounted to an increase of € 164.8 million (+25.3%), including a Group share of € 139.1 million (+23.7%). The net margin came to 6.7% of consolidated sales, compared with 5.7% in 2015 restated.

The Group share of net income was € 3.1 per share in 2016, compared with € 2.63 in 2015.

At December 31, 2016, gearing represented 36.9% of consolidated equity versus 40.3% at December 31, 2015 (restated).

### 2.2.1.2. Elements having an impact on financial income

As at the date of filing of this Registration Document, the Group considers that the principal factors having a significant impact on its financial performance are the following.

#### 2.2.1.2.1. Elements having an impact on sales

##### (A) ECONOMIC CONDITIONS IN THE COUNTRIES WHERE THE GROUP OPERATES

The materials produced by the Group - cement, concrete and aggregates - are major components of construction and infrastructure in general.

Demand for these products depends on the economic conditions specific to each country and market, that are in turn determined by the rate of demographic growth, the level of economic growth and the level of urbanization. These factors influence the level of local public and private sector investment in housing and infrastructure, and therefore the sales achieved by the Group in each market where it operates. More generally, the level of public and private sector investment in housing and infrastructure is affected by the general political and economic situation in each country.

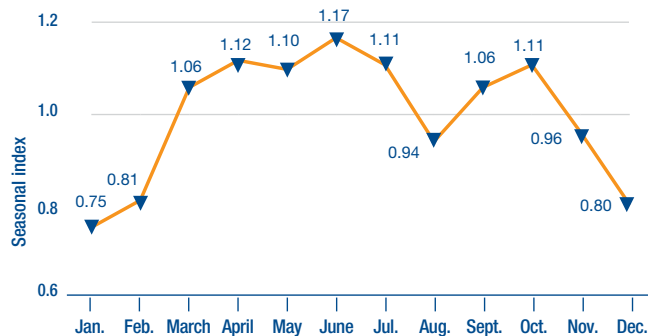
The price levels applicable to each market are determined by the production costs of existing operators and the competitive intensity of the product markets.

##### (B) 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 recorded falling sales in the first and fourth quarters, during the winter season in the principal markets of 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.

The following image shows the changes in the monthly average seasonality coefficient during the year, calculated from the seasonality of sales recorded during the last five years. Thus, for a monthly average equal to 1, the seasonality factor varied from 0.75 on average in January to almost 1.17 on average in June.

### SEASONALITY OF VICAT SALES



The seasonality varied according to country. Thus, the Group's activities in Senegal, despite reduced winter activity from August to October, and in the United States, were less affected by seasonality than Western Europe. Turkey similarly did not see a fall in its activity in August, unlike France and Italy. Finally the Group's business is subject to very high levels of seasonality in India, owing to the monsoon season, and in Kazakhstan, given the very low temperatures between November and February.

#### 2.2.1.2.2. Elements having an impact on production costs

The principal components of production costs are energy, raw materials, maintenance, provisions for depreciation of production facilities, transport costs and personnel costs.

The cost of energy is most significant in the Cement business, representing, in total, more than one third of the cost price of cement. The cost of energy includes electricity, whose price depends in particular on the generation capacity available in each market and also fuels, whose prices depend on the overall market conditions for each fuel. The effect of changes in fuel prices varies in particular according to the mix of fuels used, the energy efficiency of each factory, and the capacity to use alternative fuels. The impact of energy price fluctuations has a delayed and reduced impact on the income statements, in view of the inventories held and the existing forward supply agreements.

As the Group's products are heavy, the share of costs relating to transport can prove to be high. The locations of the factories and their proximity to markets are thus determining factors in the competitive

position and have a direct effect on the selling prices net of transport obtained by the companies (see also section 2.2.1.4. "Elements of the income statement" of this Registration Document).

#### 2.2.1.2.3. Elements having an impact on financial income

The consolidated financial income depends mainly on the Group's indebtedness, as well as on the interest rates applied and fluctuations in the exchange rates of the currencies in which the Group has debt or has a cash surplus. The sensitivity to these fluctuations in interest and exchange rates is limited by the hedging instruments used.

The Group's activities are run by entities which operate primarily in their own country and their own currency, both for sales and for purchases. The Group's exposure to exchange rates is thus limited.

Nevertheless, import and export transactions by the companies in currencies different from their accounting currency are generally hedged by forward buying and selling currency transactions. Financing is usually subject to exchange rate hedging by Group's companies when the loan currency differs from the operating currency.

#### 2.2.1.2.4. Elements having an impact on the Group's corporate tax

The Group's tax burden depends on the tax laws in force in each country in which the Group operates and on exemption agreements from which some subsidiaries (Kazakhstan and Senegal) benefit.

In Senegal, the State signed a mining agreement with Sococim Industries in February 2006, with retroactive effect to January 1, 2006, granting it tax exempt status because of its major investment plan, the main benefits of which are exemption from corporation tax, a capping of the occupational and land taxes for a period of 15 years, relief on import duties over the investment period of four years and a fiscal stability clause.

In Kazakhstan, Jambyl Cement benefited from an income tax exemption agreement at the end of 2008, for a ten-year period starting when the plant came into operation in December 2010.

### 2.2.1.3. Key accounting principles

In compliance with European Regulation (EC) 1606/2002 issued by the European Parliament on July 19, 2002 on the enforcement of International Accounting Standards, since January 1, 2005 Vicat's consolidated financial statements have been prepared 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, 2016 for its benchmark accounting policies.



Standards and interpretations published by the IASB but not yet in effect as at December 31, 2016 were not applied early in the Group's consolidated financial statements at the closing date.

The consolidated financial statements for the year ended December 31 present comparative data for the previous year prepared under these same IFRS standards. As the mandatory standards starting from January 1, 2016 are not applicable to the Group, nor do they have any significant impact on the Group's consolidated financial statements, the accounting methods and calculation procedures adopted in the consolidated financial statements as at December 31, 2016 are consistent with those used in the annual financial statements for 2015, with the exception of the accounting treatment of greenhouse gas emission rights. Starting from 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), which provides more reliable and relevant financial information to reflect the 'quotas' economic model, in particular eliminating the impacts associated with the volatility of the price of quotas. The financial statements for FY 2015 have been restated in accordance with the new method for comparison purposes. The detailed impacts of this change on the 2015 financial statements are presented in notes 1.7 and 35.

This year, the Group also initiated the planned implementations of IFRS 9, "Financial Instruments" and IFRS 15 "Recognition of income" standards, mandatory as from January 1, 2018, as well as that relating to the implementation of IFRS 16 "Rental agreements", mandatory as from January 1, 2019, to assess the potential impact on the Group's financial statements.

Regarding IFRS 15, a questionnaire to identify the main differences between the current accounting policies - IAS 18 - and those of the IFRS 15 standard was deployed with the entities of the Group to identify flows and transactions that may be impacted by the implementation of this new standard, as well as any necessary changes to be made to the accounting charts. At this stage, almost all the questionnaires have been completed and are being used. From the analyses conducted thus far, the Group believes that implementation of this standard should not have a significant impact on its financial statements, given the nature of its business.

Regarding IFRS 16, the Company has implemented the necessary resources (training, project team, collection matrix) to identify all of the leases concerned and quantify the estimated impact of the application of this standard. To date, the standard is actually implemented, is the transition method to be applied on effective implementation of the standard (complete or simplified retrospective) remains to be finalized, as well as the technical options to be used to quantify the impact of application of the IFRS 16 standard.

Regarding IFRS 9, the Group is currently evaluating the potential impact of this standard on the financial statements.

#### 2.2.1.4. Income statement items

In addition to the accounting aggregates presented in the income statement, the principal indicators used by the Group for measuring financial and industrial performance are EBITDA and EBIT, which are shown at the foot of the income statement as published. These aggregates are defined in note 1.22 notes to the consolidated financial statements, while the rationalization between Gross Operating Income, EBITDA, EBIT and Operating Income is presented in note 23.

The main indicators which will be commented upon are as follows:

- sales, which are mainly composed of billings for products delivered during the period and services rendered during the period, in particular the transport of goods sold re-invoiced to the customer;
- the non-accounting indicators mentioned above.

#### 2.2.1.5. Effect of changes in the consolidation scope and in exchange rate fluctuations

##### Changes in the consolidation scope

There were no changes in consolidation scope during 2016.

##### Exchange rate fluctuations

The Group's international operations expose its results to fluctuations in the currencies of each country where the Group is established relative to the euro (i), as well as fluctuations in the currencies used by its subsidiaries for their business activities relative to their operating currencies (ii).

- i. On the closing of each year's accounts, the income statements of the subsidiaries are converted into euros at the average exchange rate for the period. The fluctuations from one period to another between the different currencies in which the Group operates relative to the euro result in fluctuations in sales and, more generally, income and expenses in Euros, even though such fluctuations do not reflect changes in the Group's performance. For the purposes of comparison, the Group presents, in note 19 of the notes to the 2016 consolidated financial statements, sales recomputed at constant consolidation scope and exchange rates compared to 2015. In addition, the balance sheets of the subsidiaries are converted into Euros at the year-end exchange rates. Fluctuations in these currencies result in conversion adjustments allocated to equity (see note 1.5 of the notes to the consolidated financial statements);
- ii. Profits or losses recorded by the Group's subsidiaries when carrying out transactions in currencies different from their operating currencies are recorded in the financial income as exchange rate gains or losses.

## 2.2.2. COMPARISON OF EARNINGS FOR 2016 AND 2015

(in millions of euros)	2016	2015 adjusted*	2015	Change to 2015 adjusted (%)	
				Reported	At constant scope and exchange rates
Sales	2,454	2,458	2,458	-0.2%	+4.1%
EBITDA	458	444	448	+3.2%	+8.0%
EBITDA margin (%)	18.7	18.1	18.2		
EBIT	258	246	250	+5.0%	+9.6%
EBIT margin (%)	10.5	10.0	10.2		
Operating Income	165	140	143	+18.1%	+25.3%
Net margin (%)	6.7	5.7	5.8		
Group Share of consolidated net income	139	118	121	+17.6%	+23.7%
Cash flows from operating activities	353	342	346	+3.3%	+8.4%

\* Preparation of adjusted 2015 financial statements (this statement applies to the use of "restated" on the following pages):

IFRSs currently do not feature any standard or interpretation dealing specifically with greenhouse gas emission allowances. Starting on January 1, 2016, the Group decided to use the method that has been recommended by France's accounting standards authority ANC since 2013 (regulation 2012-03 of October 4, 2012, approved on January 7, 2013), which is compatible with IFRSs in force. That method allows more reliable and relevant financial reporting by reflecting the emission allowance business model, partly by stripping out effects caused by volatility in emission allowance prices.

Under this method, where the aim is to fulfil emissions-related obligations (production model):

- allowances are recognized in inventories when acquired (free of charge or against payment). They are removed from inventories to cover greenhouse gas emissions as they occur as part of the surrender procedure, or when they are sold, and are not remeasured at the period-end;
- a debt is recognized at the period-end if there is an allowance deficit.

Since the Group only currently holds allowances granted free of charge by the State as part of National Allocation Plans, the application of these rules means that they are recorded in inventories with a zero value. Since the Group currently has surplus allowances, no debt is recorded on the balance sheet and, in the absence of any sales, no amount is recognized on the income statement.

Before January 1, 2016, allowances held in excess of cumulative actual emissions were recorded under other intangible assets at the period-end, while surpluses, allowance sales and exchanges of EU allowances (EUAs) against Certified Emission Reductions (CERs) were recognized in the period's income statement.

The 2015 financial statements have been adjusted in line with the new method for comparison purposes. The detailed impact of the changes on the 2015 financial statements is presented in note 1.7 to the full-year 2016 financial statements.

It should be noted that, as regards the comparative analysis by geographical region and business, only France and the Cement business are concerned by this change in accounting method.

Throughout that analysis, and unless indicated otherwise, all changes are stated on a consolidated, year-on-year basis (2016/2015 adjusted), and at constant scope and exchange rates.

## 2.2.2.1. Change in consolidated sales

In 2016, consolidated sales reached € 2,454 million, stable on a reported basis (-0.2%), and up by +4.1% at constant consolidation scope and exchange rates in relation to the same period in 2015

The change in consolidated sales for the financial year 2016 by activity, compared to 2015 is as follows:

(in millions of euros except %)	2016	2015	Change (%)	
			Reported	At constant scope and exchange rates
Cement	1,244	1,256	-0.9%	+6.1%
Concrete & Aggregates	905	892	+1.4%	+2.9%
Other Products & Services	305	310	-1.6%	-0.7%
<b>TOTAL</b>	<b>2,454</b>	<b>2,458</b>	<b>-0.2%</b>	<b>+4.1%</b>

The consolidated sales of the Cement business was slightly down, by -0.9%, but showed a net progress of +6.1% at constant consolidation scope and exchange rates. Volumes rose significantly by +10.5% over the period. Consolidated sales in the Concrete & Aggregates business rose slightly by +1.4%, and by +2.9% at constant scope and exchange rates. Concrete volumes grew by +3.4% over the period, as did Aggregate volumes, rising by +5.5%. Consolidated sales in the Other Products & Services business fell by -1.6% and were -0.7% lower at constant scope and exchange rates.

The distribution of the Group's operating sales by business (before intersector eliminations) is as follows:

<i>(as a percentage)</i>	2016	2015
Cement	52.9	53.2
Concrete & Aggregates	32.9	32.5
Other Products and Services	14.2	14.3
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>

The breakdown of operational sales by business shows that the contribution of the Cement business fell very slightly, accounting for 52.9% of the total as opposed to 53.2% in 2015. The Concrete & Aggregates business accounted for 32.9% of the total, versus 32.5% in the year-earlier period. Sales in Other Products & Services fell from 14.3% of the total in 2015 to 14.2% in 2016.

The proportion of operational sales before eliminations coming from the Group's main businesses, *i.e.* Cement, Concrete & Aggregates, was stable at around 86%.

The growth in volumes in the main businesses is as follows:

	2016	2015	Change
Cement <i>(in thousand tons)</i>	21,875	19,792	+10.5%
Concrete <i>(in thousand m<sup>3</sup>)</i>	8,828	8,535	+3.4%
Aggregates <i>(in thousand tons)</i>	22,105	20,945	+5.5%

Breakdown of consolidated sales by geographical area:

<i>(in millions of euros)</i>	2016	%	2015	%	Change	
					Reported	PCC
France	795	32.4	777	31.6	+2.3%	+2.3%
Europe (excluding France)	411	16.8	425	17.3	-3.2%	-1.2%
United States	363	14.8	342	13.9	+6.2%	+5.9%
Asia	538	21.9	568	23.1	-5.3%	+5.3%
Africa and Middle East	346	14.1	346	14.1	+0.1%	+10.7%
<b>TOTAL</b>	<b>2,454</b>	<b>100.0</b>	<b>2,458</b>	<b>100.0</b>	<b>-0.2%</b>	<b>+4.1%</b>

Breakdown of consolidated sales by geographical area:

■ **Operational sales in the Cement business** rose +5.8% at constant scope and exchange rates, while remaining near-flat on a reported basis (-0.4%). Consolidated sales fell -0.9% on a reported basis but rose +6.1% at constant scope and exchange rates. The increase in sales at constant scope and exchange rates was mainly due to a +10.5% rise in volumes. All countries contributed to that performance. Average selling prices fell overall in 2016, with the improvement seen in the United States, Egypt and Kazakhstan failing to offset the decline in other countries, particularly India, Turkey and Switzerland. The decline was more limited in Italy, Senegal and France.

■ **Operational sales in the Concrete & Aggregates business** rose +1.6% on a reported basis and +3.1% at constant scope and exchange rates. Concrete volumes grew by +3.4% over the period, supported by growth in Turkey and France, which offset lower volumes in the United States. Volumes were almost unchanged in Switzerland. Aggregates volumes rose +5.5%, with growth in Turkey and West Africa comfortably making up for the fall in Switzerland. Volumes were near-flat in France. Average selling prices fell overall, with a decline in France in both Concrete and Aggregates, and lower Concrete prices in Switzerland and Turkey. Those decreases were partly offset by higher average prices in Concrete in the United States and in Aggregates in Switzerland and Senegal.

■ **Operational sales in Other Products & Services** were almost unchanged (-0.4%) on a reported basis and up +1.1% at constant scope and exchange rates. Consolidated sales fell -1.6% on a reported basis and -0.7% at constant scope and exchange rates. Good performance in this business in France failed to make up for the sharp decline in Switzerland, caused mainly by lower sales of rail sleepers after the start of projects was postponed until 2017, along with greater pricing pressures in certain precast products following the revaluation of the Swiss franc.

Breakdown of operating sales in 2016 by geographic region and by business activity:

<i>(in millions of euros)</i>	Cement	Concrete and Aggregates	Other Products & Services	Inter-sector eliminations	Consolidated net sales
France	351	379	242	(177)	795
Europe (excluding France)	165	178	121	(54)	411
United States	191	235	-	(62)	363
Asia	466	106	36	(70)	538
Africa and Middle East	316	30	-	0	346
<b>Operational sales</b>	<b>1,490</b>	<b>928</b>	<b>399</b>	<b>(363)</b>	<b>2,454</b>
Inter-sector eliminations	(245)	(23)	(94)	363	
<b>CONSOLIDATED SALES</b>	<b>1,244</b>	<b>905</b>	<b>305</b>	<b>-</b>	<b>2,454</b>

#### 2.2.2.2. Change in operating profitability

<i>(in millions of euros)</i>	2016	2015 adjusted	2015	Change 2016/2015 adjusted (%)	
				Reported	At constant scope and exchange rates
Consolidated sales	2,453.8	2,457.9	2,457.9	-0.2%	+4.1%
EBITDA	457.8	443.7	448.4	+3.2%	+8.0%
EBIT	257.8	245.6	250.5	+5.0%	+9.6%
Operating income	255.9	244.8	249.7	+4.5%	+9.2%

Consolidated EBITDA grew +3.2% to € 458 million, and rose +8.0% at constant scope and exchange rates compared with adjusted 2015 EBITDA. On that basis, EBITDA margin on consolidated sales improved from 18.1% in 2015 (adjusted) to 18.7%.

Consolidated EBIT totalled € 258 million. Compared with adjusted 2015 EBIT, it rose +5.0% or +9.6% at constant scope and exchange rates. EBIT margin improved slightly and was 10.5% in 2016, compared with 10.0% in 2015 (adjusted).

#### 2.2.2.2.1. Change in operating income by geographical region

##### 2.2.2.2.1.1. INCOME STATEMENT FRANCE

<i>(in millions of euros)</i>	2016	2015 adjusted	2015	Change 2016 / 2015 adjusted (%)	
				Reported	A constant scope
Consolidated sales	795	777	777	+2.3%	+2.3%
EBITDA	115	108	113	+6.1%	+6.1%
EBIT	59	51	54	+16.3%	+16.3%

In France, consolidated sales amounted to € 795 million, up +2.3% at constant scope.

EBITDA generated by the Group in France rose +6.1% to € 115 million versus € 108 million in 2015 (adjusted). EBITDA margin on consolidated sales rose from 13.9% in 2015 (adjusted) to 14.5%.

■ **In the Cement business**, operational sales rose +1.5% in 2016 (+2.1% on a consolidated basis). This growth resulted from a +6% increase in volumes in the domestic and export markets, confirming the gradual upturn in the macroeconomic and industry environment since the fourth quarter of 2015. The increase in volumes made up for a slight fall in average selling prices, which were affected in particular by a rise in export sales.

EBITDA rose +12.4% compared with the adjusted 2015 figure, and EBITDA margin on operational sales was up almost three percentage points year-on-year.

■ **In the Concrete & Aggregates business**, operational sales rose +1.3% (+1.0% on a consolidated basis) relative to 2015. That growth resulted from a +4% increase in concrete volumes and stable aggregates volumes. Average selling prices fell slightly in both businesses in 2016.

As a result, EBITDA generated by this business in France fell very sharply (-84.4%) while EBITDA margin on operational sales was very slightly positive.

■ **In the Other Products & Services business**, operational sales rose +5.9% year-on-year (+5.4% on a consolidated basis).

EBITDA grew +40.8% and EBITDA margin on operational sales was up more than one percentage point.

**2.2.2.1.2. INCOME STATEMENT FOR EUROPE EXCLUDING FRANCE**

<i>(in millions of euros)</i>	2016	2015	Change (%)	
			Reported	At constant scope and exchange rate change
Consolidated sales	411	425	-3.2%	-1.2%
EBITDA	94	102	-8.0%	-6.1%
EBIT	59	76	-21.8%	-20.1%

Full-year 2016 sales in Europe excluding France contracted -3.2% on a reported basis and -1.2% at constant scope and exchange rates.

Full-year EBITDA fell -8.0% on a reported basis and -6.1% at constant scope and exchange rates. EBITDA margin was 22.9% as opposed to 24.1% in 2015.

**In Switzerland**, the Group's consolidated sales fell -3.3% on a reported basis. At constant scope and exchange rates, they declined by -1.3%.

Full-year EBITDA fell back -7.5% on a reported basis and -5.6% at constant scope and exchange rates, reflecting a contraction in EBITDA margin on consolidated sales to 23.3% vs. 24.4% in 2015.

■ **In the Cement business**, operational sales fell -2.6% on a reported basis and were near-flat (-0.6%) at constant scope and exchange rates. Consolidated sales fell -3.6% on a reported basis and -1.5% at constant scope and exchange rates. After a difficult start to the year in terms of volumes, the trend turned in the second half of 2016, resulting in growth of almost +3% in the year as a whole. Average selling prices were down significantly after a fall in prices in the second half of 2015.

As a result, and because of effective cost-cutting measures, full-year EBITDA rose +1.5% at constant scope and exchange rates, with EBITDA margin on operational sales up almost one percentage point.

■ **In the Concrete & Aggregates business**, operational sales moved up +2.0% on a reported basis and +4.2% at constant scope and exchange rates. Consolidated sales rose +2.2% on a reported basis and +4.3% at constant scope and exchange rates. Concrete volumes were stable, while the Aggregates business was supported by strong growth in the landfill business during 2016 as a whole. Although selling prices fell in Concrete, they rose in Aggregates because of the strong landfill business.

EBITDA was up +5.1% in 2016 as a whole at constant scope and exchange rates, and EBITDA margin on operational sales rose very slightly.

■ **In the Precast business**, consolidated sales fell -8.0% at constant scope and exchange rates. The bulk of this decline was attributable to lower sales of rail sleepers after the start of projects was postponed until 2017. Stronger pricing pressures in certain precast products also contributed to the decline.

Full-year EBITDA fell -49.2% and EBITDA on operational sales was significantly lower than in 2015.



**In Italy**, consolidated sales rose very slightly (+0.7%). That was due to an increase in volumes of almost +4%, even though the domestic market continued to be affected by the tough macroeconomic and sector environment. These factors led to a fall in average selling prices.

EBITDA fell -27.2% and EBITDA margin was down almost five percentage points in 2016.

#### 2.2.2.2.1.3. INCOME STATEMENT FOR THE UNITED STATES

<i>(in millions of euros)</i>	2016	2015	Change (%)	
			Reported	At constant scope and exchange rate change
Consolidated sales	364	342	+6.2%	+5.9%
EBITDA	59	42	+39.1%	+38.8%
EBIT	33	17	+91.8%	+91.3%

Business in the United States again recorded growth in a firm macroeconomic environment that was supportive for the construction sector. As a result, the Group's consolidated sales grew +6.2% on a reported basis and +5.9% at constant scope and exchange rates.

The Group delivered a very strong increase in EBITDA to € 59 million over the full year (up +38.8% at constant scope and exchange rates), with EBITDA margin on consolidated sales significantly higher at 16.2% versus 12.4% in 2015.

■ **In the Cement business**, full-year operational sales grew by +12.4% at constant scope and exchange rates (up +12.7% on a reported basis). Consolidated sales were +18.5% higher at constant scope and exchange rates (+18.8% on a reported basis). Volumes grew by almost 4% due to strong momentum in the Southeast region, making up for the decline in California caused by a high base for comparison

and adverse weather conditions. Selling prices rose substantially in both regions.

As a result of these factors, EBITDA in the Cement business rose by +55.2% at constant scope and exchange rates, with EBITDA margin on operational sales rising by more than seven percentage points.

■ **In the Concrete business**, consolidated sales were stable in 2016 (+0.1%) at constant scope and exchange rates (+0.3% on a reported basis). Volumes fell by almost -5%, with growth in the Southeast region failing to offset the decline in California caused by poor weather conditions and a high base for comparison. Selling prices remained buoyant in both the Southeast and California.

EBITDA in the Concrete business fell -9.6% at constant scope and exchange rates (-9.4% on a reported basis).

#### 2.2.2.2.1.4. INCOME STATEMENT FOR ASIA (TURKEY, INDIA, KAZAKHSTAN)

<i>(in millions of euros)</i>	2016	2015	Variation (%)	
			Reported	At constant scope and exchange rate change
Consolidated sales	538	568	-5.3%	+5.3%
EBITDA	119	135	-11.5%	-1.2%
EBIT	74	85	-13.3%	-3.9%

In the region as a whole, sales totalled € 538 million, down -5.3% on a reported basis but up +5.3% at constant scope and exchange rates.

EBITDA in this region fell slightly in 2016 (-1.2%) at constant scope and exchange rates (-11.5% on a reported basis).

**In Turkey**, consolidated sales came to € 219 million in 2016, up +3.4% at constant scope and exchange rates, but down -6.5% on a reported basis.

In 2016 as a whole, EBITDA grew +3.4% at constant scope and exchange rates (-6.5% on a reported basis), with EBITDA margin on consolidated sales stable at 21.6%.

■ **In the Cement business**, the Group recorded an increase in its full-year operational sales of +2.9% at constant scope and exchange rates (-7.0% on a reported basis). Consolidated sales were almost unchanged (-0.2%) at constant scope and exchange rates and down -9.8% on a reported basis. This performance reflected a rise in volumes, in a market that remained buoyant despite difficult political and geopolitical conditions. There was a moderate decline in selling prices.

Overall, EBITDA in the Cement business rose by +2.1% at constant scope and exchange rates, while EBITDA margin on operational sales was almost unchanged in 2016.

■ Operational sales recorded by **the Concrete & Aggregates business** rose by +9.7% at constant scope and exchange rates (-0.9% on a reported basis). Consolidated sales rose +9.0% at constant scope and exchange rates (-1.4% on a reported basis). This healthy business growth was underpinned by an increase in Concrete volumes and in Aggregates, supported by the start of major projects that had been delayed in 2015. Average selling prices fell slightly in Concrete, but rose in Aggregates.

■ As a result, EBITDA margin on operational sales rose in 2016 as a whole, with EBITDA up +55.7% at constant scope and exchange rates.

**In India**, the Group posted consolidated full-year 2016 sales of € 275 million, up +7.0% at constant scope and exchange rates and +2.4% on a reported basis. Volumes grew by over +20%, in 2016. With more than 4.8 million tonnes sold in 2016, this growth reflected the strategy implemented by the Group since year-end 2015, consisting of seizing opportunities arising as the macroeconomic and industry environment improves, with a number of major projects starting up. Average selling prices fell owing to fiercer competition and a far less favorable geographical mix.

In 2016 as a whole, the Group's EBITDA in India fell very slightly (-1.4%) at constant scope and exchange rates (-5.6% on a reported basis). EBITDA margin on operational sales fell to 22.1%, down from 24.1% in 2015.

**In Kazakhstan**, the Group posted sales of € 44 million, up +4.9% at constant scope and exchange rates. On a reported basis, sales fell -32.5% on account of the very steep devaluation of the Kazakhstani tenge in the second half of 2015. Good operating performance was driven by a further +2% increase in volumes, but also higher selling prices in 2016 as a whole.

As a result, and given the significant negative impact on certain fixed costs caused by the devaluation of the tenge, EBITDA fell -12.6% during the period at constant scope and exchange rates. EBITDA margin came in at 25.4%, down from 30.4% in 2015.

**2.2.2.2.1.5. INCOME STATEMENT FOR AFRICA AND THE MIDDLE EAST**

<i>(in millions of euros)</i>	2016	2015	Variation (%)	
			Reported	At constant scope and exchange rate change
Consolidated sales	346	346	+0.1%	+10.7%
EBITDA	70	56	+26.3%	+36.8%
EBIT	33	17	+93.5%	+106.4%

In the Africa and Middle East region, sales came to € 346 million, stable (+0.1%) on a reported basis and up +10.7% at constant scope and exchange rates.

In 2016 as a whole, EBITDA totalled € 70 million, up +36.8% at constant scope and exchange rates, mainly due to the positive impact arising from the use of coal in Egypt.

**In Egypt**, full-year sales totalled € 117 million, up +33.7% at constant scope and exchange rates (+3.5% on a reported basis). That growth was driven by a sharp increase in volumes (up more than +27%). Average selling prices increased slightly over the full year.

Full-year EBITDA was supported by lower energy costs related to the two coal grinders that came into service in the second half of 2015, and rose by a factor of 5 at constant scope and exchange rates. It amounted to € 19.5 million as opposed to € 4.8 million in 2015.

**In West Africa**, consolidated sales totalled € 229 million, stable (-0.5%) at constant scope and exchange rates and down -1.6% on a reported basis. Volumes grew almost +3% in 2016 as a whole, with the increase in Senegal offsetting the substantial decrease seen in Mauritania. Average selling prices fell slightly in 2016 because of the competitive environment.

As a result, the EBITDA generated by the Group in West Africa was stable, although there was a slight increase in EBITDA margin on

operational sales because of lower fuel costs and cost-cutting measures taken to adapt to the new competitive environment.

### 2.2.2.2.2. Change in operating profitability by business

The following paragraphs show the breakdown of operating income by business, as well as an analysis of the change between 2016 and 2015.

#### 2.2.2.2.2.1. CEMENT

<i>(in millions of euros)</i>	2016	2015 adjusted	2015	Change 2016/ 2015 adjusted	
				Reported	At constant scope and exchange rate change
Operational sales	1,490	1,495	1,495	-0.4%	+5.8%
Inter-sector eliminations	(245)	(239)	(239)		
Consolidated sales	1,244	1,256	1,256	-0.9%	+6.1%
EBITDA	380	357	362	+6.5%	+12.2%
EBIT	239	209	214	+14.4%	+19.6%

**Operational sales in the Cement business** rose +5.8% at constant scope and exchange rates, while remaining near-flat on a reported basis (-0.4%). Consolidated sales fell -0.9% on a reported basis but rose +6.1% at constant scope and exchange rates.

**EBITDA** came to € 380 million, representing an increase of +12.2% at constant scope and exchange rates relative to the adjusted 2015 figure. That increase reflects a sharp rise in contributions from Egypt, United States and France. EBITDA rose less in Switzerland and Turkey and fell in West Africa, while falling to a lesser extent in India and Italy.

**EBITDA margin** on operational sales posted a significant improvement over the year to 25.5% from 23.9% in 2015. That performance was due to significant margin improvement in Egypt, the United States and France, and to a lesser extent in Switzerland, offsetting declines in Kazakhstan, India and Italy. EBITDA margin was almost unchanged in West Africa and Turkey.

Finally, **EBIT** increased +19.6% at constant scope and exchange rates (+14.4% on a reported basis) compared with the adjusted 2015 figure, coming in at € 239 million versus € 209 million in 2015 (adjusted).

#### 2.2.2.2.2.2. READY-MIXED CONCRETE & AGGREGATES

<i>(in millions of euros)</i>	2016	2015	Change	Change (at constant scope and exchange rate change)
Operational sales	928	914	+1.6%	+3.1%
Inter-sector eliminations	(23)	(22)		
Consolidated sales	905	892	+1.4%	+2.9%
EBITDA	57	61	-7.3%	-5.9%
EBIT	16	18	-11.7%	-9.3%

**Operational sales** in the Concrete & Aggregates business rose +1.6% on a reported basis and +3.1% at constant scope and exchange rates.

As a result of these factors, **EBITDA** fell -5.9% at constant scope and exchange rates. EBITDA margin on operational sales fell slightly to 6.1% from 6.7% in 2015. The decrease was caused by a decline

in France and to a lesser extent in the United States, partly offset by an improvement in Senegal and Turkey. EBITDA margin was stable in Switzerland.

EBIT decreased by -9.3% at constant scope and exchange rates to € 16 million versus € 18 million in 2015.

#### 2.2.2.2.3. OTHER PRODUCTS AND SERVICES

<i>(in millions of euros)</i>	2016	2015	Change	Change (at constant scope and exchange rate change)
Operational sales	399	400	-0.4%	+1.1%
Inter-sector eliminations	(94)	(90)		
Consolidated sales	305	310	-1.6%	-0.7%
EBITDA	20	25	-18.0%	-17.0%
EBIT	3	19	-83.6%	-83.8%

**Operational sales** in Other Products & Services were almost unchanged (-0.4%) on a reported basis and up +1.1% at constant scope and exchange rates. Consolidated sales fell -1.6% on a reported basis and -0.7% at constant scope and exchange rates. Good performance in this business in France failed to make up for the sharp decline in Switzerland, caused mainly by lower sales of rail sleepers after the start of projects was postponed until 2017, along with greater pricing pressures in certain precast products following the revaluation of the Swiss franc.

**EBITDA** fell from €25 million in 2015 to €20 million in 2016, and EBITDA margin on operational sales was 5.1%, down from 6.2% in 2015.

**EBIT** fell sharply, from €19 million in 2015 to €3 million in 2016.

#### 2.2.2.2.3. Change in financial income

<i>(in millions of euros)</i>	2016	2015 (restated)	Change
Cost of net financial debt	(30.5)	(37.0)	+6.5
Other financial income and expenses	(7.6)	(11.2)	+3.6
Financial Income/(expense)	(38.1)	(48.2)	+10.1

Financial income increased significantly by € +10.1 million to stand at € (38.1) million as at December 31, 2016, which is mainly explained by:

- the decrease of the cost of net financial indebtedness, the rate of which was 3.37% in 2016 versus 3.59% in 2015 and is essentially due to the restructuring of the debt in India during the second half;
- a net gain on other income and financial expenses of € +3.6 million.

#### 2.2.2.2.4. Change in income taxes

<i>(in millions of euros)</i>	2016	2015 (restated)	Change
Current taxes	(76.4)	(73.8)	(2.6)
Deferred taxes	9.7	11.8	(2.1)
Total taxes	(66.7)	(62.0)	(4.7)

The increase of +7.6%, as reported, of the income tax expense versus 2015 restated, at € (66.7) million, reflects growth of +10.8% of the profit before tax reported and a reduced income tax rate which, in 2016, stood at 30.6% of the profit (loss) before tax reported versus 31.6% in 2015 restated.

This decrease of fiscal pressure arises in particular from France, with the withdrawal of the 10% exceptional contributions and the reduction of the income tax rate for 2020, both having a € +2.9 million positive impact on the income statement.

#### 2.2.2.2.5. Change in net income

**Consolidated net income** amounted to an increase of € 164.8 million (+25.3%), compared with the previous year restated including a Group share of € 139.1 million (+23.7%). The net margin came to 6.7% of consolidated sales, compared with 5.7% in 2015 restated.

## 2.3. CASH FLOW AND EQUITY

### 2.3.1. CAPITAL

At the date of filing of this Registration Document, the Company's share capital was € 179,600,000, divided into 44,900,000 shares, each with a nominal value of € 4 each, fully subscribed and paid up.

Consolidated shareholders' equity fell by € 60 million as at December 31, 2016 restated and amounted to € 2,470 million as at December 31, 2016 including a Group share of € 2,213 million, and minority interests of € 257 million, which relates mainly to the Cement Manufacturing subsidiaries in India, Egypt, and Turkey.

Shareholders' equity – Group share – includes as at December 31, 2016:

- the Company's share capital for € 180 million;
- premiums linked to the capital for € 11 million;
- conversion reserves for € (190) million;
- consolidated reserves amounting to € 2,073 million, net of the allocation of treasury shares amounting to € 64 million;
- Group share of net income for 2016 amounting to € 139 million.

For a detailed description of shareholders' equity in the Company, please refer to the statement of changes in consolidated shareholders' equity and to note 13 to the consolidated financial statements in section 7.1.2 "Notes to the 2016 consolidated financial statements" of this Registration Document.

**The Group share of net income** was € 3.1 per share in 2016, compared with € 2.63 in 2015 restated.

### 2.2.3. COMPARISON OF THE EARNINGS FOR 2015 AND 2014

The comparative analysis of the earnings for 2015 and 2014 is presented in the 2015 Registration Document in section 2.2.2, pages 44-54 and is incorporated by reference in this Registration Document.

### 2.3.2. CASH FLOW

Cash flows are analyzed by type for each financial year:

- operational activity;
- investment activity;
- financing activity.

Cash flows relating to operational activities are primarily generated by earnings for the period (other than income and expenses not affecting cash flow or not related to the activity), as well as by the change in the working capital requirement.

Cash flows relating to investment activity result mainly from outflows for the acquisition of intangible and tangible fixed assets and other long-term assets, as well as for the acquisition of equity instruments in other entities and participations in joint ventures. They also include loans granted to third parties. Inflows related to divestments and/or redemptions of these assets are deducted from these outflows.

Cash flows related to financing activities result from inflows and outflows having an impact on the amount of the shareholder's equity and borrowed capital.

Net cash, the change in which is presented in the statement of cash flows, consists of cash and cash equivalents less any bank overdrafts.



## Cash flow history

<i>(in millions of euros)</i>	2016	2015 restated	2014 restated
Cash flows from operating activities	353	342	318
Change in WCR <sup>(1)</sup> (excl. exchange rate and consolidation scope effects)	33	(47)	(19)
Net operating cash flows	386	295	299
Net investment cash flows	(188)	(178)	(221)
Net financing cash flows	(206)	(131)	(76)
Impact of exchange rate fluctuations on cash resources	(8)	(3)	15
<b>CHANGE IN CASH POSITION</b>	<b>(16)</b>	<b>(18)</b>	<b>17</b>

(1) Working Capital Requirement.

## Analysis of the change in free cash flow and gross and net indebtedness

<i>(in millions of euros)</i>	2016	2015 restated	2014 restated
Cash flow from operations	386	295	299
Industrial investments net of disposals	(132)	(162)	(151)
<b>FREE CASH FLOW</b>	<b>254</b>	<b>133</b>	<b>148</b>

In 2016, free cash flow generated by the Group (€ 254 million) which represented a significant increase compared with 2015 restated (+121 million). Cash flows from operations, net of the change in WCR combined with a € 30 million reduction in net industrial investments, facilitated a reduction of € 106 million in the Group's net indebtedness in 2016. At € 912 million, net indebtedness, excluding put options, represented 36.91% of consolidated shareholders' equity as at December 31, 2016, and 1.99 times 2016 consolidated EBITDA.

### 2.3.2.1. Net cash flows from operating activities

Net cash flows from operating activities conducted by the Group in 2016 were € 386 million, compared with € 295 million in 2015 restated.

This increase in cash flows generated by operational activities between 2015 and 2016 resulted from an improvement in cash flows from operations of € 11 million and an improvement in the change in working capital requirement of nearly € 80 million.

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

<i>(in millions of euros)</i>	WCR at December 31, 2014	Change in WCR 2015	Other changes <sup>(1)</sup>	WCR at Dec. 31, 2015	Change in WCR 2016	Other changes <sup>(1)</sup>	WCR at December 31, 2016
Inventories	394	10	3	407	11	(32)	386
Customers	356	12	9	377	3	10	390
Suppliers	(259)	(2)	(8)	(269)	(30)	(7)	(306)
Other receivables & payables	(61)	27	(1)	(35)	(17)	(3)	(55)
<b>WCR</b>	<b>430</b>	<b>47</b>	<b>3</b>	<b>480</b>	<b>(33)</b>	<b>(32)</b>	<b>415</b>

(1) Exchange rate, consolidation scope and miscellaneous.

### 2.3.2.2. Net cash flows from investing activities

The following is a breakdown of cash flows from investing activities:

<i>(in millions of euros)</i>	<b>2016</b>	<b>2015 restated</b>
Investments in tangible and intangible fixed assets	(139)	(169)
Disposal of tangible and intangible fixed assets	7	7
Net investments in shares of consolidated companies	(26)	-
Other net financial investments	(30)	(16)
<b>TOTAL CASH FLOWS RELATED TO INVESTMENT OPERATIONS</b>	<b>(188)</b>	<b>(178)</b>

Net cash flows from investing activities conducted by the Group in 2016 were € (188) million, compared with € (178) million in 2015 restated.

#### 2.3.2.2.1. Investment and disposal of tangible and intangible fixed assets

These reflect outflows for industrial investments (€ 139 million in 2016 and € 169 million in 2015 restated) mainly corresponding to the following:

- in 2016 to investments in France, Turkey, Switzerland and the United State;
- in 2015 to investments in France, Egypt, Turkey and Switzerland;

For further details, see section 2.4. "Investments" of this Registration Document;

In 2016, 66% of these investments were made in the Cement business line (75% in 2015), 22% in the Concrete & Aggregates business line (19% in 2015) and the remaining 12% in the Other Products & Services business line (6% in 2015).

Disposals of tangible and intangible assets generated total cash inflows of € 7 million in 2016 and 2015.

#### 2.3.2.2.2. Net investments in shares of consolidated companies

Operations for the acquisition of consolidated companies carried out in financial year 2016 resulted in a total outflow of € (26) million. There were no significant acquisition or disposal of shares in consolidated companies during the 2015 financial year.

Key disbursements made by the Group during financial year 2016 were made to improve its reach in the Concrete & Aggregates business in France, through partnership agreements and/or redemptions of holdings.

#### 2.3.2.2.3. Other net financial investments

Other net financial investments were reflected by net outflows of € (30) million in 2016 and € (16) million in 2015.

### 2.3.2.3. Net cash flows from financing activities

Net cash flows related to financing operations conducted by the Group in 2016 amounted to € (206) million, compared with € (131) million in 2015.

Net cash flows relating to financing activities comprise primarily:

- cash outflows for the payment of dividends to the Company's shareholders and to the minority interests in consolidated companies (€ (80) million in 2016 compared with € (78) million in 2015);
- the drawdown, net of repayments, on credit lines and loans taken out by the Group amounting to € (128) million in 2016 (€ (55) million in 2015) including payment of annual installments relating to financial leasing agreements;
- the net cash inflow from the sale by the Company of treasury shares (€ 2 million in 2016 and in 2015).

2.3.3. DEBT

2.3.3.1. Group financial policy

The Group's financial policy is set by the General Management.

This policy aims at maintaining a balanced financial structure characterized by the following:

- controlled gearing (see section 2.3.3.4. "Net indebtedness" of this Registration Document);
- satisfactory balance sheet liquidity characterized by the availability of both cash surpluses and confirmed and available medium-term lines of financing.

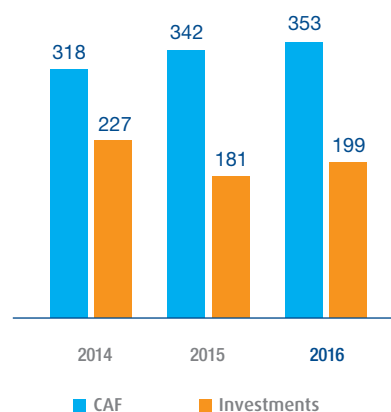
This policy aims at financing industrial investments through cash flows from operations, available surplus financial resources being used by the Group to reduce its indebtedness, and financing in whole or in part external growth operations.

To secure resources in excess of its cash flows from operations, the Group has set up confirmed medium-term financing facilities and medium and long-term loans.

These financings guarantee the Group, in addition to the liquidity of its balance sheet, even in case of disrupted markets situations, the means immediately necessary for the realization of larger operations such as exceptional industrial investments, significant external growth operations or the acquisition of large numbers of Vicat shares.

These facilities are essentially carried by the Company (78%), but some of the Group's foreign subsidiaries also have medium and long-term lines of credit or loans, most of them drawn down, to finance their investment programs. This is particularly the case in Egypt, India, Kazakhstan, Switzerland and Senegal.

**CHANGE IN THE GROUP'S CASH FLOWS FROM OPERATIONS AND THE GROUP'S INVESTMENTS BETWEEN 2014 AND 2016** *(in millions of euros)*



As at December 31, 2016, the Group had the following confirmed financing facilities, used and/or available:

Type of line As at December 31, 2016	Borrower	Year set up	Currency	Authorization in millions		Utilization (millions of euros)	Maturity	Fixed rate (FR)/Variable rate (VR)
				Currencies	€			
<b>US Private Placement</b>	<b>Vicat SA</b>	<b>2011</b>	<b>\$</b>	<b>450.0</b>	<b>339.2</b>	<b>339.2</b>	<b>2017 to 2022</b>	<b>FR</b>
		<b>2011</b>	<b>€</b>	<b>60.0</b>	<b>60.0</b>	<b>60.0</b>	<b>2017</b>	<b>FR</b>
Syndicated loan	Vicat SA	2014	€	480.0	480.0	(1)	2019	VR
Bank bilateral lines	Vicat SA	2014	€	240.0	240.0	(1)	2019	VR
	Vicat SA	Without	€	11.0	11.0	(1)	Without	VR
<b>Total bank lines (1)</b>	<b>Vicat SA</b>		<b>€</b>	<b>731.0</b>	<b>731.0</b>	<b>465.0</b>	<b>2019</b>	<b>VR</b>
	SSC	2015	EGP	112.5	5.9	5.9	2017-2018	VR
	SSC	2015	EGP	150.0	7.9	7.9	2018	VR
	Sococim	2014	CFAF	50,000.0	76.2	35.8	2017	FR
	Vigier	2015	CHF	200.0	186.2	133.2	2020	VR
	Vigier	2009	CHF	11.0	10.2	10.2	2017 to 2020	FR
	Jambyl	2008	\$	14.3	13.6	13.6	2017 to 2018	VR
	Gulbarga	2012	€	10.7	10.7	12.2	2017 to 2025	VR
<b>TOTAL SUBSIDIARIES' LOANS OR BILATERAL LINES</b>					<b>310.8</b>	<b>218.8</b>		
Fair value of derivatives						14.9		
<b>TOTAL MEDIUM-TERM</b>					<b>1441,0</b>	<b>1097,9</b>		
Other liabilities						56.5		
<b>GROSS TOTAL DEBT (2)</b>					<b>1441,0</b>	<b>1154,5</b>		

(1) "Total bank lines" corresponds to all confirmed lines of credit, essentially for a duration of one or five years at the outset, which benefit the Company and of which the authorized total amount is € 731 million. These lines of credit are used depending on the Company's financing requirements by drawdown of notes and hedging the liquidity risk of the commercial paper program, bearing in mind that the total amount of drawdowns and notes issued must not exceed the authorized total amount. At December 31, 2016, the bank bilateral lines of € 240 million had not been used. € 465 million of the syndicated loan were used, including € 450 million to hedge commercial paper. Given the ability to substitute these lines of credit between one another, and the possible re-allocation of drawdowns for the longest line, this information is presented as an overall amount.

(2) The amount of gross debt used does not include the liability relating to put options (€ 3.4 million).

### 2.3.3.1.1. US private placement

The loan for US\$ 450 million and for € 60 million was subscribed by American investors under a private placement (USPP) in 2010. The maturities are seven years for US\$ 100 million and € 60 million, ten years for US\$ 230 million and twelve years for US\$ 120 million.

To eliminate the exchange rate risk on the principal and the interest, this loan was converted into a fixed-rate synthetic debt in euros by a cross currency swap. The part of the debt in euros (€ 60 million) is also at a fixed rate.

### 2.3.3.1.2. Vicat SA bank lines

#### SYNDICATED LOAN

This line of credit with a five-year term, at a variable rate, was placed by the Company with a syndicate of eight international banks and matures in May 2016. An amendment was signed in July 2014, extending the line to 2019. The interests are payable at the Euribor rate for the drawdown period. As at December 31, 2015, € 15 million of the loan was drawn down and € 450 million allocated to hedge the liquidity risk of commercial paper.

**BANK BILATERAL LINES**

In 2014, Vicat SA's bilateral lines of credit in the amount of € 240 million were renewed by the Company with six banks for a five-year term ending in June 2019. The interests are payable at the Euribor rate for the drawdown period.

At December 31, 2016, these lines had not been used.

**COMMERCIAL PAPER**

The Company has a commercial paper issue program for € 450 million. At December 31, 2016, the amount of commercial paper issued stood at € 450 million. Commercial papers which constitute short-term credit instruments are backed by the lines of credit confirmed for the issued amount and are treated as such in medium-term debts in the consolidated balance sheet.

**2.3.3.1.3. Bank bilateral lines - subsidiaries****SENEGAL**

Sococim Industries has two lines of credit for CFAF 15 billion, and one for CFAF 20 billion, all originally having 12-19 month maturities. As at December 31, 2016, they were drawn down for a total amount of CFAF 23.5 billion. The interest rate that applies to each drawdown is jointly determined with the bank up to a maximum cap determined for the term of the line.

**KAZAKHSTAN**

In 2008, Jambyl Cement took out two loans with International Finance Corporation, a subsidiary of the World Bank group, at a dollar floating rate, for respectively US\$ 50 million redeemable over seven years from 2012 and US\$ 110 million redeemable over 5 years from 2011.

As December 31, 2016, the residual amount was only US\$ 14.3 million in the case of the first line, following repayments.

**SWITZERLAND**

At the end of 2009, Vigier took out a fixed-rate loan of CHF 25 million, redeemable over ten years from 2010. As at December 31, 2016, the residual amount was CHF 11 million.

At the end of 2015, Vigier took out a syndicated loan of CHF 200 million from five banks, maturing in 2020. Interest is payable at the Swiss franc LIBOR rate for the drawdown period.

At December 31, 2016, the line was drawn in the amount of CHF 143.1 million.

**EGYPT**

In March 2015, Sinai Cement Company took out two lines of credit:

- One line of 150 million Egyptian pounds with a five-year term repayable as from June 2016, drawn down for an amount of 113.0 million Egyptian pounds at December 31, 2016.
- A revolving line of credit of 150 million Egyptian pounds maturing in 2020, of which 149.4 million Egyptian pounds were drawn down at December 31, 2016.

**INDIA**

In view of the Indian market context, the financing lines set up for Kalburgi Cement (formerly Vicat Sagar Cement) in 2010 with international financial institutions were all repaid early in July 2015 through an increase in that subsidiary's capital, subscribed by Parficim, the Group's international holding company. This transaction strengthens the financial position and profit-making ability of the subsidiary, at the same time as reducing the Group's financial expenses by substituting a euro or US dollar financing facility for one converted into Indian rupees through a cross-currency swap.

In 2012 Gulbarga took out a redeemable variable-rate loan of € 12 million with Proparco for a 13-year period. At December 31, 2016 the residual amount of the loan is € 10.7 million.

**2.3.3.1.4. Credit risk hedged by the Group**

As at December 31, 2016, the Group had a total of € 359 million in unused confirmed lines.

The Group is exposed generally to a credit risk in the event of the failure of one or more of its counterparties. The risk related to the financing operations themselves, however, is limited by their dispersion and their distribution over several banking or financial institutions, either within the framework of a syndication or a private placement, or by setting up several bilateral lines. This risk, moreover, is reduced by rigorous selection of the counterparties, who are always banks or financial establishments of international standing, selected according to their country of establishment, their rating by specialist agencies, the nature and the due date for the operations carried out.

As at December 31, 2016, in addition to the cross-default clauses provided for in the majority of credit agreements, the USPP, the syndicated loan and certain credit lines benefiting the subsidiaries contained covenants which may impose early repayment in the event of non-compliance with financial ratios. These covenants concern ratios related to the profitability and the financial structure of the Group or the subsidiaries in question. Given the reduced number of Group companies concerned, essentially the Company, and the Group's low level of net indebtedness, the existence of these covenants do not constitute a risk concerning the liquidity of the balance sheet and the Group's financial position (also see note 17 of section 7.1.2. "Notes to the consolidated financial statements 2016" of this Registration Document).



### 2.3.3.2. Gross indebtedness

As at December 31, 2016, gross indebtedness of the Group, excluding put options, was € 1,154 million compared with € 1,273 million at December 31, 2015. It is broken down by type as follows:

<i>(in millions of euros)</i>	2016	2015	Change
Loans from US investors	399	399	0.0%
Loans from lending institutions	711	828	-14.0%
Residual debt on financing leasing agreement	2	2	-0.7%
Other loans and financial debts	7	7	-0.6%
Current bank facilities and bank overdrafts	35	37	-5.2%
<b>GROSS INDEBTEDNESS</b>	<b>1,154</b>	<b>1,273</b>	<b>-9.3%</b>
of which less than 1 year	231	115	
of which more than 1 year	923	1,158	

35% of the gross financial debt consists of the USPP, issued in US dollars and euros at a fixed rate. After converting the dollar-denominated portion of the loan into a synthetic loan in euros, the gross financial indebtedness is denominated almost 76% in euros.

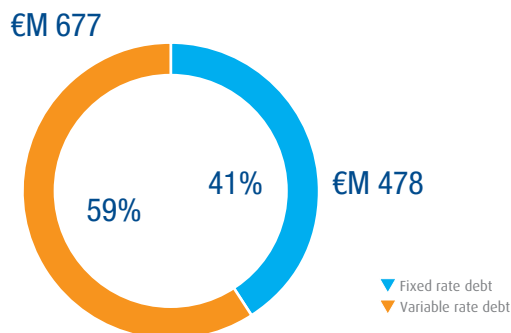
The structure of the Group's gross indebtedness as at December 31, 2016, by type of rate and due date is as follows:

#### RATE

As presented in section 6.4.3. "Interest rate risks" of this Registration Document, the gross variable-rate financial indebtedness represented, at December 31, 2016, € 677 million, 59% of the Group's total gross financial indebtedness. The indebtedness at variable rates is partly covered either by cash surpluses denominated in the same currency or by interest rate derivative instruments.

The interest rate risk related to the variable-rate debt was limited by setting up cap agreements for Vicat SA amounting to € 400 million and maturing in 2018, 2019 and 2020, and for NCC amounting to US\$ 35 million, maturing in 2017 and 2018.

#### FIXED-RATE/VARIABLE-RATE INDEBTEDNESS AS AT DECEMBER 31, 2016 *(in millions of euros)*



#### MATURITY

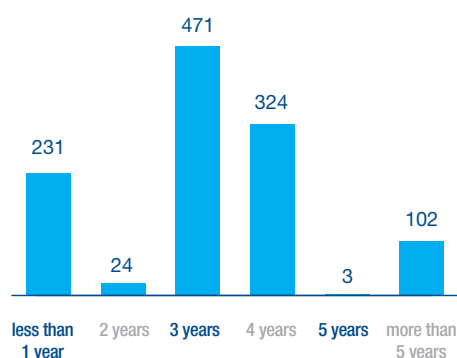
As at December 31, 2016, average maturity was slightly less than three years.

Maturities for gross indebtedness excluding the impact of IAS 39 are as follows:

- debt at less than one year corresponds to the first Vicat SA USPP maturity (€ 135.3 million), the repayments of the Sococim borrowing in Senegal (€ 35.8 million), Jambyl Cement (€ 6.7 million), Sinai Cement Company in Egypt (€ 3.9 million), Gulbarga (€ 1.3 million) and Vigier in Switzerland (€ 1.9 million);
- those in 2018 correspond to repayments of the loans to Sinai Cement Company in Egypt (€ 9.8 million), Jambyl Cement (€ 6.8 million), Gulbarga (€ 1.3 million) and Vigier in Switzerland (€ 1.9 million);
- the due dates in 2019 correspond essentially to the maturities for the Vicat SA Syndicated Loan (€ 465 million) and to the repayments of the loans to Vicat SA (€ 465.0 million), Gulbarga (1.3 million) and Vigier in Switzerland (€ 1.8 million);
- the maturities of the Vicat SA USPP (€ 173.4 million), the Syndicated Loan (€ 133.2 million) and of the line of credit (€ 4.7 million) to Vigier in Switzerland, and the repayment of the Gulbarga loan (€ 1.2 million) represent almost all of the 2020 maturities;
- the € 99.7 million (net of the € 5.3 million impact of IAS 39) due after 2021 break down as follows:
  - for Vicat, the due date for the USPP (2022), amounting to € 90.7 million,
  - for Gulbarga, € 5.7 million, spread between 2021 and 2025.

See "Maturity" in section 6.4.5 of this Registration Document.

**MATURITIES SCHEDULE FOR GROSS INDEBTEDNESS AS AT DECEMBER 31, 2016** *(in millions of euros)*



**2.3.3.4. Net indebtedness (excluding put options)**

The Group's net indebtedness is broken down as follows:

<i>(in millions of euros)</i>	2016	2015	Change
Gross indebtedness	1,154	1,273	-9.3%
Cash and cash equivalents	243	254	-4.6%
<b>NET INDEBTEDNESS</b>	<b>912</b>	<b>1,018</b>	<b>-10.5%</b>

The gearing ratio was 36.91% at the end of 2016, compared with 40.3% at December 31, 2015.

The ratio of net financial indebtedness/EBITDA was 1.99 at the end of 2016 compared with 2.29 at the end of 2015.

Overall, the Group had a total amount of € 602 million corresponding to unused lines of financing (€ 359 million) and cash (€ 243 million) available to finance its growth in addition to cash generated from operations.

After a period of sustained industrial and financial investments, gearing and leverage ratios at December 31, 2016 are improving, giving the Group a solid financial structure and satisfactory flexibility.

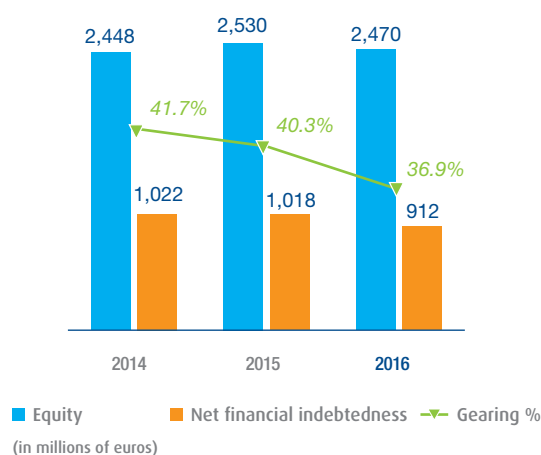
From 1999 to 2003, an active acquisition period for the Group, the gearing ratio was between 50% and 70%. Its average over the last five years, moreover, was 42.5%. 2016 therefore remains within the defined strategic direction. The Group's aim is to reduce its indebtedness and improve these ratios by taking advantage of the generation of free cash flow as a result of the completion of the program of industrial investment in capacity. These ratios could, however, increase again in the future, depending on opportunities for external growth. Thus, if an important acquisition opportunity of major strategic interest for the Group presented itself, the Group could accept a significant increase in this

**2.3.3.3. Cash surplus**

Cash and cash equivalents include cash at bank (€ 90 million as at December 31, 2016) and short-term investments maturing in less than three months and with no risk of a change in the value of the principal (€ 153 million as at December 31, 2016).

Cash is managed country-by-country, under the control of the Group's financial management, with cash pooling systems in France, the United States and Switzerland. Any surplus is either invested locally or re-invested if applicable into the Group. When the cash surplus is intended to be used within a limited period for financing needs in the country concerned, this surplus is invested locally.

ratio, while setting an objective subsequently to reduce it to levels close to those noted over the period previously cited. Given current liquidity and financing costs, quite specific attention will be paid to the use of the Group's cash flow and to the impact on its level of indebtedness.



### 2.3.4. ANALYSIS OF OFF-BALANCE SHEET LIABILITIES

Off-balance sheet liabilities consist primarily of contractual commitments concerning the acquisition of property, plant and equipment and intangible fixed assets. The table below shows commitments made by the Group as at December 31, 2016 and 2015:

<i>(in millions of euros)</i>	<b>2016</b>	<b>2015</b>
Contractual commitments for the acquisition of fixed assets	21.3	20.4
Guarantees and deposits paid	-	-
<b>TOTAL</b>	<b>21.3</b>	<b>20.4</b>

As at December 31, 2016, the off-balance sheet liabilities of the Group were € 21.3 million (€ 20.4 million as at December 31, 2015) and concerned contractual obligations relating to industrial investments.

These liabilities correspond primarily to investments made to improve and equip the industrial installations in Turkey, Switzerland and France.

## 2.4. INVESTMENTS

Cement Manufacturing is a highly capital-intensive industry, requiring significant investments. The construction of a cement factory generally requires capital expenditure from € 200 to 300 million. The Group has always taken care to maintain its industrial production facilities at a high level of performance and reliability. Accordingly, it has continuously invested in new equipment, which enables it to benefit from the latest well-proven technologies and in particular to constantly improve the energy balance of the installations. The choice of leading international suppliers is also in line with the Group's policy of industrial excellence intended to give priority to quality, durability and performance of the equipment.

Since 2006 the Group has doubled its cement production, by increasing the capacity of its cement factories, engaging in external growth and building new factories in Kazakhstan and India.

Given that the majority of capacity increases occurred in emerging markets, the Group's center of gravity has shifted to developing economies, which now account for over 70% of the Group's overall capacity, compared to 44% in 2006.

The following sections present the main investments made in recent years and the major projects in progress or planned for the future. The choice of new equipment acquired under this investment program embodies the Group's objective of continuing to improve the energy efficiency of its installations and increasing substantially the proportion of alternative fuels used. As indicated in section 2.3 "Cash flow and capital expenditure" in this Registration Document, financial requirements related to industrial investments are covered by the Group's own resources.

### 2.4.1. INVESTMENTS MADE

The table below sets out, by business, the principal investments made by the Group over the last three years:

<i>(in millions of euros)</i>	<b>2016</b>	<b>2015 restated</b>	<b>2014 restated</b>
Cement	118	140	170
Concrete and Aggregates	61	31	44
Other Products & Services	20	10	13
<b>TOTAL</b>	<b>199</b>	<b>181</b>	<b>227</b>
<i>Of which financial investments</i>	63	19	74

### 2.4.1.1. Main investments made in 2016

The total amount of industrial investments made in 2016 was € 136 million. These are shown below for each of the Group's main businesses. Financial investments amounted to € 63 million in 2016 and mainly correspond to targeted acquisitions aimed at improving the coverage of the Ready-mix concrete market in France and the additional sums paid into court within the framework of the dispute suffered by Bharathi Cement in India (see section 7.3. "Legal proceedings and arbitration" in this Registration Document).

#### Cement: € 89 million worth of industrial investments

- **France:** the main aim of the investments was to maintain the means of production at the best standards of financial and environmental performance.
- **Turkey:** the expanding of clinker production and cement grinding capacity of the Bastas plant was finalized during 2016.
- **United States:** the investments enabled the reinforcing of the facilities' industrial and environmental performance.
- **Egypt:** the Group built accommodation for its own personnel as well as for the employees of its sub-contractors enabling safety and security conditions to be improved in its Sinai operations.
- **India:** the investments mainly focused on improving the logistics of the plants.

#### Concrete & Aggregates: € 29 million of industrial investments

- **France:** the investments essentially consisted of maximizing the industrial system as well as renewing the mineral reserves.
- **Senegal:** the Group increased the production capacity of its basalt aggregates facilities at the Diack plant.

**Other Products & Services,** the investments made mainly consisted of increasing the capacity and improving the logistics facilities for precast concrete products in Switzerland.

### 2.4.1.2. Main investments made in 2015

The 2015 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35 included in section 7.2 of this Registration Document.

The total amount of industrial investments made in 2015 was € 162 million. These are shown below for each of the Group's main businesses. Financial investments amounted to € 19 million in 2015 and essentially corresponded to the sums paid to the court within the

framework of the dispute suffered by Bharathi Cement in India (see section 7.3. "Legal proceedings and arbitration" in this Registration Document).

#### Cement: € 126 million worth of industrial investments

- **France:** investments in 2015 were made primarily to enhance production facility performance.
- **Turkey:** investments chiefly consisted of expanding clinker production and cement grinding capacities at the Bastas plant.
- **Egypt:** the Group built two coal mills, giving it access to the most competitive energy on the market.

#### Concrete & Aggregates: € 31 million of industrial investments

- **France:** the Group finalized implementation of SAP management software for the Concrete & Aggregates business. Other investments primarily concerned maintenance of production facilities and the expansion of aggregate reserves.
- **Switzerland:** the Group invested mainly in expanding aggregate reserves, in making them more accessible, and in maintaining production facilities.

**For Other Products & Services,** investments related mainly to maintaining and upgrading production facilities and optimizing supply chain flows.

### 2.4.2. MAIN INVESTMENTS IN PROGRESS AND PLANNED

Going forward, the Group intends to take advantage of its strong market positions and the quality of its industrial facilities to gradually maximize its free cash flow generation and reduce its debt levels. Investments will aim to optimize recently installed industrial facilities, maintain and renew other industrial facilities and mineral reserves, and continuously reduce production costs. Targeted acquisitions could make it possible to better hedge the Ready-mix concrete and Aggregates markets if necessary.

In this context, the total amount of industrial investments for 2017 should be between € 150 and 180 million. The main projects are as follows:

- **France:** industrial investments will mainly ensure that industrial facilities remain in compliance with environmental rules and that production costs are optimized in all the businesses;
- **Switzerland:** 2017 will see the finalization of the extension of production capacities for Precast concrete products as well as capacity increases the updating of some Ready-mix concrete and Aggregates facilities;

- Senegal: optimization of electrical installations aiming to reinforce the reliability of the supply and reduce production costs;
- Turkey: the investments will enable the extension of the Konya plant's mineral reserves and improve the reliability of its own electricity supply;
- India: investments in the industrial distribution system aiming to improve the Group's competitive position in growth markets.

## 2.5. OUTLOOK AND OBJECTIVES

The forward-looking information provided below is based on data, assumptions and estimates considered reasonable in the opinion of the Group's management. These data, assumptions and estimates may evolve or change due to uncertainties, mainly related to the strong volatility of the economic, financial and competitive environment as well as to possible changes in regulatory measures in each country in which the Group operates.

In addition, the occurrence of certain risks, as described in Chapter 6 "Risk factors" of this Registration Document, could have a material impact on the Group's business, financial position, and results.

The Group does not undertake any commitments nor can it provide any assurances that the forward-looking information included here will prove to be accurate.

### 2.5.1. THE GROUP'S BUSINESS PROSPECTS IN ITS MARKETS

For 2017, the Group provides the following guidance concerning its markets:

- **In France**, the Group is expecting the gradual improvement in the macroeconomic and industry situation to continue. It should be noted that first-half performance is likely to be affected by a high base for comparison resulting from weather conditions. As a result, volumes are likely to rise very slightly over the full year, while the pricing environment should also improve a little.
- **In Switzerland**, sales should benefit from a more favorable base for comparison and an upturn in infrastructure work. Volumes are likely to remain stable and the price environment should be better than in 2016.
- **In Italy**, volumes are likely to stabilize during the year at a historically low level of consumption amid a persistently challenging macroeconomic situation. Meanwhile, in light of the recent consolidation in this market and the Group's selective sales and marketing policy, the trend in selling prices could be slightly more favorable.
- **In the United States**, volumes are expected to rise further, in line with the rate of sector recovery in the country. Selling prices should also increase in the two regions in which the Group operates.

- **In Turkey**, market trends are broadly expected to remain firm although there is little visibility on the geopolitical situation. The Group should capitalize on its strong positions in the Anatolian plateau and its efficient production facilities. Selling prices are expected to remain volatile amid fiercer competition.
- **In India**, the Group remains very confident about its ability to capitalize fully on the quality of its production facilities, staff and positions in a market that should benefit this year from the continuing upturn in the macroeconomic environment and, more specifically, from infrastructure investments. In a context that should remain favorable for growth in cement consumption, prices – although likely to remain very volatile – should broadly be firm over the full year.
- **In Kazakhstan**, the Group will be able to leverage the quality of its manufacturing base and teams against a background that is expected to improve.
- **In West Africa**, the market is likely to remain buoyant in 2017, which should drive an increase in volumes. Prices are expected to remain volatile given the competitive environment.
- **In Egypt**, following the very sharp currency devaluation in November 2016, the Group expects its financial performance to deteriorate significantly, although the industry situation is likely to be positive in terms of both volumes and prices.

### 2.5.2. GROUP OBJECTIVES

In 2017, the Group expects further improvements in its performance, capitalizing on ongoing growth in the United States, France and India, and a return to growth in Europe (excluding France) and Kazakhstan. These factors should offset the expected increase in energy costs and lower profitability in Egypt taking into account the sharp devaluation of the Egyptian pound in late 2016.

Against this background, the Group will continue in 2017 to pursue its policy of optimizing cash flows and reducing its level of debt.







Conveyor at the Ragland cement factory in Alabama (United States)

# CORPORATE SOCIAL RESPONSIBILITY

# 3

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The report discussed in this chapter presents the results produced by the Vicat Group's corporate, social and environmental responsibility policy on the basis of relevant indicators in respect of its activities and its environment.

In 2016, within the context of its global strategy, the Group refined its CSR priorities such as climate change and the preservation of biodiversity by further involving its stakeholders: this dialogue is viewed as participating in order to better understand the transformation of the society and therefore those of its markets.

The definition of priorities gave rise to the development of road maps, action plans implemented in 2016 and to be deployed in 2017. They concern limiting environmental impact, preservation of natural resources

towards a circular and low carbon economy, support of construction solutions and sustainable transportation, preservation of the health of the workforce and the Group's contribution to development of local economies in the countries where it is located.

The detailed information responds to the Group's transparency obligation in accordance with the requirements of Article R. 225-105-1 of the French Commercial Code. They were verified by Grant Thornton, an independent third party, who issued an attestation of disclosure and an opinion on the fair presentation of the information.

## 3.1. ENVIRONMENTAL RESPONSIBILITY TO SUPPORT "SUSTAINABLE CONSTRUCTION"

The Group's CSR approach establishes an overall program of coherence in which the various components are interdependent. Naturally, for the Vicat Group to exercise its corporate responsibility it must assume its economic continuity as its products respond to the challenges of sustainable construction. Sustainable construction is first of all one that is based on a circular economy reducing its drain on natural resources and engaged in the development of material lines resulting from recycling. Sustainable construction is also construction that respects biodiversity. Sustainable construction is a low-carbon construction oriented toward the development of renewable energies, substitution and prescribing construction solutions and sustainable transportation. Thus the Vicat Group's approach to responsibility continues to be integrated in all of its processes and benefits from a true recognition whether in the context of certification or whether in the share of its stakeholders.

### 3.1.1. AN APPROACH THAT IS INTEGRATED, CERTIFIED AND RECOGNIZED BY ITS STAKEHOLDERS

#### 3.1.1.1. A responsible operational organization and a management system that supports sustainable construction.

The Vicat Group, within the scope of its business activities, is a responsible industrial group that regularly audits its management systems set up to ensure the involvement of all employees and continued improvement in its industrial and environmental performance for which the link between them has always been maintained.

Thus, consideration of the impact of the Group's activities starts with concerted regulatory and scientific attention at all levels of operating management and of administrative and financial staff and their Department heads. The Group is most often notified of the rules applicable to its activity through authorizations, operating permits and/or local licenses with which it ensures strict compliance.

Both human resources and equipment devoted to the prevention of environmental risks and pollution enable emissions to be controlled beyond the limits prescribed by the various legislations. In 2016, total investments amounted € 17.3 million (as compared with total investments of € 18.6 million in 2015). Provisions and guarantees in respect of environmental risks are shown in the Group's consolidated financial statements (note 15). At December 31, 2016, they represented € 48 million (compared with € 47 million in 2015).

Beyond that and in the context of a policy of industrial excellence, the Group always measures, evaluates and reports significant impacts on the basis of relevant indicators comparable with international standards. All indicators on environmental emissions data is available at all times on-site, as it is an integral parameter for the production program and management of the installation. This information is summarized in a table at the end of this chapter.

The achievement of the goals fixed for each indicator is regularly discussed during monthly or annual reporting, but also by management. These indicators are verified through internal and external audit. They serve to establish or bring action plans in line with requirements by defining medium and long-term goals to limit the impact related to its activities and its products and eventually strengthen the Group's resilience and adaptation to climate change.

It is based on this common foundation that action plans promoting the ecologic and energy transitions were established and implemented taking into consideration the specific impact of each of its activities in the countries concerned.

To help the production sites deploy these management systems, the Vicat Group has hired recognized experts in the field of health, safety and the environment for each branch of its activity.

The quality of its organization and management systems allows the Group to adhere to best practice guidelines and to benefit from certifications for certain production units in the fields of safety, quality, and the environment. Béton France is preparing for adherence to the SNBPE and UNICEM CSR standard for the Ready-mix concrete. In 2017, the Company will be reviewed by the French Ministry of Industry.

On September 20, 2016, Vicat committed to obtaining the ISO 50001 energy certification for three of its cement factories in France. The Cement business in France (Cement/grinding plant/underground quarry in La Pérelle) joined, as a user company, the regional branches of MASE (*Manuel d'amélioration sécurité, santé, environnement des entreprises* or Manual for improving the health, safety and environment of companies). These sites are involved with the implementation of a health, safety and environment management system in accordance with the MASE standard.

### Activities to be certified in 2016

Type of certification	Health Safety	Quality	Environmental
<b>Scope of certification:</b>	OSHAS 18001	ISO 9001	ISO 14001
<b>France</b>	Cement factory in Peille Concrete and Aggregates For the APS: VPI	Cement factory in Peille, Créchy (2/5) Concrete and Aggregates For the APS: VPI, SIGMA BETON and SATM	Cement factory in Peille Aggregates For the APS: VPI
<b>Senegal</b>	Cement factory		Cement factory
<b>Turkey</b>			1 out of 2 cement factories
<b>India</b>			Both cement factories

Overall in 2016, 31.3 % of the Group's cement plants held ISO 14001 certification.

#### 3.1.1.2. Ongoing dialogue with its stakeholders

The Group's CSR performance is linked to its ability to associate its stakeholders throughout its value chain. Its approach is not the preserve of experts or of Group management, but an issue that is truly shared both internally and externally. Stakeholders include all parties interested in the business and decisions of the Vicat Group.

For several years, the Group has developed a regular and constructive dialogue with its stakeholders at the local and national level in each of the countries in which it operates. It favors qualitative open dialogue in order to develop, co-create projects or innovating partnerships.

The Group relies on all organisational measures in order to have a dialogue with the local communities of its production units such as organized public meetings throughout operations and site monitoring committees. When not required by law, this type of committee is put into place through voluntary action, as in India where the Group's subsidiaries established an “official complaint resolution system” that brings together employees and members of the village twice a month to discuss and resolve any problems that may have arisen. All matters submitted to this procedure are entered in a register duly signed by all parties in attendance at the meeting.



This dialogue takes different forms, for example:

Stakeholders	Primary means of dialogue
Employees	Le trait d'union, intranet Hotline
Corporate partners	Regular discussions with employee representative groups Business agreements
Shareholders, investors and rating agencies	Institutional sites Annual report, Registration Document General Meeting
Customers	Information and product internet sites (ByBéton) Social networks Consumer inquiries
Students and recent graduates	Internet sites Partnership with schools Participation in forums
Suppliers	Trade shows, CSR reports
Public powers and local communities	Thematic partnerships, participation in round tables and trade shows
NGOs (non-governmental organizations) and associations	Regular dialogue, competitions, pedagogic actions and partnerships, organization of cultural events and temporary exhibits

In 2016, the themes addressed were: preservation of resources, utilization of materials resulting from recycling and biodiversity, carbon effect of its activities, innovation relating to sustainable construction, safety of all, and respect for human rights. The majority of actions and partnerships engaged in during 2015 were pursued in 2016.

Other specific actions took place throughout the year, for example:

- in France: events organized in connection with the Ecophilopôle project, organization of the 20<sup>th</sup> instalment of Springtime in Pérouges with the on-site concert "The Best of Opera", the hosting of world leaders in ecology at the regional reserve of the Creys-Mépieu marshes (in Isère, France) in the presence of the director of the nature association Lo Parvi;
- in Senegal, participation by the Group in and the foundation of a colloquium on the topic of Corporate Social Responsibility through human rights, organized with the support of the Senegalese government, the *Conseil des investisseurs français en Afrique* (CIAN - Council of French Investors in Africa), the International Organization for Francophony and the regional Higher School for the Judiciary;
- in India, organization of a children's drawing contest in conjunction with the World Day for Work Safety and Health;
- in Kazakhstan, site employees of the planted 20 trees near Medeu, a Kazakh winter sports resort, in conjunction with International Earth Day. This initiative was part of the "Plant trees for future generations" program launched by the NGO Protect Nature.

### 3.1.2. ENVIRONMENTAL RESPONSIBILITY RELATING TO OUR ACTIVITIES AND PRODUCTS

Benefitting from its industrial experience, the Vicat Group has good environmental control over its processes (extraction, firing of cement, production of ready-mixed concrete), it exercises its responsibility through each of its major steps, from procurement to placing its product on the market through manufacture, recovery and transportation. The Vicat Group is a committed actor in addressing the challenges of preserving natural resources and the fight against global warming. 2016 was marked by the development, within the context of the circular economy, of material recovery, the dynamic of actions in favor of preserving biodiversity and the mobilization of its management and in particular of its research and development management to define a low carbon plan.

#### 3.1.2.1. A key player in the ecological transition and the transition towards a circular economy

##### 3.1.2.1.1. A sustainable and responsible management of natural resources

The management of natural resources entering into the Group's processing presents a challenge in terms of sustainability, a condition *sine qua non* for building a future for the Group and in particular for its extraction activities, which play a determinant role in the industrial value chain with a view to a sustainable society. To reduce its impact on the environment, it is essential that the Group acknowledges the increasing scarcity of raw materials and takes into account the consequences related to climate change.

**NATURAL RAW MATERIALS AND MATERIAL RECOVERY**

The main raw materials used by the Vicat Group in its businesses are naturally occurring and extracted from its immediate environment. This is equally true for mineral raw materials as for the production of clinker or aggregates.

The Vicat Group precisely accounts for its consumption and works to reduce it by promoting the use of alternative raw materials for both the production of clinker (calcium aluminum or iron oxides, recovery of polluted land) and of cements (sulfo or phosphogypsums, recycling of quarry mineral waste) and even the production of aggregates (use of aggregates derived from the return of fresh concrete or deconstruction).

Consumption in 2016 was the following:

- Raw materials consumed in clinker production amounted to 28.4 million tons (compared with 25.9 million tons in 2015), including close to 2.7% in alternative materials (compared with 2 % in 2015);
- For cement production, 3.9 million tons of additives were consumed. The substitution rate strongly increased to 53.4 % of additives, which represents just over 10 % of the cement product.

In all, alternative materials included in the cement production represented nearly 14 % of cement produced (in 2015, this share was close to 8% of the cement product).

For the production of aggregates, 19.6 million tons of raw materials were extracted, as compared with 18.1 million tons in 2015. Recycling has increased. This year it surpassed 4 % of production in France and reached 6 % of production in Switzerland.

**WASTE AND MATERIAL CYCLE**

The Vicat Group's activities produce little waste. Any waste they produce is mostly recycled within the plant in the manufacture of its products. Remaining waste is treated appropriately in dedicated pathways, in accordance with regulations. Because it understands the major

challenge that waste treatment represents worldwide, the Group has long been committed to a policy of waste recovery, especially in its cement factories.

In France, in 2016, the Group worked on developing the complementarity between its Cement, Concrete and Aggregates lines first regarding the issue of waste and then to a larger degree, within the circular economy logic. The Vicat Eco-Valorisation brand introduced in 2016 at the Pollutec International Show represents the fruit of this labour. It responds to this problem by making the waste of one line a resource for the others (by being a player in deconstruction and reconstruction) and opting for short circuits.

**WATER**

The Group economically manages the water entering into its processes, by promoting recycling and by ensuring discharge of the least amount of water and the quality of the water discharged into the natural environment.

- **In the Cement business line**, water is used to cool gases before they are treated through filtration. A large part of the water required is used for cooling the bearings in rotary equipment (bearings in the kiln or grinding mills). The use of closed loops enables the recycling of more than 65% of total water used.
- **In the Concrete business line**, water consumption per cubic meter of concrete produced totals 183 liters per m<sup>3</sup>, perfectly in line with international best practice and well below the 350 liters set by French regulations as the maximum limit.
- **In the aggregates business line**, recycling systems enable over 82 % of the total water requirement for cleaning to be recovered. The specific consumption per ton of aggregate produced is thus limited to approximately 200 liters of water in countries where water is in abundant supply. In view of water restrictions in certain countries, this ratio falls to 135 l/ton for the Group as a whole.

**Water use in 2016 (in cubic meters and percentage)**

	Cement	Aggregates	Concrete	Other Products and Services
<b>Total water requirement</b> (in thousands of m <sup>3</sup> )	<b>24,990</b>	<b>15,108</b>	<b>1,936</b>	<b>1,940</b>
Recycled (in thousands of m <sup>3</sup> )	16,797	12,455	463	280
Percentage recycled (in %)	67	82	24	14
<b>Net intake</b> (in thousands of m <sup>3</sup> )	<b>8,192</b>	<b>2,653</b>	<b>1,472</b>	<b>1,660</b>
Rainwater (in %)	1.7	4.4	0.5	3.0
Public network (in %)	7.7	21.5	58.1	2.7
Aquifers (in %)	65.7	35.6	5.1	94.2
Lakes and rivers (in %)	12.1	37.3	19.0	0.0
Other (in %)	12.7	0.2	17.3	0.0
<b>Environmental discharges</b> (in thousands of m <sup>3</sup> )	<b>4,596</b>	<b>9</b>	<b>3</b>	<b>1,510</b>
<b>Effective consumption</b> (in thousands of m <sup>3</sup> )	<b>3,596</b>	<b>2,644</b>	<b>1,469</b>	<b>150</b>

The change in total water use is explained by the change in the performance levels specific to each activity.

### 3.1.2.1.2. Land footprint preserving biodiversity and ecosystems

In view of the deterioration of world biodiversity in the latest Living Planet report, preserving natural capital is a priority for the Vicat Group which has combined for several years as much as possible the management of natural spaces (whether protected or not) with those spaces reserved for industrial use. For the Group, it is a matter of guaranteeing the continuation of its activities in the countries where it operates.

Biodiversity (initially linked to the idea of heritage and the surroundings) is at the heart of the Group's daily activities, whether it be in the industrial heritage, when it operates its quarries and restores them or when it undertakes innovative conservation actions.

#### MAXIMIZING THE VALUE OF THE GROUP'S INDUSTRIAL LAND AND SUSTAINABLY MANAGING ITS FORESTS

Conscious of its responsibilities as a landholder, the Vicat Group continues to survey all land in use by its business activities (industrial sites, offices, quarries, forests, agricultural land), whether leased or owned.

The Group takes care that the sites of its cement plants, quarries and concrete batching plants are kept clean and well integrated into their surroundings. The majority of the cement plants are surrounded by well-kept wooded parks. Zones that are open for mining and haulage roads through quarries are defined according to the needs for raw materials, leaving the Group's land reserves in their natural state. Impermeable surfaces at concrete batching plants are limited to processing zones. At its site, the Group constantly monitors air quality levels in the vicinity of its plants, alongside measures taken to reduce emissions. Thus, in 2016, during the peak pollution events in France, the Group took all possible measures to enable it to limit its atmospheric emissions to

the maximum extent possible. In India, frequent measurements show concentrations around the plants to be eight to ten times lower than local standards require.

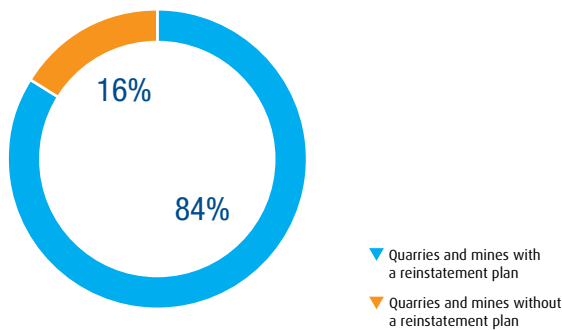
Sustainably managing its forests is an axis of progress in which the Group is closely interested in its important position as a property holder in France. This approach fits perfectly within Sustainable Development Goal No. 15 (SDG 15). On the basis of forest inventories performed by independent experts and based on the data of Corine Land and Cover 2006, confronted with its internal data, the Group implemented an active plan favoring and maintaining its forest lands, to have sustainable management of this land, if possible, and within the context of its circular economy approach to produce wood-energy for the needs of its activities and recall its territorial anchorage in the local countryside by supporting the wood sector (forest experts and harvesters).

In 2016, the forest area held by Vicat SA was estimated to be 1,778 hectares and covered up to 40.3 % by simple management plans.

#### CONTROL THE OPERATION OF ITS QUARRIES AND RESTORE THEM

The Group's commitment to the protection and preservation of biodiversity is part of the operational history of its quarries. While their operation has an impact on natural habitats, they also contribute to the creation of new habitats conducive to numerous species. It is for this reason that the Vicat Group has organized its extraction activities by including in its studies of quarries a preliminary analysis phase of the environmental habitat in order to define, at the outset, the best technical operation methods and conditions for restoring them in optimal condition in order to contribute throughout their life to the creation of habitats and installation of species of flora and fauna. These restoration measures appear in a reinstatement plan that is often attached to operation requests.

### PERCENTAGE OF VICAT GROUP QUARRIES THAT HAVE A REINSTATEMENT PLAN IN 2016 (IN %)



The type of reinstatement chosen is the result of consensus with all stakeholders. Some quarry reinstatements are intended to restore the land for new agricultural use. In this regard, the Vicat Group deploys an innovative method of operation. Thanks to the agro-ecology developed in partnership with Isara-Lyon and ongoing collaboration with farmers, the Group has been able to restore quality agricultural land.

#### LEAD ACTIONS IN FAVOR OF BIODIVERSITY

The Group's expertise is widely recognized both within the industry and by the governmental authorities. In this regard, it participates, in particular, in the "Natural Capital Accounting" workshop of the "Business and Biodiversity" plan that emerged from the 2011-2020 European Plan for Biodiversity. It pursued, in France, for the second year, actions defined by its voluntary commitment plan which was recognized in 2015 by the Minister of the Environment, Energy, and the Sea, Ségolène Royal, in charge of international relation on the climate. This commitment falls within the context of the national strategy for biodiversity which responds to the commitments made by France as a signatory to the Convention on Biological Diversity and setting the goal "to preserve and restore, strengthen and promote biodiversity while ensuring sustainable and equitable success for the use by all and all business sectors".

In France, all of the Group's sites have environmental reports or a protection program for the flora and fauna. And one third of the Aggregate quarries are certified under the "Environment of Quarry Industries" Charter. Management of the regional reserve of the Creys-Mépieu marshes (in Isère, France) is another example of the Group's commitment in favor of biodiversity, and it is a dynamic lever for both stakeholders and customers. Through its support of artistic and cultural events such as a wildlife film festival or photography contest, the Group has been able to develop interest in biodiversity among stakeholders.

The launch, in 2016, of the *Odyssée* project dedicated to the protection of pollinators and wild bees brought new life to the Group's action in this domain. Pollination provided by wild bees is an indispensable ecosystem service to the environment and the agricultural producers. The decline

of wild bees is widely observed. The actions required consist primarily of providing pollen sources, i.e. flowery meadows (with seeds labelled "local plant"), to conduct census and monitoring of the pollinators on the operating sites and to educate the public during open door days.

#### MEASURES FOR ADAPTING TO EFFECTS OF CLIMATE DISRUPTION

The Vicat Group takes the effects of climate change into consideration, in particular the lengthening of dry seasons in its operating countries, through concrete actions such as:

- preparation of paths around the Lebec factory in California so that they remain humid through an innovative solution;
- supporting the Sococim Foundation for the research and reforestation program in the Sahel in Senegal developed by the summer school organized by the International Joint Unit "Environment, Health, Societies" in cooperation with the National Agency of the Great Green Wall;
- developing a range of previous concrete products combining mechanical resistance and hydraulic performance to temporarily retain rainwater and return it gradually into the natural environment. This concrete is generally used in urban development.

### 3.1.2.2. A key player in the energy transition towards a low carbon economy

#### 3.1.2.2.1. Ensuring low-carbon behaviour in its activities and measuring it in order to act against climate change

##### MEASURING THE QUALITY OF DISCHARGES FROM ITS SITES

In its main industrial activity, the production of clinker and cement, the Vicat Group always places a great deal of importance on its filtration systems for chimney emissions likely to impact air quality.

The Vicat Group thus ensures specific levels of dust emissions from its cement factory kilns that are among the lowest in the industry.

In order to measure its performance in this area, the Vicat Group has opted to compare itself against the relevant criteria developed by the CSI (Cement Sustainability Initiative), the industry association of the World Business Council for Sustainable Development (WBCSD) and used across the industry as international benchmarks, which are:

- CO<sub>2</sub> emissions for the monitoring of greenhouse gases having a potential impact on climate change;
- dust emissions, which are one of the main indicators of good kiln operation and one of the main historic impacts of cement factories;
- NO<sub>x</sub> (nitrogen oxide) and SO<sub>x</sub> (sulfur oxide) emissions as discharges having an impact on atmospheric acidification.

In the case of dust, NO<sub>x</sub> and SO<sub>x</sub> discharges, the situation in 2016 was as follows:

	Number of kilns assessed*	Emissions (tons)	Emissions (grams/tons of clinker)		
			In 2016	In 2015	In 2014
Dust	21	1,756	100	89	89
So <sub>x</sub>	21	3,545	203	178	228
No <sub>x</sub>	21	19,082	1,092	1,029	1,231

\* The Vicat Group has a total of 21 kilns.

### Dust

The impact assessment includes chimneys and not merely firing lines so as to take into account emissions from cooler chimneys and, where applicable, those on bypass filters. Thus, the rotary kiln system is considered as a whole.

Furthermore, working conditions in Egypt allowed for measurement again this year, but they did not allow for full maintenance work. Less than optimal operating conditions at the Group's Egyptian plant continue to weigh heavily upon its average performance. Filter maintenance operations will be performed as soon as the security situation in this region allows.

### SO<sub>x</sub>

In the case of SO<sub>x</sub>, the main emissions come from pyritic sulfurs in the raw material. In France, so as to move towards emissions levels reflecting the best techniques available (BAT-AELs), adsorbent injection systems have been installed at the cement plants of La Pérelle and Xeuilley, and trials are underway at Montalieu-Vercieu. The level of possible reduction, however, remains limited and a variance request, submitted for public comment, is under consideration for the cement factory in Peille. Tests were done in Montalieu-Vercieu and given the results, a variance request is under consideration since the emissions from that rotary kiln are essentially linked to the quality of the raw material.

### NO<sub>x</sub>

No<sub>x</sub> emissions increased slightly as a result of the impact related to the consumption of coal in Egypt but there was an increase in the power of several less emitting rotary kilns in India and in Egypt. These new lines were built using ILC (In Line Calciner) technology, in which the combustion fuels are injected into the tower as soon as possible after entry into the kiln, to benefit from reducing conditions.

### MEASURING ITS CO<sub>2</sub> IMPACT

Sectoral studies performed by the cement industry show that only CO<sub>2</sub> is to be taken into consideration when monitoring the effect of greenhouse gas. The proportion of emissions of other gases (methane, nitrogen protoxyde, fluorinated gases, etc.) is marginal.

CO<sub>2</sub> emissions from the French factories are subject to quotas under the European ETS (Exchange Trade System) program. Consequently, they are monitored precisely under surveillance programs and have been checked annually since 2005 by an approved independent body. Monitoring plans for the period from 2013 to 2020 were reviewed in 2013 to meet the requirements of Commission Regulation (EU) No. 601/2012 and were approved by the competent authority. Since 2013, these emissions have been the focus of an audit by the independent body rather than a simple verification.

The distribution of quotas for the 2013-2020 period validated by the EU at the end of 2013 is being revised for the years 2018-2020. They apply to the Group's five artificial cement factories, to the rotary kilns for natural quick-setting cement, and the paper mill.

As a result of these verifications in France, the Vicat Group has been able to obtain a certificate of reasonable assurance expressing an unqualified opinion every year since 2005.

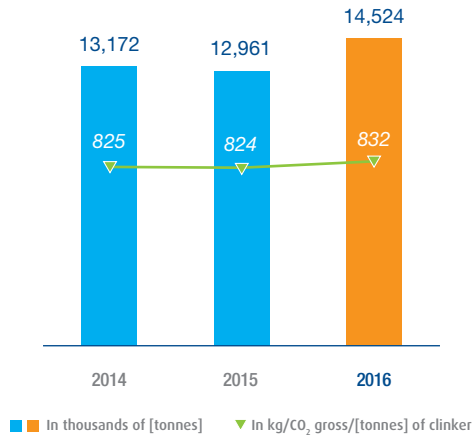
In France, although it is not directly a member of the CSI, the Group provides emissions data relating to its cement operations each year for the worldwide database on the cement industry's CO<sub>2</sub> emissions and energy performance launched at the initiative of the United Nations and as part of the "Getting the Numbers Right" (GNR) program. This data is provided via the local industry association. The Group's Swiss subsidiary (Vigier) does the same and reports its emissions in this context, to the professional trade association Cemsuisse. A new CO<sub>2</sub> monitoring system based on EU regulations came into force on January 1, 2013.

Lastly, surveillance and reporting systems in accordance with the United Nations GHG Protocol have been put in place in the United States. With effect from January 1, 2013, the Lebec cement factory in California has been subject to California Air Resources Board (CARB) regulation AB 32 on greenhouse gas emissions.

For the Vicat Group, direct CO<sub>2</sub> emissions (from the burning of fossil fuels and the decarbonation of raw materials) from its cement factories are the main indicator of performance in terms of gross CO<sub>2</sub> emissions.

This is clear from the greenhouse gas report of Vicat SA for its activities, in accordance with its regulator obligations.

### GROSS CO<sub>2</sub> EMISSIONS OF THE VICAT GROUP'S CEMENT FACTORIES



In 2016, specific CO<sub>2</sub> emissions increased by around 0.9 % and amounted to 832 kg of CO<sub>2</sub> per ton of clinker. This degradation can be explained first, by an increase in the tons produced and second, by the use of coal due to less availability of other fuels and particularly in Egypt where the Group had to assure the energy independence of its cement factory.

The Group's total direct and indirect emissions (relating to the production and consumption of electricity) amount to around 15.7 million tons of CO<sub>2</sub> to which are added 535 thousand tons of CO<sub>2</sub> relating to the use of biomass (compared with a bit less than 14 million tons of CO<sub>2</sub> in 2015 to which are added 458 thousand tons of CO<sub>2</sub> relating to the use of biomass).

#### Direct and indirect CO<sub>2</sub> in emissions in 2016

(in thousands of tons)	CO <sub>2</sub> total direct and indirect
Cement	15,647
Concrete and Aggregates	53.8
Other Products and services	6.5
<b>TOTAL</b>	<b>15,707</b>

#### 3.1.2.2.2. Improving energy efficiency and energy saving of its processes

Minimization of energy consumption is an integral part of the Group's general policy. This is achieved through on-going work on production facilities from their design to their operation.

The cement-manufacturing process is very energy intensive, in terms of both electricity and thermal energy. Electricity is used for transporting the materials inside the factories for the crushing and grinding operations, while thermal energy is consumed mainly when firing the clinker. Electricity is used for transporting the materials inside the factories for the crushing and grinding operations, while thermal energy is consumed mainly when firing the clinker. The Group allocates a significant share of its industrial investments to improvement of its energy productivity: by using the best technology for its industrial firing systems, the Group has improved the thermal balance of its cement factory kilns and has thus reduced its CO<sub>2</sub> emissions.

All these actions come together today to make the Vicat Group one of the best performing cement manufacturers, based on the data available for past years, in terms of specific thermal energy and electricity consumption, and thus also in terms of direct and indirect specific CO<sub>2</sub> emissions in the production of clinker.

Over the year 2016, the thermal balance reached 3.546 GJ/ton, which represents a very slight increase of 0.3 % with respect to 2015 (during which the thermal balance was 3.534 GJ/ton).

With respect to electric energy, the consumption of which is linked to the grinding of raw materials or clinker needs, the technical ratio is 103.4 kWh/ton of Cement product (total of amount of clinker produced and of cement additives). This ratio remained stable with respect to the previous year and placed the Vicat Group in the middle of the international benchmark range.

Electricity consumption at the production sites consolidated in this report (cement factories, quarries, concrete batching plants, paper mills and precast concrete plants) was 2,332 GWh or 8,395 TJ.



**Electricity consumption by the Group's production sites in 2016 (in GWh)**

	2016	2015	2014
Cement	2,216	2,029	2,030
Aggregates	47.9	44.7	45.1
Concrete	23.3	25.3	26.4
Other Products and Services	44.7	46.0	44.9
<b>TOTAL</b>	<b>2,332</b>	<b>2,146</b>	<b>2,147</b>

The Group implemented a reduction system in all of its French cement factories and in its grinding plant. The 265 MWh reduction on the French electrical grid in 2016 resulted in savings of 250 tons of CO<sub>2</sub>, compared with the 115 MWh reduction on the French electrical grid that resulted in a savings of 105 tons of CO<sub>2</sub> in May 2015, or the equivalent of driving 2,085,000 kilometers by car for the year 2016.

The Vicat Group's transportation subsidiary remained informed of the "Target CO<sub>2</sub>, Carriers Commit" and adopted the most relevant measures to decrease its carbon footprint per ton transported. The subsidiary made all useful enhancements to its truck fleet and trained its drivers in eco-driving.

In France, the year 2016 was also marked by the following events:

- placement into service of a new rail spur and a bulk loading station (Cement factory in Créchy) in the scope of the sustainable development policy led by the Group;
- pursuit of the creation of an inter-modal platform linked to the water at the Port Edouard Herriot (Lyon region in France) within the context of developing its essential territorial network for promoting its new global service offering from deconstruction to construction while passing through recovery of materials.

### 3.1.2.2.3. Increasing the rate of replacing fossil fuels with alternative fuels and investing in renewable energies

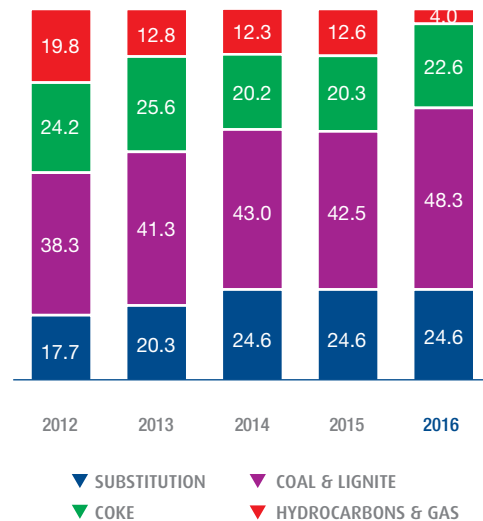
#### RATE OF SUBSTITUTION

For many years, the Vicat Group has pursued an ambitious policy of using alternative fuels in place of conventional fossil fuels. Such alternative fuels are, for example, recovered solid fuel, tires, oils, solvents or other industrial liquid waste which must be treated. The Group also continues to expand its use of crushed waste from biomass sources.

Replacing conventional fuels also helps reduce the Group's intake of natural resources, which has an important leverage effect in reducing CO<sub>2</sub> emissions.

The utilization of alternative fuels in 2016 represented a fairly stable percentage at 24.6 % of total fuel consumption. The share of biomass value was up by 6.7 %, but specifically (per ton of clinker), it fell slightly and was 8.3 % compared to 8.7 % in 2015. This situation does not reflect the trend towards significant improvement in the biomass share in fuels that one observes in some countries. In France, for example, the rate of substitution for the production of artificial cement was practically 50 % in 2016, almost half of which was done with fuel from biomass. Switzerland hit a record for the Group and achieved a substitution rate of 90 %, of which 30 % of the alternative fuels were from biomass.

#### CHANGE IN FUEL SOURCES USED (CEMENT BUSINESS LINE AS %)



**RENEWABLE ENERGIES**

Fossil fuels represent the first human factor of climate change; it is preferable to leave them where they are - in the ground. Moreover to reduce climate risks, the pursuit of development and massive and rapid adoption of inventions in the field of renewable energy should improve human health, strengthen the economy and create employment. The countries in which the Group is present have already started transforming their traditional systems for supplying energy. Through the continuance of the project undertaken in Senegal to operate a photovoltaic power plant to respond to its own electric energy needs for the cement factory in Rufisque, the Group decided to equip its grinding plant in Fos-Sur-Mer with photovoltaic panels.

### 3.1.2.3. Prescriber for sustainable construction and transportation solutions

#### 3.1.2.3.1. Organizing to respond to the emerging needs of large cities and offer them new services in its traditional fields of action

**PRODUCER OF STANDARD PRODUCTS**

The vast majority of the products produced and sold by the Group comply with local minimum standards. The products of all the Group's businesses are checked under internal and external procedures.

**RESTORER OF BUILT HERITAGE AND FACILITATOR OF ARCHITECTURAL CREATIVITY**

The Vicat Group pays particular attention to issues of built heritage. For the past six years, the Group has lent its support to the Geste d'Or association to support the different players invested in the renovation of heritage and for the past two years, the Group has belonged to the *Cercles des Partenaires du patrimoine* (Partner Circle for Heritage). Awarding of the 2016 prize took place during the International Cultural Heritage Show last November at the Carrousel du Louvre in Paris. The theme centered on notable heritage work sites (including the restoration of the Palais Baréty in Nice). Four of the projects, undertaken with Vicat Prompt-Up Cement, were awarded.

**PROVIDER OF CARBON-FRIENDLY CONSTRUCTION SOLUTIONS FOR THE CONSTRUCTION OF NEW BUILDINGS AND RENOVATION OF OLDER HOUSING**

On a global scale, the final energy consumption of buildings has increased about 1 % per year since 2005 and 3 % per year for electricity. In addition, the building sector as a whole is believed to be responsible for about 40 % of the use of the world's resources. This is why the Vicat Group is a member of a number of working groups involved in these issues in France. Its contribution consists in developing eco-designed construction materials or systems with increasingly high performance that improve the energy efficiency of buildings or infrastructures.

The Louis Vicat Technical Center at L'Isle d'Abeau (Isère) is home to the Group's main research facilities. The center collaborates with a number of other research centers in the public and private sectors (including the French atomic energy commission (CEA), the French solar energy institute (INES), the Grenoble Institute of Technology, research laboratories in schools of architecture and universities, and Group customers in the building and public works sector). It regularly files patents in order to develop Group products by adapting them to the energy efficiency requirements of the construction sector.

The Vicat Group was a founding member in 2007 of Pôle Innovations Constructives (PIC), a French construction industry excellence cluster, which it has chaired for six years. This cluster, located in the Isère department of France, brings together a network of key participants in the construction sector (industrial and institutional players, architects, SMEs/micro-enterprises, craftsmen, Les Grands Ateliers de l'Isle d'Abeau (an association of architects, engineers and artists), architecture schools, Ecole Nationale des Travaux Publics de l'Etat (the French national school of public works), CFA BTP (a training center for apprentices in the building and public works sector), etc.). Its aim is to accelerate the spread of innovations in the construction industry in order to meet, in particular, the challenges of energy transition.

The Vicat Group is closely involved in the operations of the energy efficiency working group ASTUS-construction, which is chaired by a Group employee. Astus-construction is one of the French Sustainable Building Plan's building-energy platforms.

The Vicat Group is an active member of Indura, an excellence cluster in the Rhône-Alpes region, which aims to develop energy-efficient solutions in the infrastructure field.

The Vicat Group contributed to the COMEPOS project coordinated by the CEA (French Atomic Energy Commission). The project consists of developing, by 2020, the concept of an all purpose energy-positive individual home with real control of extra costs, within the framework of the change in thermal regulation. Started in 2013 for 5 years, it focused on a study of 25 houses thus designed and constructed throughout metropolitan France in order to validate their performance and real conditions of use. This project will contribute to the reduction of energy consumption in the individual housing sector and will allow, through the analysis of the life cycle, a study on the points at which the concepts developed also contribute to other environmental aspects.

The Vicat Group continues to support a number of energy renovation programs such as the one initiated by CURE (Coalition For Urban Renewal Excellence) in California.

The initiative by its subsidiary VPI is worthy of note. In France, since September 2014, building energy renovation projects receive public funds if they are carried out by businesses that have been certified as environmentally friendly. To help its customers obtain this certification, VPI signed a partnership with the Académie de la Performance et de l'Efficacité Energétique (Academy of Energy Performance and Efficiency) (APee) which offered several training sessions in 2016.

Skyflor, which results from the joint efforts of Creabéton Matériaux, a Swiss subsidiary of the Vicat Group, and Hépia in Geneva (a graduate school of architecture, landscape architecture, planning and engineering) the Group patented a self-supporting system used to create ventilated green façades, based on a structure made of high-performance concrete. The first Skyflor walls will soon be installed in Denmark, Germany, Austria, and the Netherlands in the cities of its new partners.

In 2016, the Vicat Group participated in numerous shows to promote, in the countries where it operates, its total circular economy offer under the Vicat Eco-Valorisation brand. To that end, it was present at the Territories et Habitat Responsable colloquium, for the award of the In City Trophy awarding concrete, innovative and effective solutions for a new construction method to manufacture the city at the International Pollutec Show.

In 2015, the Vicat Group invested in the share capital of Transpolis SAS. This company, which has both public and private shareholders, is planning to build a city to serve as a laboratory dedicated to urban mobility. An 80-hectare parcel of land in Ain, in Auvergne Rhône Alpes, has been acquired for this project. This tool will enable Vicat to conduct ground level testing of construction solutions adapted to the mobility questions of the future. In terms of methodology, the Vicat Group can work in collaboration with other manufacturers or SMEs (small and medium enterprises) partnering in this demonstrator.

#### 3.1.2.3.2. Innovate and offer products to aid in the fight against climate change.

To fuel its reflection regarding requirements for moving to a carbon-free economy, the Vicat Group chose to become an associated member of the Shift Project, a renowned French think tank specialized in energy transition. Founded in 2010 by Jean-Marc Jancovici, the Shift Project, which brings together a network of 45 international scientific experts and 14 groups (players in the economic world) aims above all to be a general interest force in the context where struggling to emerge scenarios of viable transition scenarios for both the planet resources and to support a stable economy.

The Group's studies are focused on the development of innovative cements and concrete (possessing mechanical properties and durability equivalent to or superior to those that currently exist) to support the research on construction solutions that have a lesser energy and carbon footprint. To carry out this work, the Group assembles considerable human resources and latest technology equipment. The Vicat Group has continued its involvement, in the development of BETon Impacts Environnementaux (BETie), a multi-criteria environmental impact assessment tool, which allows it to generate French environmental and public health impact certificates for users of its products who wish to evaluate the environmental quality of their building projects.

The Vicat Group pursues its analysis of product life cycle taking into account both the CO<sub>2</sub> emitted by its process but also their energy efficiency and the carbonation of its final products during and after their use. This little known phenomenon naturally produces a carbon from concrete.

The Group already has a quick setting cement with a lesser carbon footprint.

As a complement to its non-carbon construction solutions, and thanks to its research, the Group recently refined Alpenat Up, prepared from local natural resources with less limestone and treatment at a lesser temperature than traditional cement, which allows for a reduction of nearly 30 % in the greenhouse gas.

For all of its developments (for example the cement with a lesser carbon footprint, cement insulating foams, introduction of deconstruction waste in a circular economy model), the Group acts under the principle of eco-design.

In the context of its work to promote sustainable construction, there is research on "smart concretes" for their ability to ensure thermal comfort in both summer and winter and to integrate the production of renewable energies.

## 3.2. SOCIAL RESPONSIBILITY IN SUPPORT OF THE GROUP'S EMPLOYEES

### 3.2.1. A RESPONSIBILITY BASED ON THE GROUP'S VALUES ON THE QUALITY OF SOCIAL RELATIONS

#### 3.2.1.1. Dissemination of shared values

Adoption of the Group's values by its employees is one of the key factors in its success. There are five main Group values, which have forged a strong corporate culture:

- **strong local roots:** as a French group with an international presence, Vicat also plays a key role in **local economic development** for the regions where it operates. Local employment is encouraged and, as part of the Group's Corporate Social Responsibility commitments, efforts to reduce the environmental impact of its business activities (local materials, eco-design, recycling, etc.) are a priority;
- **shared innovation:** drawing on its **technical expertise**, extensive knowledge and skills, the Group aims for excellence in the performance of its materials, products and services as well as their implementation, to the benefit of its customers. The Group constantly pursues innovation, envisioning future needs and developments, to anticipate and accompany technical, social and environmental transformations affecting its markets.
- **shared passion:** ever since artificial cement was invented by Louis Vicat, a **shared passion** for construction industry products and professions has been a constant source of inspiration for all of its employees in their relations with Vicat's stakeholders;
- **commitment to partnership:** the Group nurtures a **partnership commitment** and a service culture where availability, attentiveness, dialog and cooperation are the watchwords for all teams in their relations with customers. These exchanges enhance the organization's effectiveness and responsiveness. A true partner for all its customers, the Group is committed to helping them grow and create value;
- **shared advancement:** founded more than 160 years ago by a family still firmly committed to its independence and working towards **responsible sustainability**, the Group's strategy is long term and seeks in particular to leverage the trust built up over the years with its private and public partners: customers, suppliers, decision-makers, elected officials, lecturers, researchers, etc.

These values derive from the humanistic principles embodied by Louis Vicat, the very source of the Group's existence by the invention of artificial cement in 1817. United by a history extending over more than a century and a half, employees in all countries where the Vicat Group operates share a strong sense of belonging to the Group. This corporate culture gives rise to respect in relations with others, solidarity between teams,

the inclination to lead by example, a capacity to mobilize energies, and the wherewithal to take strong action on the ground to achieve objectives. Managers at every level of the Vicat Group are the bearers of these values, developing a direct style of management, close to their employees. Above all, they maintain strong ties with their teams and are closely involved in the day-to-day activities of the organization. Managers also ensure open lines of communication at all times.

#### 3.2.1.2. The measures taken to promote and respect fundamental labour rights guarantee the high quality of the Group's social relations

All the countries in which the Group operates are members of the International Labour Organization. Respect of the principles and fundamental labour rights enumerated in the Declaration related to freedom of association and acknowledgment of the right to collective bargaining, the elimination of all forms of forced or mandatory labour, the abolition of child labour and the elimination of employment and professional discrimination is the subject of particular attention within each company of the Group.

In France, training sessions for managers are frequently organized with a law firm specialized in current employment law, with a focus on professional equality, ethics, and preventing bullying or discrimination in their everyday management. Similarly, training was initiated regarding the Sapin II law in order to strengthen the fight against corruption.

At the instigation of Group Management, the Vicat Group's entities in India, Kazakhstan and Senegal have each put in place a code of conduct complying with World Bank standards. Management in India is very sensitive to child protection and has regular, unannounced monthly audits conducted to check that no children are working on the Group's sites.

Proof of such compliance is found in the audits conducted by various local authorities, none of which revealed any failure to observe applicable laws and regulations in 2016.

All Vicat Group companies comply with local laws relating to the following issues: respect for freedom of association and the right to collective bargaining; respect for the right of employees to information and consultation.

Social dialogue works well within the various companies. Management, which is direct, close to the workforce and always open to discussion with staff, is a key success factor in maintaining social dialogue and good employee relations.

In terms of results, in 2016 there were no strike days recorded at the Group's companies. No Group company was the subject of a complaint or conviction for sexual harassment or bullying. No significant event occurred to endanger this dialog or employee relations, with the exception of the security situation at the Egyptian plant in the Sinai Peninsula. The low departure rates in Egypt and Mali, despite the events in 2016, reflect the Group's actions to protect the safety of its teams in these countries.

For 2016, the scope adopted for the "Review of collective bargaining agreements" indicator was limited to France. A total of 48 agreements were signed during this period.

Another indicator of the quality of the labour environment is the absenteeism rate. Absenteeism is monitored in each country in order to identify the reasons and take appropriate action. In 2016, the Vicat Group deemed this indicator satisfactory. It varies between 0 % and 7.7 %, depending on the country. France remained relatively constant between 2015 (2.7 %) and 2016 (3.2 %).

### 3.2.1.3. Human capital at the heart of the human resources policy

The objective of the Group's human resources policy is to ensure that the individual skills of employees or team units are in line with the Group's development strategy on a short-, medium- and long-term basis against a background of adherence to and promotion of the values on which the Group's culture is based. Team performance, gender balance, fairness, and diversity are thus among its fundamentals.

#### **Breakdown of Group workforce by age at December 31, 2016**

Age group	< 20	20-25	25-30	30-35	35-40	40-45	45-50	50-55	55-60	60-65	> 65	Total
France	8	77	165	277	306	348	459	390	296	90	7	2,423
Europe (excluding France)	15	35	89	114	122	125	167	232	153	97	11	1,160
United States	1	39	51	84	126	147	167	172	183	88	34	1,092
Africa and Middle East	0	10	97	189	222	203	196	135	76	20	6	1,154
Asia	4	102	359	508	487	320	262	158	56	15	1	2,272
<b>TOTAL</b>	<b>28</b>	<b>263</b>	<b>761</b>	<b>1,172</b>	<b>1,263</b>	<b>1,143</b>	<b>1,251</b>	<b>1,087</b>	<b>764</b>	<b>310</b>	<b>59</b>	<b>8,101</b>

In 2016 as in 2015, the Group maintained a balanced age pyramid.

The number of employees under 35 was proportionately higher in Kazakhstan (54.1 %), India (49.8 %), Egypt (44.6 %) and Turkey (34.5 %). On average, it remained nearly stable at 27.5 % of the Group's workforce in 2015 (27.6 % in 2015).

Securing the loyalty of employees while maintaining a high level of attractiveness for the Group is one of this policy's major thrusts.

On this basis, internal promotion is favored where possible. The objective is to offer everyone career development prospects that allow them to realize their ambitions and their full potential. Mobility, both operational and geographical, is one of the conditions of this progression.

## 3.2.2. RESPONSIBILITY RELATING TO HUMAN RESOURCES MANAGEMENT

### 3.2.2.1. Sustainable management of employment

#### 3.2.2.1.1. A multi-local Group

As at December 31, 2016, the Group employed 8,101 employees broken down according to its geographical markets. The workforce comprises local personnel. New staff are generally hired from the catchment areas in which the Group operates, another example of the Group's involvement in the localities where it operates.

The share of Group employees over 50 rose 27.1 % in 2015 and 27.4 % in 2016, with a proportional presence that was strong in the United States (43.7 % in 2016), in Switzerland (42.9 % in 2016) and in France (32.3 % in 2016).

In preparation for retirements, the Group ensures that there is a handover phase with recruitment for the effective transfer of knowledge and life skills between generations.

**Change in average length of service and average age of Group employees**

	Average age		Average years of service	
	2016	2015	2016	2015
<b>GROUP</b>	<b>43.1</b>	<b>42.6</b>	<b>9.9</b>	<b>9.6</b>
<i>of which France</i>	44.2	43.8	13.6	13.0

The cumulative increase in the average age from 42.6 (2015) to 43.1 (2016), and the average years of service from 9.4 (2015) to 9.9 (2016) reflects the overall stability of the workforce and the long-term responsibility in terms of employment that the Group is working towards.

**Breakdown of the workforce as at December 31, 2016 by category and business**

	Cement	Concrete and Aggregates	Other products and services	Total
Executives	914	290	240	1,444
White-collar staff	1,517	970	412	2,899
Blue-collar staff	1,337	1,445	976	3,758
<b>TOTAL</b>	<b>3,768</b>	<b>2,705</b>	<b>1,666</b>	<b>8,101</b>

The breakdown of the workforce by business segment is in line with the development of the Group's operations, particularly in the Cement business in India, Turkey and Egypt, and in Concrete and Aggregates in Turkey and the United States.

As at December 31, 2016, the share of the Group's workforce in the Cement business accounted for a major part and remained nearly stable at 46.5 % of the total workforce (against 46.8 % as at December 31, 2015). The Concrete and Aggregates business increased by 4.2 % to 33.4 % of the total workforce as at December 31, 2016 (against 32.8 % in 2015). This increase was due to the recruitment of drivers in Turkey and the United States and the creation of a shared services center in France (successfully bringing together the accounting, payment and general services teams) classed in this business segment. Other Products and Services also remained nearly stable at 20.1 % of

the total workforce as at December 31, 2016 (against 20.4 % as at December 31, 2015).

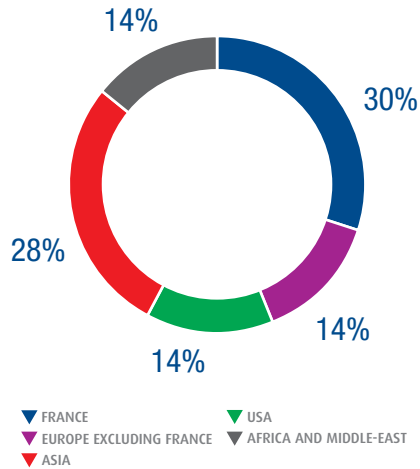
In 2016, blue-collar staff continued to increase, to 46.4 % of the total workforce (45.6 % in 2015 and 45.0 % in 2014). The number of blue-collar staff grew by 4.0 % between 2015 and 2016 and represented 84.4 % of the rise in the overall workforce in 2016. New hires in this category were in Turkey (drivers for the Concrete business and blue-collar workers for the cement factory), India (blue-collar workers for the cement factory), Kazakhstan (blue-collar workers for the cement factory), United States (drivers for the Concrete business) and Egypt (cement factory security). The share of white-collar staff decreased further to 35.8 % (36.4 % in 2015 and 36.7 % in 2014). It represented 8.1 % of the overall rise in workforce in 2016. The share of executives remained nearly stable at 17.8 % (18.0 % in 2015), representing 7.5 % of the increase in the overall workforce in 2016.

**Breakdown of the Group's average workforce by geographical area**

	2016	2015	Change <i>(as a percentage)</i>
France	2,440	2,495	- 2.2 %
Europe (excluding France)	1,110	1,116	- 0.5 %
United States	1,088	1,069	+ 1.8 %
Asia	2,226	2,057	+ 8.2 %
Africa and Middle-East	1,145	1,115	+ 2.7 %
<b>TOTAL</b>	<b>8,009</b>	<b>7,852</b>	<b>+ 2.0 %</b>



#### BREAKDOWN OF THE GROUP'S AVERAGE WORKFORCE IN 2016 BY GEOGRAPHICAL AREA (IN %)



The Group had an average of 8,009 employees in 2016, up from 7,852 employees in 2015, an increase of 2.0 %. This increase reflects the Group's growth in emerging countries.

#### Breakdown of the Group's average workforce by business

(number of employees)	2016	2015	Change (%)
Cement	3,703	3,635	+ 1.9 %
Concrete and Aggregates	3,030	2,909	+ 4.2 %
Other products and services	1,276	1,308	- 2.4 %
<b>TOTAL</b>	<b>8,009</b>	<b>7,852</b>	<b>+ 2.0 %</b>

The 1.9 % growth in Cement between 2015 and 2016 was due to recruitment in India (up 5.8 %), Turkey (up 4.8 %), Egypt (up 2.9 %) and Kazakhstan (up 2.6 %) in this business segment. Average headcount in Concrete and Aggregates increased by 4.2 %, due to recruitment in Concrete in Turkey (up 20.4 %), offset by departures in France (- 2.5 %) in this business segment. Other Products and Services saw a 2.4 % decrease in its average workforce, due to the 2.7 % decrease, in France in particular.

The Asia region thus saw its average number of employees rise by 8.2 % in one year (after increasing by 6.0 % between 2014 and 2015). Growth in India (up 5.3 % from 2015 to 2016, after an increase of 8.8 %) was due to the continued commitments of the Bharathi and Kalburgi factories to the employment of the local population. Between 2015 and 2016, the headcount in Turkey increased by 12.2 % owing to new hires in the Concrete business as a result of the strong market and, to a lesser extent, the Cement business with the start of the second kiln at the Bastas cement plant.

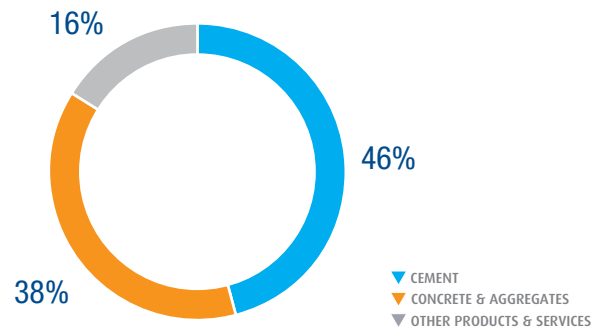
The 1.8 % growth in the average number of employees in the U.S. between 2015 and 2016 was due to the recruitment of drivers for the Concrete business to meet demand as the construction sector recovered.

The Group's workforce in Switzerland and Italy remained stable over the period.

For the Africa and Middle East region, the 2.7 % increase between 2015 and 2016 is mainly the result of a 2.9 % increase in the number of employees in Egypt, due to the recruitment of caretakers (for the new coal grinders).

Between 2015 and 2016 France continued to see a decrease (- 2.2 % and - 2.4 % excluding apprentices) in its average number of employees (down 3.4 % between 2014 and 2015) in order to adapt to changes in the French economy and its markets.

#### BREAKDOWN OF THE GROUP'S AVERAGE WORKFORCE IN 2016 BY BUSINESS (IN %)



**Change in workforce at year-end by type of movement**

<i>(number of employees)</i>	<b>Workforce</b>
<b>Workforce as at December 31, 2015</b>	<b>7,928</b>
Natural wastage (resignation, end of contract, death)	- 705
Retirement, early retirement, dismissal, other movements	- 114
Changes in consolidation scope	+ 4
Recruitment	+ 1,208
<b>WORKFORCE AS AT DECEMBER 31, 2016</b>	<b>8,101</b>

No significant increases in scope were noted in 2016 and the number of joiners and leavers was within the Group's normal range.

As at December 31, 2016, the Group had 8,101 staff, up from 7,928 a year earlier. This 2.2 % increase reflects the balance between recruitment of staff in Turkey, India and the United States and the departure of employees in France. In France, the year-end workforce continued to decrease, by 1.6 % between 2015 and 2016 (- 2.4 % excluding apprentices), after dropping by 4.5 % between 2014 and 2015. This was caused by the country's weak growth and the difficulties in the markets

where the Group operates. However, it continued with its apprentice recruitment policy between 2015 and 2016 to increase the number by 66 %.

The Group's global hires increased by 4.4 % from 2015 (1,157) to 2016 (1,208), while global departures decreased by 4.1 % between 2015 (- 1,083) and 2016 (- 1,039).

Joiners and leavers also included a significant number of jobs associated with the seasonal nature of the Group's business activities, especially in France and in Turkey, and a habitually high turnover in Kazakhstan, Turkey and India.

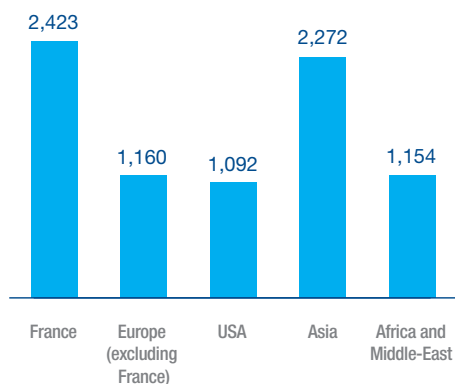
The Group's departure rate decreased from 2015 (13.7 %) to 2016 (12.8 %). In Kazakhstan, actions taken to reduce departures in a country with high turnover bore fruit: the departure rate decreased to 17.0 % in 2016 (as compared with 21.9 % in 2015 and 24.8 % in 2014).

Other movements resulted mainly from the replacement of natural departures and adaptation of organizations to the economic situation in each market.

The + 4 change in consolidation scope was owing to the net balance of purchase, sale and exchange transactions in the Concrete and Aggregates business in France to consolidate the Group's position in its chosen geographic sectors.

**Change in workforce at December 31, by geographic area**

<i>(number of employees)</i>	<b>2016</b>	<b>2015</b>	<b>Change (%)</b>
France	2,423	2,462	- 1.6 %
Europe (excluding France)	1,160	1,166	- 0.5 %
United States	1,092	1,069	+ 2.2 %
Asia	2,272	2,122	+ 7.1 %
Africa and Middle-East	1,154	1,109	+ 4.1 %
<b>TOTAL</b>	<b>8,101</b>	<b>7,928</b>	<b>+ 2.2 %</b>

**WORKFORCE AT 12/31/2016 BY GEOGRAPHICAL AREA****3.2.2.1.2. The work organization reflects the quality of work within the Group**

The Vicat Group's organization reflects its performance objectives. The chain of command is short and the number of levels in the hierarchy reduced to operational requirements. Management is direct and local.

Work is organized in compliance with local legislation, and with the Group's own standards, in terms of working and resting time as well as health and safety. This work organization is designed to deliver the best performance from teams at the lowest cost.

## Part-time work

### Workforce as at December 31, 2016 by contract type/category

	Cement	Concrete and Aggregates	Other Products and Services	Total
<b>FULL-TIME EMPLOYEES:</b>	<b>3,724</b>	<b>2,626</b>	<b>1,562</b>	<b>7,912</b>
Executives	901	282	231	1,414
White-collar staff	1,492	931	366	2,789
Blue-collar staff	1,331	1,413	965	3,709
<b>PART-TIME EMPLOYEES:</b>	<b>44</b>	<b>79</b>	<b>66</b>	<b>189</b>
Executives	13	8	9	30
White-collar staff	25	39	46	110
Blue-collar staff	6	32	11	49
<b>TOTAL</b>	<b>3,768</b>	<b>2,705</b>	<b>1,628</b>	<b>8,101</b>
Part-time employees <i>(as a percentage)</i>	1.2 %	2.9 %	4.1 %	2.3 %

The Group has little need for part-time jobs. As at December 31, 2016, the percentage of part-time employees remained stable at 2.3 % of the workforce (2.4 % in 2015 and 2.6 % in 2014).

As in 2015, many more part-time staff were employed in Other Products and Services (4.1 % in 2016) and Concrete and Aggregates (2.9 % in 2016) than in Cement (1.2 % in 2016).

Part-time staff are employed to varying degrees in the following countries only: Switzerland (10.4 %), Italy (4.5 %), France (2.9 %).

#### SHIFT WORKING

Part of the Group's industrial business requires shift working. The statutory framework is systematically adhered to. In 2016, 16.8 % of the Group's jobs required shift work, nearly stable in comparison with 2015 (17.5 %).

#### 3.2.2.1.3. Compensation policies

##### 3.2.2.1.3.1. REMUNERATION POLICY

The Group's remuneration policy is based on rewarding individual and joint performance and securing team loyalty. It takes into account the culture, macroeconomic conditions, employment market characteristics, and compensation structures specific to each country.

In France, Vicat SA and its subsidiaries apply the statutory scheme for employee profit-sharing or, in some cases, operate under an exemption. Sums received are invested in the Group savings plan ("*Plan d'Epargne Groupe*", or PEG) and in Vicat SA shares, as applicable.

In addition, Vicat SA has put in place a profit-sharing agreement. Money paid into this arrangement can, at the employee's discretion, be invested in the Company's shares under the Group savings plan or in other savings plans offered by a leading financial institution.

In 2013, a Group retirement savings plan ("*Plan d'Epargne Retraite Collectif*", or PERCO) was set up by Vicat SA and its French subsidiaries for their employees. In order to better support employees prepare for retirement, an agreement to annually transfer a number of days defined in the CET (time savings account) and paid vacation (under certain conditions) on the PERCO entered into force in 2015.

##### 3.2.2.1.3.2. MINIMUM WAGE

In all countries where the Vicat Group operates, its companies do not pay salaries lower than the local statutory minimum. If there is no statutory minimum, wages paid are at least above the minimum in the local market.

##### 3.2.2.1.3.3. CHANGE IN PERSONNEL COSTS AS AT DECEMBER 31, 2016

The Group's personnel costs increased by € 2.011 million (*i.e.* + 0.5 %) to € 409,406 million in 2016 (€ 407,395 million in 2015). This increase was due to the effect of exchange rates bringing these expenses in euros down by € 7.340 million, provided mainly by Turkey (€ 2.269 million), Switzerland (€ 2.185 million), Egypt (€ 1.479 million), Kazakhstan (close to € 1 million) and India (€ 586,000).

Organic growth contributed € 8.704 million to this overall increase. Organic growth covers both salary increases and the rise in the average number of employees (+ 2 %) between 2015 and 2016. 2016 was characterized by a rise in the minimum number of employees in the Group's businesses in Turkey, owing to the almost 22 % organic growth of € 4.837 million for the country. France recorded a € 3.790 million decline as a result of a reduction in the number of employees.

At constant exchange rates, the Group's personnel costs increased by almost 4.1 % between 2015 and 2016.

### Personnel costs

	2016	2015
Salaries and wages <i>(in thousands of euros)</i>	303,153	299,613
Social security contributions <i>(in thousands of euros)</i>	102,243	104,421
Employee profit sharing (French companies) <i>(in thousands of euros)</i>	4,010	3,361
<b>Personnel costs <i>(in thousands of euros)</i></b>	<b>409,406</b>	<b>407,395</b>
Average number of employees of the consolidated companies	8,009	7,852

### 3.2.2.2. A Group that pursues its actions to improve the safety of its employees and prevent occupational hazards

#### 3.2.2.2.1. Health and safety conditions at work

Protecting the health of all employees and guaranteeing their “physical and mental safety” remains a key priority for the Vicat Group, above all for the well-being of its employees and for all the companies participating on a subcontracting basis. At all its sites around the world, the Group strives to improve working and living conditions, health and safety, in accordance with laws and regulations in force. The Group is implementing prevention measures to reduce and eliminate risks, and to lower the frequency and severity of workplace accidents and occupational illnesses.

Aware of the fact that improvements are made possible by changes in human behavior, the Group marked a turning point in its policy on health and safety by adopting a single objective in March 2014: “Zero Accidents”. It therefore strengthened its health and safety culture by placing emphasis on leading by example, rigor and commitment for its employees. The effectiveness of this policy was seen in 2015 with a very significant improvement in its results. The Group continued to set new records with the frequency rate reaching 8.5 in 2016.

Prevention measures are monitored in multi-year plans. They include:

- training measures, the organization of awareness campaigns and the preparation of communication materials relating to the “Zero Accidents” objective and methods to achieve it. Team training and awareness remain a major focus for risk prevention within the Group;
- safety days are organized, as well as safety exchanges at the start of each meeting, and “safety minutes” to provoke thought, raise awareness, improve behaviors on a day-to-day basis, ensure the exchange of best practices and bring hazardous situations in all issues back in line with health and safety in the workplace. The issues dealt with relate to, for example, risk analysis, isolation of equipment, movement or working at heights;

- the availability of collective and personal protective equipment for teams (employees and subcontractors) at all of the Group's sites;
- the upgrading of facilities in line with regulatory changes taking into account the opinion of experts consulted (in collaboration with safety engineers representing the Group's insurers, in particular). The instructions for each business are in the safety standards;
- the improvement of risk prevention, interventions with external businesses for all the businesses and sites.

In France, in accordance with the progressive commitment in the Company Safety Assurance Manual, external firms whose personnel work on the Group's sites are subject to the same rules as those governing the Group's employees with respect to training, reception procedures (particularly safety guidelines), equipment, techniques and organization.

Led by General Management and the managers of the Group, a team of health and safety in the workplace coordinators in all countries and for all businesses is responsible for implementing and managing these plans. They are mainly developed locally and across the different businesses by its employees. One of the best examples is the adoption of the “Essentials”; six rules defined by the Safety Department and developed at the country and business levels, constituting the basic points used on a daily basis at the sites.

In 2016, the participation of members of the cross-cutting internal safety audits management also reflects the strength of its commitment and its unchanging desire to reach the “Zero Accidents” objective. Audits present an opportunity for reasoned discussions on site between teams to prevent and eliminate risk.

The approach on health and safety at work fosters synergies between teams, businesses, and countries. Exchanges and meetings with the Group's safety specialists contribute to and encourage the sharing of experiences and best practices. Accident reports, awareness materials, communications tools and all documents pertaining to prevention, health and safety are brought together within a networked database, which may be accessed by safety specialists and managers.

The Group expanded and enhanced its training program for employees likely to travel abroad for business purposes and for expatriate staff (e-learning modules made mandatory before all business travel) as well as its support and assistance measures, in collaboration with International SOS, a firm whose expertise in the areas of health, safety and security for people traveling or working abroad is well-known.

Through its commitment to the health and safety of all its teams, the Vicat Group is building the future.

#### 3.2.2.2.2. Agreements signed with union organizations concerning health and safety at work

The Group works with all staff, and in particular with employee representatives, to improve accident prevention and safety at its sites and safeguard the health of employees. The agreements signed reflect this objective shared by General Management and labour partners in this area.

The support and active participation of labour partners, and their support for the health and safety approach, has helped to develop the safety culture and improve performances.

#### 3.2.2.2.3. Performance indicators

The Group's safety indicators recorded in 2016 are green and confirm the underlying trend of a significant improvement. After surpassing 10, the frequency rate decreased further to 8.5 in 2016 (i.e. a 9 % decline compared with 2015). The Group's number of lost-time accidents dropped by 17 % in two years. The severity rate decreased by 25 % compared with 2015 to 0.26.

These results are largely attributable to the growing number of the Group's sites which had no lost-time accidents to report in 2016. For example: in France, the cement plants in Xeuilley and Montalieu (rate of zero accidents in three years) and all cement plant quarries; in India, the cement factory in Bharathi and the businesses in Mali and Italy.

For the Group employees	Group		
	2016	2015	Change
Number of lost-time accidents among Group employees	144	151	- 5 %
Number of fatal accidents among Group employees	1	1	-
Number of lost days for Group employees	4,363	5,562	- 22 %
Frequency rate	8.5	9.3	- 9 %
Severity rate	0.26	0.34	- 25 %

For the Group employees	Cement Group		
	2016	2015	Change
Number of lost-time accidents among employees	37	36	+ 3 %
Number of fatal accidents among employees	1	-	NA
Frequency rate	5.0	5.0	0 %
Severity rate	0.14	0.18	- 22 %

For the Group employees	Concrete and Aggregates, Other Group Products and Services		
	2016	2015	Change
Number of lost-time accidents among employees	107	115	- 7 %
Number of fatal accidents among employees	0	1	-
Frequency rate	11.3	12.7	- 11 %
Severity rate	0.35	0.47	- 25 %



### 3.2.2.3. Training to develop the skills of today and tomorrow

In 2016, the Group's training program remained focused on health and safety in the workplace, the environment, optimizing industrial performance and business performance. These training actions, focused on operating results, contributed effectively to the Group's performance in these areas. They were also complemented by training on management, change management, ethics and the anti-corruption section of the Sapin II law. The objective of all training is also to enable

employees to adapt to constant changes in their roles, businesses and markets, and to ensure their employability.

In France, the Group maintains an internal training institute for its Cement and Concrete and Aggregates businesses, the Ecole du Ciment, du Béton et des Granulats, which is housed within its subsidiary Sigma Béton. Training courses are developed and delivered by drawing on in-house technical expertise.

In 2016, the Group successfully continued the multi-year program launched in 2013 relating to specifications and sales activities with pilot teams from its various businesses.

#### Training Indicators

	2016	2015	Change (%)
Number of hours of training	127,042	111,086	+ 14.4 %
Number of employees having attended at least one training course	4,966	5,254	- 5.5 %

The decline in indicators is the result of no major IT projects being launched in 2016 (SAP in previous years) or operational-excellence plans requiring a larger number of hours of training and trained staff before and during their launch.

The decrease between 2015 and 2016 should not overshadow the fact that some countries maintained or increased a subsequent number of hours of training and staff having attended training, for example:

- Egypt, which recorded a 251.3 % rise in hours of training and a 36.7 % increase in employees having attended at least one training course: "isolation training" impact;
- Kazakhstan, which recorded a 138.7 % rise in hours of training and a 24.1 % increase in employees having attended at least one training course: "safety regulation training" impact;
- the United States, which recorded a 22 % rise in hours of training and 9.4 % increase in employees having attended at least one training course; these results are attributable to the 2 % rise in overall employees, the increase in turnover, in the Concrete business in particular, requiring the hiring of 201 employees requiring training; training expenses mainly in the area of safety;
- Turkey, which recorded a 21.1 % increase in employees having attended at least one training course: "safety training" impact;
- India which recorded a 125.2 % rise in the number of hours of training: "employment preparation workshop training" impact;
- France, which has the highest number of hours of training (34 % of the Group's total) and which increased this indicator by 0.4 % between 2015 and 2016.

### 3.2.2.4. A Group that promotes inclusion

#### 3.2.2.4.1. Measures to promote the employment and integration of disabled people

Whenever conditions allow, the Vicat Group applies a proactive policy in relation to the employment of disabled people.

Group companies thus employ disabled workers directly, through contacts with specialist organizations. In France, the Group's approach is supported by the Disabled Persons' Occupational Integration Fund Management Association (abbreviated AGEFIPH in French).

Adjustments in the workplace, either by arranging working hours (reduction or adaptation of working hours), or by adapting workstations (ergonomic arrangements in terms of task content, training, etc.), are also examined and put in place.

The development of subcontracting to companies and organizations that specifically employ the disabled (secondment of disabled workers within Group companies, provision of services, such as maintenance of green spaces, removal of certain types of waste, etc.) is another solution employed.

In France, disabled employees represented 2.6 % of the workforce in 2016, down slightly from 2.9 % in 2015.

Since 2014, the Group has consolidated SODICAPEI, a company specialized in mining operations and the sale of bauxite, whose packaging plant employs 11 disabled people.

This policy is also successful outside France, especially in Turkey and Egypt. Disabled employees represent close to 2.5 % of the Group's workforce in Turkey.

#### 3.2.2.4.2. Measures to promote gender equality

Led by its values and culture, the Vicat Group has always recognized the positive impact of women in its business. Gender equality remains one of the basic elements of the Vicat Group's human resources policy.

Through teamwork, coaching, training sessions and the sharing of best practices, the objectives are to identify female talent, improve women's performance, accelerate their leadership maturity, their awareness of their specific qualities, style and roles as leaders (a strong leadership characteristic within the Vicat Group) and to lower external and internal obstacles to giving key positions in the Group to women.

To effectively support this goal with its teams, the Group has joined several networks: "Women and Leadership", "Women and Entrepreneurship" and "Companies for Equality".

There are numerous examples of successes in achieving equality between men and women.

Early on, the Group understood that innovation, the cornerstone of its history and its strategy, requires the presence of female employees. The Group's R&D and marketing teams thus comprise a majority of women (including for leadership positions).

The operational directors work to create mixed gender teams, an effective advantage for improving results.

The drive to recruit women internally or externally for all positions, including technical positions, has led to concrete results. Since 2012, numerous key positions in France and abroad have been filled internally or externally by talented women: Group Director of R&D, Director of Marketing and Requirements France, Department Head of Human Resources IT - payroll - Personnel Administration France, Head of Operational HR for Ready-Mixed Concrete and Aggregates France, Deputy CFO of SOCOCIM (one of the largest cement companies in West Africa), Regional Director of Ready-Mixed Concrete France, Director of Legal Affairs France, Coordinator of Group CSR, Director of Performance for the Peille cement plant, etc.

With regard to salary, the Vicat SA Compensation Committee notes that in 2016, as in 2015, the difference in average compensation of upper management between men and women with equal qualifications is very low (between - 0.8 % and 2.1 % depending on category). These results illustrate Vicat's parity policy driven by merit-based promotion.

Depending on the culture of the country, appropriate measures are adopted to ensure equal access to jobs and training and equal treatment in terms of remuneration and promotion. Such measures are employed within the limit of the constraints imposed by the group's businesses. In fact, a significant proportion of jobs are not easily accessible to female staff, owing either to working conditions (for example the carrying of heavy loads), or to the scarcity of women having completed the training necessary for certain jobs (in mechanical engineering, for example).

The low proportion of women in the salaried workforce is due above all to the type of activity and jobs offered by the Group.

In addition, Vicat's management decided to set up an employee representative to the Board of Directors from 2016, even though the law does not require it to do so until 2018.

Given the quality of employment relations, naturally the Works Council's method of appointment was used.

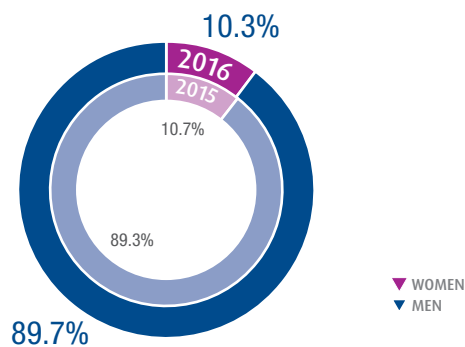
The Works Council's choice was a female employee and management welcomed this decision.

With the results it obtained for equality between men and women, the Group obtained 42<sup>nd</sup> place in the 2016 (38<sup>th</sup> in 2015) list of companies working to increase female representation among their management (ranking issued by the French Ministry for the protection of women's rights).

The Company's ranking in this list was penalized by the exclusion of a salaried female director from the mandatory 40 % female quota on the Board of Directors (Copé-Zimmermann Law). Labor partners, the teams and management are still unable to understand this regulatory situation.

#### Workforce as at December 31, 2016 by gender, category, average age, and average length of service

(number of employees)	Of which				Average age	Average years of service
	Total	Executives	White-collar staff	Blue-collar staff		
Men	7,265	1,268	2,340	3,657	43.1	9.8
Women	836	176	559	101	42.7	10.4
<b>TOTAL</b>	<b>8,101</b>	<b>1,444</b>	<b>2,899</b>	<b>3,758</b>	<b>43.1</b>	<b>9.9</b>

**WORKFORCE AS AT DECEMBER 31, 2016 BY GENDER****Female employees as a percentage of the Group's total workforce**

	2016	2015
Executives	12.2	12.3
White-collar staff	19.3	19.7
Blue-collar staff	2.7	2.9
<b>TOTAL</b>	<b>10.3</b>	<b>10.7</b>

**Female employees as a percentage of the Group's workforce in France**

	2016	2015
Executives	22.7	22.8
White-collar staff	25.1	25.4
Blue-collar staff	3.1	3.0
<b>TOTAL</b>	<b>18.1</b>	<b>18.0</b>

The percentage of women employed by the Group decreased, at 10.3 % as at December 31, 2016, compared with 10.7 % a year prior. This is explained by recruitment for positions usually occupied by men (often due to a lack of women in the workforce) in Egypt, India, Turkey and the United States, which proportionally impacts on the percentage of women in the Group.

In France, the employment of women remained stable (18.1 % in 2016, as compared with 18.0 % in 2015). With a female workforce of, respectively, 22.7 % and 22.6 %, Italy and Kazakhstan still hold first place in terms of the percentage of women employed.

The percentage of female executives in the Group also improved, rising from 12.2 % in 2016 to 12.3 % in 2015. In France, the percentage of female executives stabilized at 22.7 % as at December 31, 2016 (compared with 22.8 % in 2015 and 22.5 % in 2014).

## 3.3. OUR CORPORATE SOCIAL RESPONSIBILITY IN COUNTRIES WHERE THE GROUP OPERATES

As a key player in construction products and solutions in the countries where it operates, the Vicat Group exercises its activities responsibly. By contributing to economic development and job creation in 11 countries, the Group strives to meet its commitment to its global responsibility policy.

### 3.3.1. RELIABLE ECONOMIC PARTNER COMMITTED TO THE CIRCULAR ECONOMY

#### 3.3.1.1. Direct and indirect employment and social integration through employment

##### 3.3.1.1.1. Direct and indirect employment

Due to the nature of its industrial operations, the Vicat Group creates numerous jobs both upstream and downstream of its production units. It is estimated that in the industrialized world for every one direct job in a

cement factory, there are ten associated indirect jobs. This is particularly the case in France (data published by the "Infociments" website) where upstream suppliers and the whole ready-mixed concrete and precast concrete sector are linked to run a cement factory in the Group's local network.

In emerging countries, staff are employed on production sites in larger numbers than in the industrialized world because there is less outsourcing of support functions (maintenance). Such outsourcing presupposes a certain level of qualification and independence on the part of subcontractors.

##### 3.3.1.1.2. Social integration through employment

The Vicat Group continued its involvement in initiatives promoting social integration through employment, in cooperation with the relevant local

services and for example those of the sheltered employment center, the role of which is to support a small team of disabled workers to carry out the assignment entrusted to them by Papeteries de Vizille in Isère (France).

### 3.3.1.2. Support for local entrepreneurs

The Vicat Group is involved in various local economic development initiatives in the countries where it operates.

- In France, “alizé Savoie” supports the economic development of micro-enterprises and SMEs in the Savoy region by granting interest-free loans and by coordinating the sharing of expertise by the program’s corporate partners. In 2016, the audit showed the creation of 9 additional jobs and a total of 144 jobs since its creation;
- In Senegal, the sustainable agriculture project in Sandiara, in the Thiès region, supported by the Sococim foundation in partnership with the Irrigasc association, has generated around 40 jobs. As part of its support for the extension of local cereal transformation activities carried out by the women’s group Kaay Baak in Rufisque, five new jobs were created in 2016.

### 3.3.1.3. Exercising responsibility throughout the value chain and preventing risks

#### **By developing best practices with suppliers**

The Group complies with the rules of law in the countries where it operates in accordance with the principles of the United Nations Human Rights Charter which states as follows: *“Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence and make sure they are not complicit in human right abuses”*.

The Vicat Group gives priority to local purchases wherever possible, in order to limit the environmental footprint of its purchases while increasing the development of the local economic fabric.

Contracts drawn up by the Group’s Procurement Department require its partners to confirm their adherence to the main principles of international law set by the International Labour Organization on non-discrimination, the ban on forced labour or child labour.

In each of its purchasing procedures, the Group also applies an approach which takes into account not only economic factors, but social, societal and environmental factors as well. This approach is implemented directly by the procurement units of the Group’s subsidiaries.

The Group is committed to working with leading suppliers which have adopted the principles of CSR and international standards on sustainable development.

The development of a purchasing policy and the organisational development of the Group, which is embedded within a wider grouping of companies through the provision of supplies, sales and logistics, require innovative approaches and dialog. The Vicat Group’s challenge is therefore to align CSR with the purchasing policy to make its production system a vehicle for change. To that end, the Group asks its subcontractors and suppliers to commit to *“complying with laws and regulations, and human rights as set out in international rules and conventions”*.

In 2016, the Group’s Procurement Department submitted its draft general purchasing procedure for internal assessment.

#### **Ensuring fair practices and business ethics**

The Vicat Group regularly organizes training courses and audits on competitive practices. These training courses are primarily intended for operational management and sales executives. They are delivered by attorneys or consultants specializing in competition law.

### 3.3.2. BEING A GOOD LOCAL CITIZEN

While structured around priority areas such as education, culture, sporting achievement, and protection of the environment, the Group’s solidarity approach is impressionist and local. It also relies on investments made by employees who are interested in the scope of the projects.

### 3.3.2.1 In the area of education

The Vicat Group's commitment to communities in the countries and regions where it operates places a priority on support for educational opportunities.

The Group pursues this commitment through local actions, in support of primary and secondary schools as well as universities, and lends its assistance to all program phases, from implementation to follow-up.

In France for example, the Group works alongside architecture and engineering schools to pass on knowledge of its businesses and to develop joint projects on research and innovation. Examples include its partnerships with *Les Grands Ateliers de l'Isle d'Abeau*, ENTPE (the French national school of public works) or with ESTP (specialized civil engineering school) in Paris. In 2016, the Group approached the Léonard De Vinci high school's products Design center (in Isère) to find how its concrete material is used.

Most of the efforts undertaken with education institutions are the result of long-term partnerships. They relate to the improvement of learning conditions (supply of materials for maintaining or building the institutions for students), supply of equipment (from IT tools to office equipment), granting of scholarships and reception of interns so that they can learn about the Group's businesses.

In Kazakhstan, as soon as the Group's site in Mynaral (almost 500 km from Almaty) was operational, it opened a nursery school which welcomes about 20 children. And for older children, literature, mathematics and Russian classes are offered in class rooms opened in the small village of Samal.

### 3.3.2.2 In the area of cultural learning

In Senegal, the financial support provided by the Sococim foundation for the continuation of research on Senegalese wrestling will lead to the publication of a second work in 2017.

The "Holy Concrete: between love and hate" exhibit at the Musée urbain Tony Garnier and supported by the Group will have received 5,000 visitors in 2016.

### 3.3.2.3 In the area of sporting achievement

The Group sponsors several sports clubs in the countries where it operates. In 2016, the Group supported a local team of employees in the Beaujolais international marathon. The Vicat Group pays particular attention to the development of women's sport and has a strong partnership with *Olympique lyonnais féminin* (a women's football club in Lyon). In 2016, the Group's Chief Operating Officer presented the OL Ang'elles trophy to the club's best player.

### 3.3.2.4 In the area of health and environmental actions

The Group works hard to facilitate access to local health care (regular malaria prevention programs, opening of clinics to local populations, free access to certain kinds of care, free transport offered by the cement factory's ambulance, contributions to local hospitals), particularly in the most fragile communities.

As a result of major public health challenges faced, the Group is involved in ambitious programs, such as the plan to build individual toilets called "Swachh Bharatiya", which is included in India's national campaign, "Swachh Bharat Mission". In 2016, 100 additional toilets will be built.

## 3.4. CSR IN FIGURES

### ENVIRONMENTAL RESPONSIBILITY

Topic	Indicator	Scope	2016	2015	2014
<b>Procedure and Certification</b>	Share of the Group's cement plants certified ISO 14001	Group	31.3%	31.3%	/
<b>Material issues</b>	Amounts set aside for provisions and guarantees in respect of environmental risks <i>(in millions of euros)</i>	Group	48	47	44.4
	Environment-related investments <i>(in millions of euros)</i>	Group	17.3	18.6	18.8
<b>Management of resources and the circular economy</b>					
<b>Raw materials</b>	Quantity of unprocessed natural material extracted <i>(in millions of tons)</i>	Group	46.7	43.1	45.3
	Share of consumption from unprocessed materials	Group	93.5%	95.9%	96.7%
	Share of consumption from recycled materials	Group	6.5%	4.1%	3.3%
	Consumption of raw materials for the production of clinker <i>(in millions of tons)</i>	Group	28.4%	25.9	26.6
	Share of materials issued from alternative materials consumed in the production of cement	Group	13.8 %	7.9%	6.7%
<b>Water</b>	Total water requirement <i>(in thousands of m<sup>3</sup>)</i>	Cement	24,990	24,223	23,340
		Concrete and Aggregates	17,044	18,712	12,691
		Other Products and Services	1,940	1,948	1,740
	Percentage recycled	Cement	67 %	63 %	61 %
		Concrete	24 %	22 %	19 %
		Aggregates	82 %	85 %	75 %
		Other Products and Services	14 %	14 %	16 %
	Net intake <i>(in thousands of m<sup>3</sup>)</i>	Cement	8,192	9,076	9,087
		Concrete and Aggregates	4,125	4,138	4,228
		Other Products and Services	1,660	1,668	1,460
	Effective consumption <i>(in thousands of m<sup>3</sup>)</i>	Cement	3,596	3,116	3,413
		Concrete and Aggregates	4,113	4,108	4,113
		Other Products and Services	150	212	128
<b>Land footprint</b>					
<b>Quarry</b>	Total number of quarries	Group	151	151	145
	Surface area reinstated <i>(in m<sup>2</sup>)</i>	Group	354,073	255,924	459,051
	Number of quarries with a reinstatement plan	Group	127	124	118
	Shares of quarries with a reinstatement plan	Group	84%	82%	81%



Topic	Indicator	Scope	2016	2015	2014
<b>Biodiversity</b>	Number of sites with at least one measure to promote biodiversity	Group	182	/	/
<b>Emissions into the air</b>					
<b>Dust</b>	Dust emissions ( <i>in tons/year</i> ) from 21 kilns assessed	Cement	1,756	1,407	1,415
	Specific dust emissions ( <i>in g/t of clinker</i> )	Cement	100	89	89
<b>SO<sub>2</sub></b>	SO <sub>2</sub> emissions ( <i>in tons/year</i> ) from 21 kilns in 2016, 21 in 2015, 20 in 2014	Cement	3,545	2,799	3,133
	Specific SO <sub>2</sub> (emissions in g/t of clinker)	Cement	203	178	228
<b>NO<sub>x</sub></b>	NO <sub>x</sub> emissions ( <i>in tons/year</i> ), from 21 kilns in 2015, 20 in 2014	Cement	19,082	16,185	17,137
	Specific NO <sub>x</sub> ( <i>emissions in g/t of clinker</i> )	Cement	1,092	1,029	1,231
<b>CO<sub>2</sub></b>	Gross CO <sub>2</sub> of kilns ( <i>in kt</i> )	Cement	14,525	12,961	13,172
	Specific CO <sub>2</sub> ( <i>emissions in kg/ton of clinker</i> )	Cement	832	824	825
	Direct and indirect CO <sub>2</sub> ( <i>emissions in kt</i> )	Group	15,707	13,980	14,117
		Cement	15,647	13,929	14,062
		Concrete and Aggregates	53.8	43.7	48
Other Products and Services	6.5	6.8	7		
<b>Energy consumption</b>	Total electricity consumption ( <i>in GWh</i> )	Cement	2,216	2,023	2,030
		Concrete and Aggregates	71	70	71
		Other Products and Services	45	46	45
		Group	2,332	2,139	2,147
	Heat balance of kilns ( <i>in GJ/ton</i> )	Cement	3,546	3,530	3,490
	Share of coal and lignite in the energy mix	Cement	48.8%	42.5%	43%
	Share of coke in the energy mix	Cement	22.6%	20.3%	20.2%
	Share of hydrocarbons (gas) in the energy mix	Cement	4.0%	12.6%	12.3%
<b>Circular economy</b>	Share of alternative fuels in the energy mix	Cement	24.6%	24.6%	24.6%
	Share of biomass in the energy mix	Cement	8.3%	8.7%	7.8%

## SOCIAL RESPONSIBILITY

Topic	Indicator	Scope	2016	2015	2014
<b>Compliance with human rights</b>	Percentage of the Group's operating countries having ratified the United Nations Human Rights Charter	Group	100 %	100 %	100 %
<b>Employment</b>	Workforce at December 31	Group	8,101	7,928	7,854
	Average workforce by geographical area	Group	8,009	7,852	7,750
		France	2,440	2,495	2,583
		Europe (excluding France)	1,110	1,116	1,117
		United States	1,088	1,069	1,007
		Asia	2,226	2,057	1,940
		Africa and Middle East	1,145	1,115	1,103
	Average workforce by business line	Cement	3,703	3,635	3,494
		Concrete and Aggregates	3,030	2,909	2,893
		Other Products and Services	1,276	1,308	1,363
<b>Change in the salaried workforce by type of movement</b>	Number of leavers due to natural wastage (resignation, end of contract, death)	Group	(705)	(730)	(511)
	Other leavers (retirement, early retirement, dismissal, other movements)	Group	(114)	(353)	(344)
	Changes in consolidation scope	Group	4	0	28
	Number of new hires	Group	1,208	1,157	969
<b>Change in personnel costs as of December 31</b>	Salaries and wages <i>(in thousands of euros)</i>	Group	303,153	299,613	272,747
	Social security contributions <i>(in thousands of euros)</i>	Group	102,243	104,421	96,371
	Employee profit sharing <i>(in thousands of euros)</i>	French companies	4,010	3,361	4,171
	Personnel costs <i>(in thousands of euros)</i>	Group	409,406	407,395	373,289
<b>Health and Safety in the Workplace</b>	Number of lost-time occupational accidents	Group	144	152	173
	Number of fatal accidents	Group	1	1	1
	Frequency rate	Group	8.5	9.3	11.3
	Severity rate	Group	0.26	0.34	0.42
	Absenteeism rate	France	3.2 %	2.7 %	2.9 %
<b>Training</b>	Total number of hours of training	Group	127,042	111,086	127,934
	Number of employees having attended at least one training course (during the year)	Group	4,966	5,254	4,652
<b>Diversity and equal treatment</b>	Female employees as a percentage of the workforce	Group	10.3 %	10.7 %	11.2 %
	Disabled employees	France	2.6 %	2.9 %	3.4 %

### 3.5. METHODOLOGY AND SCOPE OF THE REPORT

The data in this report was gathered and consolidated on the basis of a common reference framework for the Group, entitled "Reporting Protocol for Social, Environmental and Societal Information", version V4. Each year, the Vicat Group's CSR Coordination unit, in association with the General Management, submits the reference framework to the managers responsible for each indicator or group of indicators for evaluation. In 2016, the Group decided to refine the exercise of gathering data and therefore to not make any changes to the reference framework so that all involved fully understand and implement it. This Protocol defines the rules governing the collection, control and consolidation of CSR data, in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code.

The Group's CSR reporting covers its full scope of consolidation, i.e. Vicat SA together with its subsidiaries and the companies it controls, as defined respectively in Articles L. 233-1 and L. 233-3 of the French Commercial Code.

The data collected covers the period from January 1 through December 31. In principle, CSR indicators are consolidated from the date of acquisition of a site or sites until their date of disposal. Some of the indicators may not be consolidated, provided that this absence is warranted by the data's unavailability or lack of relevance for the period in question with regard to the business activities pursued.

Environmental data are collected by business and by country and consolidated at Group level. Key performance indicators are defined for all business activities and outlined in specific data sheets; CSR reporting

for the Cement business (emissions) is more specifically carried out on the basis of the industry protocol issued by the Cement Sustainability Initiative (CSI).

Occupational health and safety data are collected by the operating entities and consolidated by the Group's Safety Department, which reports to the Human Resources Department. Among the performance indicators monitored by the Group are, in particular, the frequency rate and the severity rate. The first measures the frequency of work-related accidents with work stoppage in relation to the working hours of the entire workforce. It is calculated as follows: (number of occupational accidents with work stoppage X 1,000,000)/number of hours worked. The severity rate allows the Group to evaluate the seriousness of work accidents based on the numbers of days lost as compared with hours worked. It is calculated as follows: (number of days lost X 1,000)/number of hours worked.

Workforce-related data are collected by the legal entities. The data are then consolidated by the Human Resources Department using a form designed to meet the specific disclosure requirements of companies for purposes of Corporate Social and Environmental Responsibility.

Grant Thornton, an independent third-party firm accredited by COFRAC and which has been appointed to verify data provided by the Group, carries out a review of the Vicat Group's guidelines and reporting procedures as part of its mission.

### 3.6. REPORT BY AN INDEPENDENT THIRD-PARTY BODY ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

*This is a free English translation of the independent third-party body's report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

**For the year ended December 31, 2016**

To the Shareholders,

In our capacity as professional accountants identified, appointed as independent third party and certified by COFRAC under number n° 3-1080<sup>(1)</sup>, we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 December 2016, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (Code de commerce).

(1) Whose scope is available at [www.cofrac.fr](http://www.cofrac.fr).

## Company's responsibility

The Board of Directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the company (hereinafter the "Guidelines"), summarised in the methodological note, presented in the chapter X of the management report and available on request from the company's head office.

## Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (Code de déontologie) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

## Responsibility of the independent third party

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved four persons and was conducted between September 2016 and February 2017 during a five week period. We were assisted in our work by our CSR experts.

We performed our work in accordance with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement [and with ISAE 3000<sup>(1)</sup> concerning our conclusion on the fairness of CSR Information,] and with the professional guidance issued by the French Institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement.

### 1. Attestation regarding the completeness of CSR Information

#### Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the chapter X of the management report.

## Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report, with the exception of the number of terminations.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

## 2. Conclusion on the fairness of CSR Information

### Nature and scope of our work

We conducted around fifteen interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate ;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important<sup>(1)</sup>:

- at parent entity, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;
- at the level of a representative sample of sites selected by us<sup>(2)</sup> on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 38% of headcount and between 23% and 58% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

### Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris, February 24, 2017

Original French report signed by:

Independent third-party body

Grant Thornton, Membre français de Grant Thornton International

Alban Audrain, Partner

(1) HR & Safety quantitative information: breakdown of Group workforce by age, gender and geographical area; recruitments; departures; absenteeism; number of lost-time accidents among Group employees; number of lost days by Groupe employees; frequency rate; severity rate; number of hours of training; disabled employees.

Environmental quantitative information: dust emissions from 21 kilns assessed; SO<sub>2</sub> emissions; NO<sub>x</sub> emissions; heat balance of cement factory kilns; total electricity consumption and split by business segment; total water requirement and split by business segment; effective water consumption; environmental discharges; consumption of raw materials for the production of clinker; gross CO<sub>2</sub> emissions of cement kilns; total direct and indirect CO<sub>2</sub> emissions.

Qualitative information: "Being a good economic citizen"; "Supporting education and expanding access to cultural and sporting activities"; "Contributing to the improvement of local sanitation facilities and quality of life for residents living near the Group's sites".

(2) France and Kazakhstan.

### 3.7. REPORT ON THE COMPANY'S POLICY ON PROFESSIONAL EQUALITY AND EQUAL PAY [ARTICLE 227-37-1 OF THE FRENCH COMMERCIAL CODE]

As in previous years, Vicat applied a proactive policy in relation to professional equality and equal pay in 2016.

Led by its values and culture, Vicat has always recognized the positive impact of women in its business. Gender equality remains one of the basic elements of its human resources policy. Appropriate measures are adopted to ensure equal access to jobs and training and equal treatment in terms of remuneration and promotion between men and women.

The fact that there were no cases of discrimination against women demonstrates the effectiveness of the Company's actions.

The continuity of Vicat's parity policy, driven by merit-based promotion, helps to guarantee equal treatment in terms of pay.

In this respect, the Compensation Committee notes in its 2016 report: "The difference in average compensation of upper management between men and women with equal qualifications is very low [between - 0.8 % and 2 %]."

Such measures are employed within the limit of the constraints imposed by industrial jobs, which are easily accessible to female staff. The main hurdles are working conditions (for example the carrying of heavy loads), or the scarcity of women having completed the training necessary for certain jobs (in mechanical engineering, for example). These constraints reflect the share of women in Vicat's workforce: 135 out of a total of 858.

Vicat SA scope	TOTAL	Executives	White-collar staff	Blue-collar staff
Percentage of women in the workforce at 12/31/2016	15.7 %	26.2 %	17.7 %	2.5 %

Despite these constraints, director posts on industrial sites or technical and/or scientific teams are often held by women. The same applies to low hierarchical level posts (assistant instrumentation engineer, new works assistant, R&D, laboratory, product quality, environmental engineer, etc.).

In addition, in 2016, 96.8 % of women were employed under permanent contracts, which is proof of consistent job security for the female population within the Company.

These results are also owing to the joint efforts undertaken over many years by management, managers and the Company's labour partners. In accordance with agreements on professional equality, the objectives were set to ensure an increasing share of women in recruitment, the workforce, training sessions, and to ensure equal treatment in terms of remuneration. Vicat also ensures equal treatment in terms of professional development between men and women. All of these commitments are subject to regular monitoring, particularly with regard to remuneration, with labour partners.

The objectives defined for each of these issues in the recent agreement ended April 2016 were met. A new agreement was signed in April 2016 for three years with the objectives further raised.

For example:

Three-year agreement	April 2013-April 2016 agreement		April 2016-April 2019 agreement
Female employees as a percentage of the workforce	Objective	Result start of 2016	Objective
	14 %	15.4 %	18 %
Average percentage of women in recruitment	Objective	Result start of 2016	Objective
	17 %	25.5 %	26 %



In addition, Vicat's Management decided to set up an employee representative to the Board of Directors from 2016, even though the law does not require it to do so until 2018.

Given the quality of employment relations, naturally the Works Council's method of appointment was used.

The Works Council's choice was a female employee and management welcomed this decision.

In 2016 the Vicat Group maintained its place in the list of SBF 120 companies working to increase female representation among their management by obtaining 42<sup>nd</sup> place (ranking issued by the French Ministry for the protection of women's rights).

The Company's ranking in this list was penalized by the exclusion of a salaried female director from the mandatory 40 % female quota on the Board of Directors (Copé-Zimmermann Law). Labor partners, the teams and management are still unable to understand this regulatory situation.



Rhône banks in Lyon (France)

# CORPORATE GOVERNANCE

# 4

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## 4.1. FRAME OF REFERENCE FOR CORPORATE GOVERNANCE

The Board of Directors decided at the meeting of August 2, 2012 to adopt the Chairman's proposal to implement the Middenext Corporate Governance Code available at [www.middenext.com](http://www.middenext.com).

## 4.2. GOVERNANCE BODIES

### 4.2.1. COMPOSITION OF THE BOARD OF DIRECTORS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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#### 4.2.1.1. Board of Directors

The Company is managed by a Board of Directors composed of at least five and no more than twelve members chosen among the shareholders, appointed by the General Meeting for a term of three or six years.

As stipulated in the by-laws, a director's term of office is automatically extended until the first Ordinary General Meeting held following the normal end of his term of office. A director having completed his term of office may be re-elected. A director appointed to replace another director remains in office only until the end of his predecessor's term.

As at the date of filing of this Registration Document, the Company has eleven directors, including five independent directors.

#### 4.2.1.2. Chairman of the Board of Directors – Limitation of powers of the Chief Executive Officer

In accordance with the Company's by-laws, the Board of Directors shall elect from among its members a Chairman and set his term of office, which cannot exceed that of his appointment as director.

At its meeting of March 7, 2014, the Board of Directors opted to combine the roles of Chairman of the Board of Directors and Chief Executive Officer.

On this same date, the Board of Directors appointed Guy Sidos as Chairman and Chief Executive Officer, with effect from the close of the Combined General Meeting held on May 6, 2014, and appointed Jacques Merceron-Vicat as Honorary Chairman of the Company.

Under the Company's by-laws, and on the proposal of the Chief Executive Officer, the Board of Directors can appoint up to five individuals to assist the Chief Executive Officer and who are given the title of Deputy CEO.

At its meeting of March 6, 2015, the Board of Directors decided to appoint Didier Petetin as Chief Operating Officer - France, excluding the Paper business, for the duration of the term of the Chairman and Chief Executive Officer. At its meeting of August 2, 2016, the Board of Directors decided to end Raoul de Parisot's term of office as Chief Operating Officer, Adviser to the Chairman and Chief Executive Officer.

No limitation has been set concerning the powers of the Chairman and Chief Executive Officer or Chief Operating Officer.



### 4.2.1.3. Members of the Board of Directors

As of the date of the filing of this Registration Document, the Board of Directors consists of the following individuals:

#### **Chairman and Chief Executive Officer**

##### **GUY SIDOS**

Graduate of the Ecole Navale. He served in the French Navy before joining the Group in 1999.

**Age:**  
53

**Date of first appointment:**  
06/11/1999

**Start date of current appointment:**

- 05/06/2015 as director
- 05/06/2015 as Chairman and Chief Executive Officer

**Term of office expires:**

- As director, at the close of the General Meeting called to approve the financial statements for the year ending December 31, 2020
- As Chairman and Chief Executive Officer, at the close of the General Meeting called to approve the financial statements for the year ending December 31, 2020.

**Other appointments currently or previously held in the Group in the last five years <sup>(1)</sup> :**

- Chief Executive Officer and director of Béton Travaux\*
- Chairman of Papeteries de Vizille\*
- Chairman of Parficim\*
- Chairman of the Board of Directors of Vigier Holding AG\*
- Director of Vigier Management\*
- Director of National Cement Company\*
- Permanent representative of Parficim, director of Sococim Industries\*
- Vice-Chairman and director of Sinai Cement Company\*
- Vice-Chairman and director of Vicat Egypt for Cement Industry\*
- Director of Cementi Centro Sud\*
- Director of d'Aktas Insaat Malzemeleri Sanayi Ve Ticaret A.S.\*
- Director of Bastas Baskent Cimento Sanayi Ve Ticaret A.S.\*
- Director of Konya Cimento Sanayi A.S.\*
- Director of Bastas Hazir Beton Sanayi Ve Ticaret A.S.\*

- Director of Tamtas Yapi Malzemeleri Sanayi Ve Ticaret A.S.\*
- Director of BCCA\*
- Permanent representative of Béton Travaux, director of Béton Vicat\*
- Member of the Supervisory Board of Mynaral Tas Company LLP\*
- Director of Kalburgi Cement Private Limited\*
- Director of Bharathi Cement Corporation Private Limited\*
- Director of BSA Ciment SA\*
- Sole director of Ravlied Holding AG\*
- Member of the Supervisory Board of Jambyl Cement Production Company LLP\*
- Director of Konya Hazir Beton Sanayi Ve Ticaret Anonim Sirketi\*
- Director of the Louis Vicat foundation

**Other appointments currently or previously held by the director, or where applicable her permanent representative, outside the Group in the last five years <sup>(1)</sup> :**

- Director of IFSTTAR\*

(1) Current appointments are marked with an asterisk.

**Director and Honorary Chairman of the Company****JACQUES MERCERON-VICAT**

Graduate of the Ecole Spéciale de Travaux Publics. He joined the Group in 1962.

**Age:**

79

**Date of first appointment:**

02/03/1968

**Start date of current appointment:**

- 04/29/2016 as director
- 05/06/2014 as Honorary Chairman

**Term of office expires:**

- As director, at the close of the General Meeting called to approve the financial statements for the year ending December 31, 2021

**Other appointments currently or previously held in the Group in the last five years <sup>(1)</sup> :**

- Director of Béton Travaux\*
- Director of BCCA\*
- Director of National Cement Company\*
- Director of d'Aktas Insaat Malzemeleri Sanayi Ve Ticaret A.S.\*
- Director of Bastas Baskent Cimento Sanayi Ve Ticaret A.S.\*
- Director of Konya Cimento Sanayi A.S.\*
- Director of Bastas Hazir Beton Sanayi Ve Ticaret A.S.\*
- Director of Tamtas Yapi Malzemeleri Sanayi Ve Ticaret A.S.\*
- Director of Sococim Industries\*
- Director of Sinai Cement Company\*

- Chairman of the Board of Directors of Vicat Egypt for Cement Industry\*
- Member of the Supervisory Board of Mynaral Tas Company LLP\*
- Director of Kalburgi Cement Private Limited\*
- Director of Bharathi Cement Corporation Private Limited\*
- Director of BSA Ciment SA\*
- Director of Vigier Holding\*
- Director of Konya Hazir Beton Sanayi Ve Ticaret\*

**Other appointments currently or previously held by the director, or where applicable her permanent representative, outside the Group in the last five years <sup>(1)</sup> :**

- Not applicable.

(1) Current appointments are marked with an asterisk.

**Directors****DELPHINE ANDRÉ**

Ms. André holds a masters degree in corporate law, tax and accountancy. She served as legal counsel and attorney until 2002, when she assumed the role of Chairman and Chief Executive Officer of GCA.

**Age:**

50

**Date of first appointment:**

05/06/2015

**Start date of current appointment:**

- 05/06/2015

**Term of office expires:**

- At the close of the General Meeting called to approve the financial statements for the year ending December 31, 2017

**Other appointments currently or previously held in the Group in the last five years <sup>(1)</sup> :**

- Not applicable

**Other appointments currently or previously held by the director, or where applicable her permanent representative, outside the Group in the last five years <sup>(1)</sup> :**

- Manager of A.C.P.\*
- Chairman of Anvil Finance\*
- Director of Banque de Savoie\*
- President of Charles Andre\*
- President of FD Immobilier\*
- President of Fimholog\*
- Manager of Fimo CA\*

- Director of GCA Europe\*
- President of GCA Lavage\*
- President of GCA Logistique\*
- President of GCA Logistique Automobile\*
- Director of GCA Route France\*
- Director of GCATRANS\*
- Vice-Chairman of the Supervisory Board of Grand Port Maritime de Marseille\*
- President of Groupement National des Transport Combines\*
- Manager of HIP\*
- President of 2 H.O.\*
- Director of TA Europe SA\*
- Chairman of TEA Holding\*

(1) Current appointments are marked with an asterisk.



**BRUNO SALMON**

Graduate of the Ecole Supérieure de Commerce de Paris. At Cetelem, he served as Head of the French Network, Deputy Chief Executive Officer, and Chief Operating Officer. After holding the position of Chief Operating Officer and director of BNP Paribas Personal Finance, he served as its Chairman from late 2008 to September 2013.

He was Chairman of the Association Française des Sociétés Financières (ASF, the French association of specialized financial companies) from May 2010 to June 2013.

<p><b>Age:</b> 67</p> <p><b>Date of first appointment:</b> 05/15/2009</p> <p><b>Start date of current appointment:</b></p> <ul style="list-style-type: none"> <li>■ 05/06/2015</li> </ul> <p><b>Term of office expires:</b></p> <ul style="list-style-type: none"> <li>■ At the close of the General Meeting called to approve the financial statements for the year ending December 31, 2020</li> </ul>	<p><b>Other appointments currently or previously held in the Group in the last five years <sup>(1)</sup> :</b></p> <ul style="list-style-type: none"> <li>■ Not applicable.</li> </ul> <p><b>Other appointments currently or previously held by the director, or where applicable her permanent representative, outside the Group in the last five years <sup>(1)</sup> :</b></p> <ul style="list-style-type: none"> <li>■ Chairman of the Board of Directors of BNP Paribas Personal Finance</li> <li>■ Director of LASER COFINOGA (Galeries Lafayette group)</li> <li>■ Permanent representative of LEVAL 3 in MONABANQ (3 Suisses group)</li> <li>■ Director of Cetelem Brasil SE (Brazil)</li> <li>■ Director of Banco Cetelem (Spain)</li> <li>■ Director of Findomestic Banca SPA (Italy)</li> <li>■ Member of the Supervisory Board of Cetelem Bak Spolka Akcyjna (Poland)</li> <li>■ Director of Banco Cetelem (Portugal)</li> <li>■ Director of Cetelem IFN SA (Romania)</li> </ul>	<ul style="list-style-type: none"> <li>■ Member of the Supervisory Board of BNP Paribas Personal Finance (Bulgaria)</li> <li>■ Director of UCB Suisse (Switzerland)</li> <li>■ Chairman of the Association Française des Sociétés Financières (ASF) (France)</li> <li>■ Chairman of the Fondation Cetelem</li> <li>■ Vice-Chairman of the Association Française des Etablissements de Crédit et d'Investissement (AFECEI)</li> <li>■ Chairman of L'Etoile (organization for the management of the welfare activities of the Compagnie Bancaire) (France)</li> <li>■ Director of Missioneo*</li> <li>■ Director of BNP Paribas Personal Finance*</li> <li>■ Director of ADIE (Association pour le Développement de l'Initiative Economique)*</li> </ul>
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(1) Current appointments are marked with an asterisk.

**LOUIS MERCERON-VICAT**

Graduate of the Ecole des Cadres. He joined the Group in 1996.

<p><b>Age:</b> 47</p> <p><b>Date of first appointment:</b> 06/11/1999</p> <p><b>Start date of current appointment:</b></p> <ul style="list-style-type: none"> <li>■ 05/06/2011</li> </ul> <p><b>Term of office expires:</b></p> <ul style="list-style-type: none"> <li>■ At the close of the General Meeting called to approve the financial statements for the year ending December 31, 2016</li> </ul>	<p><b>Other appointments currently or previously held by the director, or where applicable his permanent representative, in the Group in the last five years <sup>(1)</sup> :</b></p> <ul style="list-style-type: none"> <li>■ Chairman of the Board of Directors of Béton Travaux*</li> <li>■ Chairman of the Board of Directors of BCCA*</li> <li>■ Director of d'Aktas Insaat Malzemeleri Sanayi Ve Ticaret A.S.*</li> <li>■ Director of Konya Cimento Sanayi A.S.*</li> <li>■ Director of Bastas Baskent Cimento Sanayi Ve Ticaret A.S. *</li> </ul>	<ul style="list-style-type: none"> <li>■ Director of Bastas Hazir Beton Sanayi Ve Ticaret A.S.*</li> <li>■ Director of Tamtas Yapi Malzemeleri Sanayi Ve Ticaret A.S.*</li> <li>■ Director of Sococim Industries*</li> <li>■ Director of Sinai Cement Company*</li> <li>■ Director of Konya Hazir Beton Sanayi Ve Ticaret*</li> </ul> <p><b>Other appointments currently or previously held outside the Group in the last five years <sup>(1)</sup> :</b> Not applicable.</p>
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(1) Current appointments are marked with an asterisk.

**SOPHIE SIDOS**

She held various functions within the Group until 1997.

**Age:**

48

**Date of first appointment:**

08/29/2007

**Start date of current appointment:**

- 05/06/2015

**Term of office expires:**

- At the close of the General Meeting called to approve the financial statements for the year ending December 31, 2020

**Other appointments currently or previously held in the Group in the last five years <sup>(1)</sup> :**

- Director of Béton Travaux\*
- Director of BCCA\*
- Director of d'Aktas Insaat Malzemeleri Sanayi Ve Ticaret A.S.\*
- Director of Konya Cimento Sanayi A.S.\*
- Director of Bastas Baskent Cimento Sanayi Ve Ticaret A.S.\*
- Director of Bastas Hazir Beton Sanayi Ve Ticaret A.S.\*
- Director of Tamtas Yapi Malzemeleri Sanayi Ve Ticaret A.S.\*
- Director of Sococim Industries\*

- Director of Vigier Holding AG\*
- Alternate director of Kalburgi Cement Private Limited\*
- Director of Bharathi Cement Corporation Private Limited\*
- Director of National Cement Company\*
- Director of Konya Hazir Beton Sanayi Ve Ticaret\*
- Chairman of the Louis Vicat foundation

**Other appointments currently or previously held by the director, or where applicable her permanent representative, outside the Group in the last five years <sup>(1)</sup> :**

Not applicable.

(1) Current appointments are marked with an asterisk.

**JACQUES LE MERCIER**

A graduate of the Université de Paris with a degree in economics, he also holds a degree in business administration from the Institut d'Administration des Entreprises (IAE) of Université Paris-Dauphine. He has held management positions and chairmanships within financial institutions. He was Chairman of the Board of Directors of Banque Rhône-Alpes from 1996 to 2006.

**Age:**

72

**Date of first appointment:**

08/29/2007

**Start date of current appointment:**

- 05/06/2014

**Term of office expires:**

- At the close of the General Meeting called to approve the financial statements for the year ending December 31, 2016

**Other appointments currently or previously held in the Group in the last five years <sup>(1)</sup> :**

Not applicable.

**Other appointments currently or previously held by the director, or where applicable her permanent representative, outside the Group in the last five years <sup>(1)</sup> :**

Not applicable.

(1) Current appointments are marked with an asterisk.

**XAVIER CHALANDON**

A graduate of the Institut d'Etudes Politiques de Lyon, he holds a master's degree in law. He has held management positions with various financial institutions. He was Chief Operating Officer of Banque Martin Maurel from 1995 to 2003 and then held the same position at Financière Martin Maurel until 2009. He is a member of the Strategy Committee and the Ethics Committee of Siparex Group.

**Age:**

67

**Date of first appointment:**

04/28/2010

**Start date of current appointment:**

- 04/29/2016

**Term of office expires:**

- At the close of the General Meeting called to approve the financial statements for the year ending December 31, 2018

**Other appointments currently or previously held in the Group in the last five years <sup>(1)</sup> :**

Not applicable

**Other appointments currently or previously held by the director, or where applicable her permanent representative, outside the Group in the last five years <sup>(1)</sup> :**

- Director of Compagnie Financière Martin Maurel\*
- Permanent Representative of Banque Martin Maurel at SI Participations\*

(1) Current appointments are marked with an asterisk.

**SOPHIE FEGUEUX**

Doctor of medicine. She is a hospital doctor at the Bichat hospital and Health Adviser to the Interministerial Delegate for Road Safety. She previously held positions at the Health Ministry.

<p><b>Age:</b> 57</p> <p><b>Date of first appointment:</b> 05/06/2014</p> <p><b>Start date of current appointment:</b></p> <ul style="list-style-type: none"> <li>■ 05/06/2014</li> </ul> <p><b>Term of office expires:</b></p> <ul style="list-style-type: none"> <li>■ At the close of the General Meeting called to approve the financial statements for the year ending December 31, 2016</li> </ul>	<p><b>Other appointments currently or previously held in the Group in the last five years <sup>(1)</sup> :</b> Not applicable.</p>	<p><b>Other appointments currently or previously held by the director, or where applicable her permanent representative, outside the Group in the last five years <sup>(1)</sup> :</b> Not applicable.</p>
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(1) Current appointments are marked with an asterisk.

**ÉLÉONORE SIDOS**

Student at HEC and ENSAE

<p><b>Age:</b> 19</p> <p><b>Date of first appointment:</b> 02/24/2017</p> <p><b>Start date of current appointment:</b></p> <ul style="list-style-type: none"> <li>■ 02/24/2017</li> </ul> <p><b>Term of office expires: :</b></p> <ul style="list-style-type: none"> <li>■ At the close of the General Meeting called to approve the financial statements for the year ending December 31, 2017</li> </ul>	<p><b>Other appointments currently or previously held in the Group in the last five years <sup>(1)</sup> :</b> Not applicable.</p>	<p><b>Other appointments currently or previously held by the director, or where applicable her permanent representative, outside the Group in the last five years <sup>(1)</sup> :</b> Not applicable.</p>
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**EMMANUELLE SALLES**

She holds a master of advanced studies (DEA) in environmental law from Université Jean Moulin (Lyon III) and a graduate degree (DESS) in legal risk management from Université de Nice-Sophia Antipolis. She has held the position of environmental lawyer in Vicat's Legal Department since 2006.

<p><b>Age:</b> 42</p> <p><b>Date of appointment by the Works Council :</b> 05/12/2016</p> <p><b>Start date of current appointment:</b></p> <ul style="list-style-type: none"> <li>■ 05/12/2016</li> </ul> <p><b>Term of office expires:</b></p> <ul style="list-style-type: none"> <li>■ At the close of the General Meeting called to approve the financial statements for the year ending December 31, 2021</li> </ul>	<p><b>Other appointments currently or previously held in the Group in the last five years:</b> Not applicable.</p>	<p><b>Other appointments currently or previously held by the director, or where applicable her permanent representative, outside the Group in the last five years <sup>(1)</sup> :</b> Not applicable.</p>
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At its meeting of February 24, 2017, the Board of Directors decided:

- to submit the following reappointments of directors for approval by the General Meeting of shareholders: Louis Merceron-Vicat for a six-year term and Sophie Fegueux and Jacques Le Mercier for three-year terms;
- after formally acknowledging the resignation of Pierre Breuil with effect from February 24, 2017, to appoint Eléonore Sidos by co-optation, as director for the remainder of her predecessor's term, subject to ratification at the next General Meeting of shareholders.

### **Family ties between directors and managers**

Guy Sidos, Chairman and Chief Executive Officer, is the son-in-law of Jacques Merceron-Vicat, director and Honorary Chairman, the husband of Sophie Sidos, director, and brother-in-law of Louis Merceron-Vicat, director and father of Eléonore Sidos, director.

#### **4.2.1.4. Gender parity, diversity and expertise of Board members – Independent directors**

### **Detailed information on the management expertise of the members of the Board of Directors**

The Board of Directors consists of individuals who have industry knowledge, specific knowledge of the Group's businesses, technical and/or management experience, as well as corporate and financial experience. Each member of the Board of Directors is selected according to his availability and his integrity.

### **Personal information concerning the members of the Board of Directors**

As of the date of the filing of this Registration Document, no member of the Board of Directors has at any time in the last five years:

- been sentenced for fraud;
- been associated with a bankruptcy, or been put under sequestration or into liquidation;
- been officially incriminated or penalized by a legal or administrative authority, including by designated professional bodies;
- been disqualified by a court from serving as a member of an administrative, management or supervisory body or from being involved in the management or conduct of the affairs of an issuer.

### **Corporate governance declaration**

(Article L. 225-37 of the French Commercial Code)

The Company subscribes to a policy of transparency and continuous improvement regarding its disclosures, in particular those relating to its activities and financial matters. Since August 2, 2012, the Company has used and complied with the recommendations of the Middelnext Code of Corporate Governance as its frame of reference for good governance.

The Board of Directors of the Company engages in an ongoing analysis of the rules applicable to the Board and their compliance with the recommendations of the Middelnext Code of Corporate Governance. In August 2013, internal rules of procedure were established for the Board, particularly with a view to the organization of its self-assessment and internal deliberations and to set forth the conditions for the exercise by Board members of their right to information as well as the requirements incumbent on them with respect to professional ethics and confidentiality.

Similarly, the Board of Directors has adapted the roles and responsibilities of the Board's committees, in particular its Audit Committee, to the provisions of article L. 823-19 of the French Commercial Code.

Given its majority share ownership by members of the founding family and its long-term vision, the Company aims for continuity in its appointments of directors as a guarantee of longevity. Nevertheless, in order to ensure the rotation of Board members, and in particular its independent directors, the Company has decided that each director should serve for either a three- or six-year term.

As of the date of the filing of this Registration Document, the Board of Directors had five members deemed independent. Directors not maintaining any direct or indirect relationship or not having any link of individual interest with the Company, its subsidiaries, its shareholders or its management are regarded as independent directors. Based on the criteria set by the Middelnext Corporate Governance Code, the Company considers as independent any director who is not bound to the Company or to the Group by an employment contract, a contract for the provision of services, or by a situation of subordination or dependency with respect to the Company, the Group, its management or major shareholders, or by a family tie with the majority shareholder. The independent members are: Sophie Fegueux, Jacques Le Mercier, Bruno Salmon, Xavier Chalandon and Delphine André.

As at the date of this Registration Document, Sophie Sidos, Sophie Fegueux, Delphine André, Emmanuelle Salles and Eléonore Sidos are members of the Board of Directors, thus bringing the composition of the Board in line with the objectives of the French law of January 27, 2011 concerning the balance between men and women on Boards of Directors.

Furthermore, since May 2015 the Company has committed itself to the implementation of a Board of Directors assessment in order to bring the Company in line with the requirements of the Middelnext Corporate Code.

#### 4.2.1.5. Conflicts of interests within the Board of Directors or General Management

To the best of the Company's knowledge, there are not, as of the date of the filing of this Registration Document, any conflicts of interest between the duties of the members of the Board of Directors, the Chairman and Chief Executive Officer and the Chief Operating Officers, with regard to the Company and their private interests and/or other duties

No arrangement or agreement has been concluded with the main shareholders, customers, suppliers or other parties for the purposes of which any of the members of the Board of Directors, the Chairman and Chief Executive Officer or the Chief Operating Officers were selected by virtue of these roles.

#### 4.2.2. FUNCTIONING OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

##### 4.2.2.1. Missions and attributions of the Board of Directors

The Board of Directors determines the policy for the Company's business and supervises its implementation. Subject to the powers expressly granted by shareholders at General Meetings and within the limits of the Company's corporate purpose, it examines any and all matters relating to the efficient operation of the Company and makes decisions on pertinent issues by means of the resolutions it adopts.

Its strategy and actions are informed by the Company's sustainable growth objectives. The Board of Directors is responsible in particular for reviewing and approving all decisions relating to the Company's and its subsidiaries' major economic, social, financial or technological policies and the supervision of their implementation, in the context of the Group's general policy defined by the financial holding company Parfininco and the latter's strategic decisions.

The Chairman represents the Board of Directors. He organizes and directs the Board's work and reports on it at the General Meeting.

##### 4.2.2.2. Board meetings

The Board of Directors shall meet, as convened by its Chairman and CEO, as often as required by the interest of the Company, at the registered office or in any other place indicated in the convening notice. However, the Board may also be convened by the group of directors representing at least one-third of Board members, if the Board has not met for more than two months.

The deliberations of the Board of Directors shall be officially recorded in the form of minutes, signed and filed in accordance with regulations.

A quorum of at least one-half of Board members must be present in order for the Board to conduct business. Decisions are taken by a majority vote of the members present or represented. If there is a tied vote, the Chairman shall have the casting vote.

The Board of Directors met twice in 2014, four times in 2015, and four times in 2016. During these meetings, the Board examined: the position of the industry as well as that of the Group and reviewed the individual and consolidated financial statements. Attendance at meetings of the Board of Directors was 95.2% in 2016. Delegates from the works council also attended all meetings. All resolutions proposed in 2013, 2014 and 2015 were adopted unanimously.

##### 4.2.2.3. Compensation of the members of the Board of Directors

The Board of Directors receives as compensation for its service an annual fixed sum as attendance fees, the amount of which is determined by the General Meeting and remains at that level unless otherwise decided. The Board of Directors then divides the amount of these attendance fees among its members as it deems fit.

##### 4.2.2.4. Rules of procedure for the Board of Directors

With effect from August 1, 2013, the Board of Directors adopted internal rules of procedure, which are available on the Company's website: [www.vicat.fr](http://www.vicat.fr).

##### 4.2.2.5. Committees

The Board of Directors has an Audit Committee and a Compensation Committee. They fulfill their duties under the supervision of the Board of Directors. The Audit Committee consists of four members, three of which are chosen from the independent directors. The Compensation Committee consists of three members, all of which are independent directors appointed by the Board of Directors on the proposal of its Chairman and chosen on the basis of their expertise. Each committee is chaired by a Chairman appointed by a majority decision of the committee members.

As of the date of this Registration Document, the committees are made up of the following members:

- Audit Committee:
  - Jacques Le Mercier, Chairman of the committee,
  - Xavier Chalandon,
  - Delphine André,
  - Éléonore Sidos.

■ Compensation Committee:

- Xavier Chalandon, Chairman of the committee,
- Bruno Salmon,
- Jacques Le Mercier.

The committees have the following duties:

■ Audit Committee:

The Audit Committee is responsible for monitoring the process for preparing financial information and for assessing the effectiveness of internal control and risk management procedures.

In addition, the specific responsibilities of the Audit Committee are to:

- examining the annual and half-yearly financial statements, both consolidated and individual; it shall pay particular attention to the consistency and the relevance of the accounting methods used,
- examining the internal procedures for gathering and verifying financial information designed to guarantee the reliability of consolidated financial information,
- monitoring the effectiveness of the internal control and risk management systems,
- examining the applications of the statutory auditors whose appointment is proposed to the General Meeting of shareholders,
- examining the auditors' fees as well as their independence every year.

■ Compensation Committee:

The Compensation Committee is in charge of:

- examining the compensation paid to executives and employees (fixed and variable components, bonuses, etc.) and in particular the amounts and allocation,
- reviewing the share subscription or purchase option plans and, in particular as regards their beneficiaries, the number of options that may be granted to them, as well as the term of the options

and the subscription price conditions and those of any other form of access to the Company's share capital in favor of executives and employees,

- reviewing certain benefits, such as pension and welfare benefit plans, disability insurance, death insurance, education allowance, liability insurance for company officers and senior executives, etc.

### 4.2.3. OPERATION OF THE MANAGEMENT BODIES

The Chairman and CEO is responsible for the General Management of the Company. He has the broadest powers to act in all circumstances in the name of the Company, within the limitations of the corporate purpose and subject to the powers expressly attributed by law to General Meetings. He represents the Company in its relations with third parties.

It was decided at the March 6, 2015 and August 2, 2016 meetings of the Board of Directors that the Chairman and Chief Executive Officer would be assisted by a Chief Operating Officer and by five Deputy Chief Executive Officers who have been delegated responsibility in the following operational areas:

Chief Operating Officer:

- France excluding the Paper business: Didier Petetin.

Deputy Chief Executive Officers:

- Corporate Secretary: Bernard Titz;
- USA: Eric Holard;
- Legal Affairs Director: Philippe Chiorra;
- Chief Financial Officer: Jean-Pierre Souchet;
- France, Italy and Spain Cement – Chief Science Officer and Head of Industrial Performance: Eric Bourdon.

Name	Age	Brief biography
Didier Petetin	50	Mr. Petetin is a graduate of the Ecole Nationale Supérieure d'Arts et Métiers. He joined the Group in 2010 after having worked for Lafarge.
Bernard Titz	65	Mr. Titz has a doctorate in law. He joined the Group in 1982.
Eric Holard	56	Mr. Holard is a graduate of the Ecole Nationale Supérieure d'Arts et Métiers and holds an MBA from HEC. He joined the Group in 1991 after working for Arc International.
Philippe Chiorra	60	Mr. Chiorra holds a graduate degree (DESS) in legal advisory services. He joined the Group in 2000 after working for Chauvin Arnoux.
Jean-Pierre Souchet	64	Mr. Souchet holds a master's degree in economics and is a chartered accountant. He joined the Group in 1991 after having worked for Arthur Andersen.
Eric Bourdon	49	Mr. Bourdon is a graduate of the Ecole Nationale Supérieure d'Arts et Métiers. He joined the Group in 2002 after having worked for Polysius.

The Deputy Chief Executive Officers, having an operational role, have responsibility for managing activities and earnings.



#### 4.2.4. INFORMATION ON THE SERVICE AGREEMENTS BINDING THE MEMBERS OF THE COMPANY'S ADMINISTRATION AND MANAGEMENT BODIES

To the best of the Company's knowledge, there are no service agreements binding the members of the Board of Directors, the Chairman and Chief Executive Officer or the Chief Operating Officers to the Company or to any of its subsidiaries and granting benefits to such persons.

#### 4.2.5. PROVISIONS CONCERNING MEMBERS OF THE COMPANY'S ADMINISTRATIVE AND MANAGEMENT BODIES

##### 4.2.5.1. Composition of the Board of Directors [article 15 of the by-laws]

The Company is administered by a Board of Directors consisting of at least five and no more than twelve members, drawn from the shareholders and appointed by the General Meeting, except where this number is exceeded for legal reasons.

##### 4.2.5.2. Term of office of directors – Age limit – Reappointments – Co-optation – Employee director [article 16 of the by-laws]

- 1) Directors are appointed for a term of three or six years. They can be re-elected. If one or more seats are unfilled, the Board can, under the conditions set by the law, co-opt members for temporary appointments, subject to ratification at the next General Meeting.
- 2) Subject to the provisions of items 3 and 4 below, all terms of office expire at the close of the Ordinary General Meeting called to approve the financial statements for the year during which the term of three or six years has ended.
- 3) When a natural person has been appointed as a director and will reach the age of 75 before the expiration of the three- or six-year term mentioned above, the term of office is limited, in any case, to the period of time between the said director's appointment and the Ordinary General Meeting called to approve the financial statements for the year during which this director reaches the age of 75.
- 4) However, the Ordinary General Meeting at the close of which the term of office of said director expires may, if the Board of Directors so moves, re-elect the director for a further three- or six-year term, although it should be noted that at no time may the Board of Directors have more than one-third of its members over the age of 75.

- 5) Each director must acquire a minimum of ten shares within the period prescribed by law and must continue to hold those shares throughout his or her term of office.
- 6) In addition to the directors whose number, appointment procedures and duties are described above, the Board of Directors shall include an employee director.

The Works Council shall appoint an employee director for a renewable term of three or six years.

The employee director shall be appointed by the Company's Works Council in accordance with the applicable provisions of the French Commercial Code, with particular reference to the employee's status at the time of appointment, the employee's training and the conditions of his term of office.

Termination of the employment contract shall end the term of office of the director appointed by the Works Council.

In the event of a vacancy, death, resignation, dismissal or termination of the employment agreement or for any other reason, a new employee director shall be appointed by the Works Council at the first meeting after the vacancy of the employee director's seat has been noted.

Subject to the provisions of this Article and the applicable legal measures, the employee director shall have the same status, powers and responsibilities as the other directors.

Where the office of employee director is abolished whether as a result of changes in the relevant legislation or regulations, or through changes in the structure of the Company's workforce, such abolition shall become effective upon its having been formally noted by the Board of Directors meeting at the expiry of the term of office of the employee director so appointed.

##### 4.2.5.3. Chairmanship and secretariat of the Board of Directors [article 17 of the by-laws]

The Board of Directors shall elect from its members a Chairman and, if it considers it useful, a Vice-Chairman. The Board determines the term of office of the Chairman (and the Vice-Chairman where applicable), which may not exceed either their term of office as director, or the period of time between their appointment as Chairman or Vice-Chairman and the close of the Ordinary General Meeting called to approve the financial statements for the year during which they reach the age of 85.

Subject to these provisions, the Chairman of the Board of Directors or the Vice-Chairman can always be re-elected. The Chairman represents the Board of Directors. He organizes and directs the work of the Board, reports on this work to the General Meeting, and carries out its decisions. He oversees the regularity of proceedings on the Company's governance bodies and ensures that the directors are capable of discharging their duties.

The Board of Directors can appoint a secretary for each meeting who can be selected from outside the shareholders.

#### 4.2.5.4. Meetings – Convening notices – Deliberations – Attendance register [article 18 of the by-laws]

The Board of Directors meets at the Chairman's behest as often as required to serve the Company's interests, either at the registered office, or in any other place indicated in the convening notice.

In addition, the Chief Executive Officer as well as any group of directors constituting at least one-third of the members of the Board can, by presenting an agenda of the meeting, convene the Board if it has not met for more than two months; otherwise, the agenda is set by the Chairman and can, if necessary, be determined only in the course of the meeting itself.

Meetings are chaired by the Chairman or the Vice-Chairman or, failing this, by a director appointed at the start of the meeting.

Decisions are taken pursuant to the quorum and majority conditions prescribed by the law. If there is a tied vote, the Chairman shall have the casting vote.

The minutes are drawn up and copies or extracts are delivered and certified in accordance with the law.

The Board of Directors can include as present, for the calculation of the quorum and the majority, any directors attending Board meetings by video-conference or any other appropriate telecommunication method in accordance with applicable laws and regulations.

#### 4.2.5.5. Powers of the Board of Directors [article 19 of the by-laws]

The powers of the Board of Directors are those which are conferred on it by law. The Board shall exercise its powers within the limit of the corporate purpose and subject to those which are expressly granted by law to the General Meeting.

#### 4.2.5.6. Compensation of the Board of Directors [article 20 of the by-laws]

The Board of Directors receives as compensation for its service an annual fixed sum as attendance fees, whose amount is determined by the General Meeting and remains at that level unless otherwise decided.

The Board of Directors divides the amount of these attendance fees among its members as it deems fit.

#### 4.2.5.7. General Management [article 21 of the by-laws]

##### General Management structure

In accordance with the provisions of article L. 225-51-1 of the French Commercial Code, the General Management of the Company is assumed, either by the Chairman of the Board of Directors, or by another individual appointed by the Board of Directors and who takes the title of Chief Executive Officer.

This option as to the way in which General Management is to be structured is taken by the Board of Directors and remains valid until another option is selected. Resolutions of the Board of Directors are adopted by a majority of directors present or represented.

Resolutions adopted by the Board of Directors are communicated to shareholders and third parties in accordance with applicable regulations.

The Board of Directors can decide at any time to change its General Management structure.

##### General Management

Depending on the option chosen by the Board of Directors, in accordance with the provisions above, the General Management of the Company is provided either by the Chairman of the Board, or by a Chief Executive Officer, an individual appointed by the Board of Directors. In the event that the roles of Chairman of the Board and of Chief Executive Officer are separated, the resolution of the Board of Directors appointing the Chief Executive Officer must set his term of office, determine his compensation and, if necessary, limit his powers.

Subject to legal limitations, the Chief Executive Officer, whether or not he also serves as Chairman of the Board, has the broadest powers to act in any circumstance in the name of the Company. However, by way of rules of procedure, and without this limitation being opposable by third parties, the Board of Directors may limit the extent of his powers.

The age limit for the appointment of a Chief Executive Officer is set at 75 years; the term of office of a Chief Executive Officer shall expire at the close of the first Ordinary General Meeting following the date of his 75th birthday.

The Chief Executive Officer may be dismissed at any time by the Board of Directors.

On the proposal of the Chief Executive Officer, the Board of Directors can appoint up to five individuals to assist the Chief Executive Officer and who are given the title of Deputy CEO. One of these individuals also serves as Chief Operating Officer.

The age limit for the appointment of a Deputy CEO is set at 75 years; the term of office of a Deputy CEO shall expire at the close of the first Ordinary General Meeting following the date of his 75th birthday.

## 4.3. COMPENSATION AND BENEFITS

The Company's directors receive attendance fees every year. In 2016, the total of such attendance fees was € 287,500 distributed equally among the directors (*i.e.* € 25,000) with the exception of:

- the Chairman and Chief Executive Officer, who for 2015 received twice the compensation received by the other members of the Board of Directors (*i.e.* € 50,000);
- Emmanuelle Salles, who received € 12,500, pro-rated based on the number of meetings she attended.

Furthermore, the additional compensation allocated to each member of the Board of Directors' committees for 2016 amounted to € 7,000 for the members of the Audit Committee, and € 3,500 for the members of the Compensation Committee.

At its meeting of February 24, 2017, the Board of Directors decided to submit a proposal for the approval of the General Meeting of shareholders to raise the total amount of attendance fees to be distributed among the directors as from 2017 to € 312,000 and to raise the remuneration allocated to each member of the committees of the Board of Directors to € 7,300 for members of the Audit Committee and € 3,700 for members of the Compensation Committee.

### 4.3.1. COMPENSATION PAID TO NON-EXECUTIVE DIRECTORS – DIRECTORS' FEES AND COMPENSATION PAID IN RESPECT OF POSITIONS HELD ON COMMITTEES

	Amounts paid during 2016 <i>(in euros)</i>	Amount paid during 2015 <i>(in euros)</i>
<b>Jacques Merceron-Vicat</b> <b>Director and Honorary Chairman</b>		
Directors' fees	25,000	25,000
Compensation on the basis of positions held within the committees of the Board of Directors	-	-
<b>Pierre Breuil</b> <b>Director</b>		
Directors' fees	25,000	25,000
Compensation on the basis of positions held within the committees of the Board of Directors	7,000	7,000
<b>Louis Merceron-Vicat</b> <b>Director</b>		
Directors' fees	25,000	25,000
Compensation on the basis of positions held within the committees of the Board of Directors	-	-
<b>Bruno Salmon</b> <b>Director</b>		
Directors' fees	25,000	25,000
Compensation on the basis of positions held within the committees of the Board of Directors	3,500	3,500
<b>Sophie Sidos</b> <b>Director</b>		
Directors' fees	25,000	25,000
Compensation on the basis of positions held within the committees of the Board of Directors	-	-
<b>Jacques Le Mercier</b> <b>Director</b>		
Directors' fees	25,000	25,000
Compensation on the basis of positions held within the committees of the Board of Directors	10,500	7,000

	Amounts paid during 2016 (in euros)	Amount paid during 2015 (in euros)
<b>Xavier Chalandon</b> <b>Director</b>		
Directors' fees	25,000	25,000
Compensation on the basis of positions held within the committees of the Board of Directors	3,500	3,500
<b>Sophie Fegueux</b> <b>Director</b>		
Directors' fees	25,000	12,500
Compensation on the basis of positions held within the committees of the Board of Directors	-	-
<b>Delphine André</b> <b>Director</b>		
Directors' fees	25,000	18,750
Compensation on the basis of positions held within the committees of the Board of Directors	7,000	3,500
<b>Emmanuelle Salles</b> <b>Employee director</b>		
Directors' fees	12,500	-
Compensation on the basis of positions held within the committees of the Board of Directors	-	-
<b>TOTAL</b>	<b>269,000</b>	<b>256,500</b>

#### 4.3.2. COMPENSATION PAID TO EXECUTIVE COMPANY OFFICERS

Overview of remuneration paid and stock options allocated to each executive director:

	2016	2015
<b>Guy Sidos</b> <b>Chairman and Chief Executive Officer</b>		
Compensation paid in respect of the year	871,823	839,603
Value of options granted during the year	n/a	n/a
Value of performance shares granted during the year	n/a	n/a
<b>TOTAL</b>	<b>871,823</b>	<b>839,603</b>
<b>Didier Petetin</b> <b>Chief Operating Officer</b>		
Compensation paid in respect of the year	292,178	275,699
Value of options granted during the year	-	-
Value of performance shares granted during the year	-	-
<b>TOTAL OTHER INCOME (EXPENSE)</b>	<b>292,178</b>	<b>275,699</b>

The table below shows an itemization of the compensation paid and benefits in kind granted by the Company, its subsidiaries or companies controlling the Company to the executive company officers, *i.e.* the Chairman and Chief Executive Officer and the Chief Operating Officer, in 2015 and 2016.

No amounts were due to executive company officers for 2015 and 2016.

	2016		2015	
	Amount due in respect of the year	Amount paid during the year	Amount due in respect of the year	Amount paid during the year
<b>Guy Sidos</b> <b>Chairman and Chief Executive Officer</b>				
Fixed compensation	-	745,035		721,677
Variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Directors' fees	-	54,200	-	54,200
Benefits in kind		72,588	-	63,726
<b>TOTAL</b>		<b>871,823</b>	<b>-</b>	<b>839,603</b>
<b>Didier Petetin</b> <b>Chief Operating Officer</b>				
Fixed compensation	-	282,954		270,935
Variable compensation	-	n/a	-	n/a
Exceptional compensation	-	n/a	-	n/a
Directors' fees	-	-	-	-
Benefits in kind	-	9,224	-	4,764
<b>TOTAL</b>		<b>292,178</b>	<b>-</b>	<b>275,699</b>

In accordance with Article L 225-37-2 of the French Commercial Code, the policy on remuneration of Company officers is the subject of a report in Section 4.5.1.4 of this Registration Document.

#### 4.3.3. PENSION, RETIREMENT AND OTHER BENEFITS

The Company has not implemented plans to grant performance shares or stock options to executive company officers, and no award of securities has been made to the aforementioned company officers in this regard.

The Group has established a special pension plan for company officers and other senior executives within the Group, adding to the coverage

provided under mandatory and supplementary pension plans. The benefits of this additional supplementary plan are granted, as decided by the Chief Executive Officer, to executives whose gross compensation is greater than four times the French social security ceiling. In addition, in order to receive these benefits, the relevant person must have served at least 20 years with the Group and have reached 65 years of age at the time they acquire the pension rights. The additional supplementary pension amount is calculated as a function of the length of service as of the date of retirement and the reference salary for the highest ten years. This additional amount may not result in receipt by the beneficiary of any amount exceeding 60% of the reference salary, all pension and other retirement benefits combined. A provision of € 10,368 thousand is recognized in the financial statements corresponding to the additional supplementary pension plan for the aforementioned company officers and other senior executives in the Group.

The table below presents certain items relating to the benefits granted to executive company officers in 2016:

	Employment contract		Supplementary pension		Allowances or benefits due or that could be due as a result of termination or a change in duties		Indemnity related to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Senior executives and company officers</b>								
<b>Guy Sidos</b> <i>Chairman and Chief Executive Officer</i>		■	■			■		■
<b>Didier Petetin</b> <i>Chief Operating Officer</i>		■	■			■		■

## 4.4. SHAREHOLDINGS OF THE COMPANY'S OFFICERS AND TRANSACTIONS CONDUCTED BY MEMBERS OF THE BOARD OF DIRECTORS ON THE COMPANY'S SHARES

### 4.4.1. SHARE OWNERSHIP BY COMPANY OFFICERS AND BOARD MEMBERS AS AT DECEMBER 31, 2016

Shareholder	Number of shares	Percentage of share capital	Number of voting rights	Percentage of voting rights
Jacques Merceron-Vicat	41,483	0.09	82,966	0.11
Soparfi <sup>(1)</sup> (company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	11,869,703	26.44	23,667,630	32.29
Parfininco (company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	13,388,707	29.82	26,698,532	36.42
Hoparvi (a company of which Jacques Merceron-Vicat is Chairman)	12,476	0.03	12,476	0.02
Guy Sidos	3,479	0.01	6,958	0.01
Louis Merceron-Vicat	6,094	0.01	12,189	0.02
Xavier Chalandon	100	-	200	-
Delphine André	10	-	10	-
Sophie Sidos	1,913	-	3,826	0.01
Jacques Le Mercier	10	-	20	-
Bruno Salmon	62,126	0.14	123,793	0.17
Pierre Breuil	32	-	52	-
Sophie Fegueux	203	-	203	-
Didier Petetin	8	-	8	-
Emmanuelle Salles	180	-	265	-

(1) BCCA and SAPV, wholly owned subsidiaries of the Vicat Group, own 22.46% of the shares of Soparfi, representing 14,554 Soparfi shares.



#### 4.4.2. TRANSACTIONS BY MEMBERS OF THE BOARD OF DIRECTORS ON THE COMPANY'S SHARES IN 2015 AND 2016

	Transactions in 2016	Transactions in 2015
Soparfi (company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	Purchase of 49,199 shares	Purchase of 19,548 shares
Parfininco (company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	Purchase of 37,351 shares	Purchase of 30,766 shares
Hoparvi (a company of which Jacques Merceron-Vicat is Chairman)	Purchase of 986 shares	Purchase of 11,490 shares

In addition, a certain number of commitments to retain shares have been entered into under the Dutreil law by some company officers.

#### 4.4.3. COMMITMENTS TO RETAIN COMPANY SHARES

Six commitments to retain shares, relating to a maximum of 22.51% of the Company's share capital, were made as from 2005, and continued in effect until the date of the filing of this Registration Document, in order to take advantage of the provisions of article 885-O *bis* of the French General Tax

Code allowing the signatories partial exemption from the French wealth tax (*impôt de solidarité sur la fortune* or ISF), as indicated in the table below.

Date of signature of the commitment	Term	Renewal procedure	Senior executive signatories pursuant to article 885-O bis of the French General Tax Code or holding more than 5% of the Company's share capital and/or voting rights
11/22/2006	6 years starting on 11/28/2006	Extension by 12-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
12/08/2006	6 years starting on 12/13/2006	Extension by 12-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
12/08/2006	6 years starting on 12/13/2006	Extension by 12-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
12/20/2006	6 years starting on 12/21/2006	Extension by 12-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
12/11/2007	6 years starting on 12/13/2007	Extension by 12-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
07/03/2015	2 years starting on 07/09/2015	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Sophie Sidos Parfininco Hoparvi SAS

Nine commitments to retain shares, relating to a maximum of 22.51% of the Company's share capital, were made as from 2005, and continued in effect until the date of the filing of this Registration Document, in order to take advantage of the provisions of article 787 B of the French General Tax Code allowing the signatories partial exemption from the French inheritance tax (*droits de mutation à titre gratuit* or DMTG), as indicated in the table below.

Date of signature of the commitment	Term	Renewal procedure	Senior executive signatories pursuant to article 787 B of the French General Tax Code or holding more than 5% of the Company's share capital and/or voting rights
07/25/2005	2 years starting on 08/01/2005	Extension by 3-month periods	Jacques Merceron-Vicat Sophie Sidos Louis Merceron-Vicat Soparfi Parfininco
12/08/2006	2 years starting on 12/13/2006	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
12/08/2006	2 years starting on 12/13/2006	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
12/11/2007	2 years starting on 12/13/2007	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
05/25/2010	2 years starting on 05/25/2010	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Sophie Sidos Louis Merceron-Vicat Soparfi Parfininco
05/25/2010	2 years starting on 05/25/2010	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Sophie Sidos Louis Merceron-Vicat Soparfi Parfininco
04/28/2011	2 years starting on 05/5/2011	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Sophie Sidos Soparfi Parfininco
05/22/2013	2 years starting on 05/22/2013	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Sophie Sidos Louis Merceron-Vicat Soparfi Parfininco
07/03/2015	2 years starting on 07/09/2015	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Sophie Sidos Parfininco Hoparvi SAS

## 4.5. INTERNAL CONTROL PROCEDURES

The Chairman's report on corporate governance and internal control, and the statutory auditors' report on the Chairman's report, describe the internal control measures implemented by the Company and the Group.

The Group pays particular attention to matters of internal control in the countries it operates in, and so puts measures in place at the level of each operating subsidiary so as to take the specifics of the markets in which it is active into account. These measures are subject to periodic reviews by the statutory auditors of the various Group companies.

In addition, the financial controllers are seconded by the Group's management to each operating subsidiary so as to reinforce the financial reporting system and enable the Group's management to control the development of its operations.

The Group currently relies on these procedures to ensure a satisfactory level of anticorruption controls.

### 4.5.1. CHAIRMAN'S REPORT ON CORPORATE GOVERNANCE AND INTERNAL CONTROL

Dear Shareholders,

Pursuant to the provisions of article L. 225-37, paragraph 6, of the French Commercial Code, I am reporting herein on:

- the composition of the Board and application of the principle of balanced representation of men and women on Boards of Directors;
- the preparation and organization of the work of your Board of Directors during the financial year ended on December 31, 2016;
- the internal control and risk management procedures established by the Company;
- the policy for compensation of the Company's officers;
- the scope of powers of the Chairman and CEO;
- consideration of the financial risks relating to the effects of climate change and measures taken by the Company to reduce these risks by implementing a low-carbon strategy in all sectors of its business.

#### 4.5.1.1. Preparation and organization of the work of the Board of Directors

The Board of Directors met four times in the last financial year. The dates and the agendas of the Board meetings were as follows:

##### MEETING OF MARCH 9, 2016

- Presentation of the business report;
- Approval of the individual financial statements for the year ended December 31, 2015;
- Approval of the consolidated financial statements for the year ended December 31, 2015;
- Review of the reports to the Board of Directors by its committees (Audit Committee and Compensation Committee);
- Presentation of the 2016 budget (business objectives);
- Appropriation of earnings;
- Share buy-back program;
- Delegation of powers as stipulated by the share buy-back program;
- Reallocation of treasury shares;
- Reappointment of two directors;
- Review of regulated agreements;
- Approval of the Chairman's report on corporate governance and internal control;
- Approval of the report on payments made to States or regions where the Group performs extraction operations (article L. 225-102-3 of the French Commercial Code);
- Authorization for a bond issue and delegation of powers;
- Review of forward accounts;
- Amendment of article 16 of the by-laws;
- Convening of the Combined General Meeting and setting of the agenda;
- Other business.

All the members of the Board attended this meeting, as well as the Company's auditors and two of the three Works Council representatives.

The resolutions tabled during this meeting were all adopted unanimously.

##### MEETING OF APRIL 29, 2016

- Review of business in the first quarter of 2016;
- Reappointment of Xavier Chalandon as member and Chairman of the Compensation Committee;
- Other business.

Nine out of the ten members on the Board attended this meeting, as well as the Company's auditors and the three Works Council representatives.

The resolutions tabled during this meeting were all adopted unanimously.

#### MEETING OF AUGUST 2, 2016

- Business report;
- Analysis and approval of the individual and consolidated financial statements as at the end of June 2016;
- Review of forward accounts;
- Benchmarking of cement companies;
- Audit Committee report;
- End of Raoul de Parisot's term of office as Chief Operating Officer;
- Appointment of an employee director by the Works Council: Consideration of the term of office;
- Powers for formalities;
- Other business.

All the members of the Board attended this meeting, as well as the Company's auditors and the three Works Council representatives.

The resolutions tabled during this meeting were all adopted unanimously.

#### MEETING OF NOVEMBER 2, 2016

- Presentation of operations, sales and the press release at the end of September 2016;
- Other business (information on sales and purchases of concrete assets in France and Vicat SA's forward accounts).

Ten out of the eleven members of the Board attended this meeting, as well as one of the two Company auditors and the three Works Council representatives.

Each director had been sent, with the notice convening the Board meetings, all the documents and information necessary to fulfill his function. The minutes of the Board meetings were drafted at the end of each meeting.

### Composition of the Board of Directors - Balance between men and women

The Company is managed by a Board of Directors composed of at least five and no more than twelve members, appointed by the General Meeting of shareholders for a term of three or six years.

At December 31, 2016, the Board of Directors comprised 11 members, the list of which can be found appended to this report. The list moreover details the appointments held by each director in other Group companies.

The Board of Directors consists of individuals who have industry knowledge, specific knowledge of the Group's businesses, technical experience and/or management, corporate and financial experience.

At December 31, 2016, the Board of Directors included six independent members: Jacques Le Mercier, Pierre Breuil, Bruno Salmon, Sophie Fegueux, Xavier Chalandon and Delphine André. Directors not maintaining any direct or indirect relationship or not having any link of individual interest with the Company, its subsidiaries, its shareholders or its management are regarded as independent directors. Moreover, the Company considers as an independent director, a person who is not bound to the Company or to the Group by an employment contract, a contract for the provision of services or by a situation of subordination or dependency with respect to the Company, the Group, its management or major shareholders or by a family tie with the majority shareholder.

At December 31, 2016, Sophie Sidos, Sophie Fegueux, Delphine André and Emmanuelle Salles were members of the Board of Directors. At its meeting of February 24, 2017, the Board of Directors decided to appoint Eléonore Sidos by co-optation, replacing Pierre Breuil, who resigned, subject to ratification at the next General Meeting, thus bringing the composition of the Board in line with the objectives of the French law of January 27, 2011 concerning the balance between men and women on Boards of Directors.

### Functioning of the Board of Directors

At its meeting of August 1, 2013, the Board of Directors adopted rules of procedure applicable to all present and future directors, the purpose of which is to fulfill legal, regulatory and statutory obligations, and to specify:

- the role of the Board;
- the composition of the Board;
- the experience and expertise of the members of the Board – Training;
- the independence criteria for directors;
- the operation of the management bodies;
- the conduct of meetings of the Board of Directors;
- information on members of the Board;
- the compensation of the Board of Directors;
- the Board committees;
- the rights and obligations of directors and conflicts of interest;
- the assessment of the Board's operation;
- changes to the rules of procedure.

### Committees of the Board of Directors

Following a decision made by the Board of Directors on February 24, 2017, the Board of Directors has an Audit Committee and a Compensation Committee. The committees are made up of four members for the Audit Committee and three members for the Compensation Committee, all mostly independent directors, appointed by the Board of Directors having been proposed by the Chairman and chosen on the basis of their competencies. Committee members are

nominated for the duration of their term as director. They can be re-elected.

The committee members can be removed at any time by the Board of Directors, which does not have to justify its decision. A committee member may resign his role without having to provide reasons for his decision.

Each committee is chaired by a Chairman appointed by a majority decision of the committee members. The Chairman of the committee ensures the regularity of its proceedings, with particular reference to the convening and conduct of meetings and the provision of information to the Board of Directors.

Each committee appoints a secretary from among the three members or from outside the committee and Board of Directors.

The composition of the committees at December 31, 2016 was as follows:

### Composition of the Audit Committee

- Jacques Le Mercier, Chairman of the committee;
- Pierre Breuil;
- Delphine André.

### Composition of the Compensation Committee

- Xavier Chalandon, Chairman of the committee;
- Jacques Le Mercier;
- Bruno Salmon.

### Operating details of the Committees

Meetings:

**Audit Committee:** twice a year and more often at the request of the Board of Directors;

**Compensation Committee:** once a year and more often at the request of the Board of Directors.

The proposals before the committees are adopted by simple majority of the members present, each member having one vote. The members may not be represented by proxies at committee meetings.

The deliberations of the committees are recorded in minutes entered in a special register. Each committee reports to the Board of Directors on its work.

The Board of Directors may allocate remuneration or attendance fees to committee members.

### Audit Committee role

The Audit Committee's role consists in particular in:

- examining the annual and half-yearly financial statements, both consolidated and individual (with particular attention to the consistency and the relevance of the accounting policies used);
- monitoring the process for preparation of the financial information;
- reviewing the internal procedures for gathering and verifying the financial information that ensure the accuracy of the consolidated information;
- monitoring the effectiveness of the internal control and risk management systems;
- examining the applications of the statutory auditors whose appointment is proposed to the General Meeting of shareholders;
- examining every year the auditors' fees as well as their independence.

The Audit Committee met twice in 2016 with an 100% attendance rate. It considered the following issues:

#### MEETING OF MARCH 2, 2016

- Financial calendar;
- Significant events of the year;
- New measures that companies must comply with;
- 2015 annual financial statements – analysis of indebtedness and exchange rate and interest rate hedging;
- Legal issues;
- IT projects: Horus, creation of CSP;
- Audit and internal control;
- Audit and statutory auditors – presentation by the statutory auditors.

#### MEETING OF JULY 27, 2016

- Significant events during the first half of 2016;
- Half-yearly financial statements;
- Update on preparations for IFRS 15 and 16;
- Audit and internal control.

### Compensation Committee's role

The Compensation Committee is in charge of:

- examining the compensation of managers and employees (fixed component, variable component, bonuses, etc.) and in particular the amounts and allocation;
- reviewing the share subscription or purchase option plans and, in particular as regards their beneficiaries, the number of options that may be granted to them, as well as the term of the options and the subscription price conditions and those of any other form of access to the Company's share capital benefiting executives and employees;

- reviewing certain benefits, such as pension and welfare benefit plans, disability insurance, death insurance, education allowance, liability insurance for company officers and senior executives, etc.

The Compensation Committee met once in 2015 with a 100% attendance rate. It considered the following issues:

#### MEETING OF FEBRUARY 5, 2016

- Changes in compensation in 2015 by category;
- Review of profit-sharing and incentive plans.

#### 4.5.1.2. Internal control and risk management procedures

Internal control in the Group centers in particular on:

- the Group Accounting Department responsible for issuing or updating the accounting and financial policies to be applied within the Group;
- financial control reporting to the Finance Department and responsible for ensuring compliance with standards, procedures, regulations and best practices;
- financial control reporting to the General Management of the various businesses and reporting functionally to the Group Financial Control Department, which reports to the Chairman and Chief Executive Officer;
- the various staff functions providing oversight in their area of expertise;
- the Internal Audit Department reporting to the Group's Chairman and Chief Executive Officer.

An internal control manual was issued to all the Group's operational managers and administration and finance teams in 2012. It sets out the legal obligations and definitions in relation to internal control and lays down the fundamentals and principles to be adopted in order to achieve the best guarantee of a high standard of internal control.

Moreover, certain subsidiaries will have one or more employees in charge of internal control on a full- or part-time basis.

As such, they will be responsible for assessing and implementing the procedures in place. This person will also coordinate the follow-up on recommendations made by external auditors and the internal audit.

#### Definition and objectives of internal control

According to the AMF (French Financial Market Authority) terms of reference, which the Company has chosen to apply, internal control is a measure used to ensure:

- compliance with laws and regulations;
- implementation of the instructions and guidelines set by the Chairman and Chief Executive Officer;
- proper operation of Group internal processes, in particular those serving to protect assets;
- reliability of financial information.

This system comprises a set of resources, behaviors, procedures and actions appropriate to the Group's characteristics that contribute to controlling its activities, to the effectiveness of its operations and to the efficient use of its resources.

It should also allow the Group to take into account significant risks, whether operational, financial or compliance risks. Nonetheless, like any management control system, it cannot provide an absolute guarantee that these risks have been completely eliminated.

#### Application scope

The scope of internal control extends to the parent company and all the subsidiaries that it controls exclusively or jointly.

#### Description of the components of internal control

The internal control process is based on an internal organization that is appropriate to each of the Group's activities and is characterized by the extensive senior management responsibility for operational control.

The Group specifies procedures and operating principles for its subsidiaries, particularly in relation to the development and treatment of accounting and financial information, and taking into account the risks inherent in each of the businesses and markets in which the Group operates, in compliance with the directives and common rules defined by the Group's management.

As far as information management tools are concerned, the Group steers and monitors the course of its industrial (in particular supply, production and maintenance), and commercial (sales, shipping and credit management) activities, and converts this information into accounting information using either integrated software packages recognized as standard on the market, or specific applications developed by the Group's Information Systems Department.

In this context, the Group has been engaged since 2009 in a progressive updating of its information systems, with a view to standardizing the tools used, improving the security and speed of the processing of data and transactions and facilitating the integration of new entities. This overhaul involves the technical infrastructure on the one hand and the transaction processes and applications supporting such processes on the other. It led the Group to introduce the SAP integrated management software system, initially in France for the Cement and Paper businesses (Vicat SA) then in 2015, for the Concrete & Aggregates businesses. Ultimately, SAP will be deployed in all the other French businesses (Other Products and Services), with phased implementation thereafter in the Group's international businesses.

The Company has set up a system for steering by General Management and the business units concerned, allowing for informed and quick decisions.

This system comprises:

- daily production reports from the plants;
- reviews of weekly activity by the operational units (country or subsidiary);



- monthly operational and financial reviews (factory performance, industrial and commercial performance indicators) analyzed by the Group's financial control with reference to the budget and the previous financial year;
- monthly reports presenting the consolidated income statements broken down by country and business sector, and reconciled with the budget;
- monthly consolidated cash flow and indebtedness reports broken down by country and business sector;
- regular visits by the Chairman and Chief Executive Officer to all subsidiaries, during which the results and the progress of commercial and industrial operations are presented, allowing him to assess the implementation of guidelines and to facilitate information exchanges and decision-making.

In 2016 the Group maintained the continuous improvement of its transactional and decision-making systems, primarily by expanding the application of the SAP software suite. In 2017 the plan is to extend its functionality and the operations it covers.

### **Risk analysis and management**

Risk management is included in the responsibilities of the various levels of operational management. If applicable, the various reports on activities described above include items on risk.

Major risks are then analyzed and, if applicable, managed in conjunction with General Management. An overview of the main risks that the Group is exposed to is presented every year in Chapter 6 of the Registration Document published by the Company; in particular, this addresses:

- industrial risks including those related to industrial equipment and to product quality defects, and those related to the environment;
- market risks, including: foreign exchange risks, conversion risks, liquidity risks and interest rate risks.

Internal Audit has undertaken a process of risk identification and analysis. Following a risk identification phase involving interviews with the Group's key operational and functional managers and a subsequent analysis phase conducted in conjunction with General Management, this study enabled a mapping of the risks to which the Group is exposed. This risk matrix is regularly reviewed, specifically in the light of missions conducted locally, and updated if necessary.

The Internal Audit Department reports to the Group's Chairman and Chief Executive Officer and can intervene in all the Group's activities and subsidiaries. It works in accordance with an annual audit plan intended to cover the main risks identified within the Company, in particular those relating to accounting and financial information.

The audits are the subject of reports submitted to management, the Chairman and Chief Executive Officer, and the Audit Committee. They comprise overview reports specifically targeted at senior management, and detailed reports used *inter alia* to draw the attention of the operational staff concerned to any adverse findings and recommendations proposed.

The implementation of action plans is the subject of formal monitoring by the Internal Audit Department in a specific performance indicator.

To meet its own ethical obligations as well as those prescribed by law, the Vicat Group has implemented an anti-corruption program that includes a code of conduct, control procedures on operating activities, an internal organization designed to monitor policies and procedures, an internal warning system and training to educate and raise awareness among employees and third parties.

To that end, the function of Chief Compliance Officer reporting to the Chairman and Chief Executive Officer has been created.

#### **4.5.1.3. Corporate Governance**

The Board of Directors decided at the meeting on August 2, 2012 to adopt the Chairman's proposal to implement the Middenext Corporate Governance Code, available at [www.middenext.com](http://www.middenext.com).

Consequently, since financial year 2012, the Middenext Code has been the reference code for preparing this report (see governance statement in section 4.2.1.4 of this Registration Document.)

#### **4.5.1.4 Remuneration of the Company Officers**

##### **Report concerning the policy for remuneration of the Company's Officers**

This report prepared in application of Article L 225-37 of the French Commercial Code presents the policy for the remuneration of the Company Officers; namely Guy Sidos, Chairman and Chief Executive Officer and Didier Petetin, Chief Operating Officer.

With effect from March 2017, the positions of the Chairman and Chief Executive Officer and the Chief Operating Officer of the Company will be remunerated by Vicat SA.

##### **A) CONCERNING GUY SIDOS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER.**

At the request of the Compensation Committee which met on January 27, 2017, the 2016 remuneration of the Chairman and Chief Executive Officer, Guy Sidos, was compared with the results of a benchmarking (2016 data) study conducted by an independent consultancy of experts (MERCER), and a benchmark based on the SBF 120 Companies (regulated information provided by ETHICS&BOARDS) of a comparable size to Vicat SA. These benchmarks do not include Supplementary pension.

The gross annual salary of the Chairman and Chief Executive Officer is lower than the median and mean averages of the gross annual salaries of Chairmen and Chief Executive Officers of the companies included in the benchmarking. The variable part attributed by Vicat SA is in the first quartile. By including the benefits in kind granted by the Company, the gross annual compensation of the Chairman and Chief Executive Office is in the first quartile.

In 2017, following a proposal made by Parfininco, lead holding body of the Company, the principles and criteria used to determine the breakdown and attribution of the basic, variable and bonus components making up the total compensation and the benefits of any nature attributable to the Chairman and Chief Executive Officer are as follows:

■ **Gross annual salary:**

Subject to a justified individual rise, it will be in line with the overall increase of the Vicat SA employees.

■ **Gross annual bonus based on individual performance:**

Paid in February Y+ 1 for year Y, it is calculated on the basis of the financial and CSR results of the Vicat Group for year Y.

The amount cannot exceed 30 % of the gross annual salary;

■ **Gross annual special bonus:**

Paid in February Y+ 1 for year Y, its payment is exceptional and is dependent on the successful execution of exceptional operations (acquisitions, etc.) during the course of year Y for the Vicat Group.

It is determined on the basis of the complexity and scale of the achievement.

The amount cannot exceed 20 % of the gross annual salary;

■ **Benefits in kind:**

Benefits in kind comprise the following benefits: company car, chauffeur, membership to various professional circles, annual contribution for providence concerning supplementary pension (see Article 39).

■ **Private health insurance scheme:**

For private health insurance, Guy Sidos belongs to the Vicat SA beneficiaries category governed by Articles 4 and 4(b) of the AGIRC National Collective Agreement of March 14, 1947.

• **Private health insurance “Family” option**

For the Private health insurance “Family” option, Guy Sidos belongs to the Vicat SA beneficiaries category governed by Articles 4 and 4(b) of the AGIRC National Collective Agreement of March 14, 1947 and has contracted this option.

• **Supplementary private health insurance option**

For the supplementary private health insurance option, Guy Sidos belongs to the Vicat SA beneficiaries category governed by Articles 4 and 4(b) of the AGIRC National Collective Agreement of March 14, 1947 and has contracted this option.

■ **Providence scheme:**

For the Providence scheme, Guy Sidos belongs to the Vicat SA beneficiaries category governed by Articles 4 and 4(b) of the AGIRC National Collective Agreement of March 14, 1947.

■ **Obligatory complementary pension scheme:**

For the mandatory complementary pension scheme, Guy Sidos belongs to the Vicat SA beneficiaries category governed by Articles 4 and 4(b) of the AGIRC National Collective Agreement of March 14, 1947.

■ **Supplementary pension scheme:**

Guy Sidos benefits from the supplementary pension plan (Article 39 of the French General Tax Code). The aim of this scheme is to guarantee the employees concerned a pension which is as satisfactory as possible with regard to past service, in the event of the normal operation of the various schemes with which the company is a member of; without replacing them should they default.

To benefit from this Pension, Guy Sidos must satisfy the following conditions:

- be at least 65 years old,
- complete his career in the Company,
- have liquidated all of his obligatory and optional pensions beforehand,
- have served at least 20 years at the time of retiring.

The basic compensation used to calculate the pension is equal to the arithmetic average of the previous ten years revalued by the addition ratios defined in Article L. 351-11 of the French Social Security Code. This calculation does not include end-of-career bonuses, profit-sharing and incentive schemes and, more generally, all compensation of an extraordinary nature.

The total amount of the pensions obtained (excluding family increase) at the time of retiring, all employment activities included (including the supplementary pension), shall not exceed 60 % of the basic compensation, subject to a minimum guarantee of 5 %.

Determining the supplementary pension (“SP”) completes the total amount of the other pensions up to a maximum aggregate which cannot exceed 60 % of the basis compensation:

- $SP = [0.5 \% + 1.5 \% \times (Y - 20)] \times \text{Basic compensation}$ ,
- with, if N (number of complete years in the Company) < 20 years then  $Y - 20 = 0$
- with  $PS + \text{Total Other pensions} < \text{or} = 60 \% \times \text{Basic compensation}$ .

■ **Payment upon retirement:**

The amount will be calculated in accordance with the following formula:

- after 5 years’ service: Gross annual salary/12
- after 10 years’ service: (Gross annual salary/12) x 2
- after 20 years’ service: (Gross annual salary/12) x 3
- after 30 years’ service: (Gross annual salary/12) x 4
- after 35 years’ service: (Gross annual salary/12) x 5
- after 40 years’ service: (Gross annual salary/12) x 6

Gross annual salary: equal to the sum of the last 12 gross monthly wages paid.

The length of service corresponds to the length of service in the Group.

**B) CONCERNING DIDIER PETETIN, CHIEF OPERATING OFFICER:**

At the request of the Compensation Committee, which met on January 2, 2017, the 2016 compensation of the Chief Operating Officer, Didier Petetin, was compared with the results of a benchmarking (2016 data) study conducted by an independent consultancy of experts (MERCER). This benchmark does not include Supplementary pensions.

The gross annual salary of the Chief Operating Officer is in the first quartile of the gross annual salaries of Chief Operating Officers of the companies included in the benchmarking. The variable part attributed is positioned in the first quartile of the benchmarks. By including the benefits in kind granted by the Company, the gross annual compensation of the Chief Operating Officer is in the first quartile.

In 2017, following a proposal made by the Chairman and Chief Executive Officer, the principles and criteria used to determine the breakdown and attribution of the basic, variable and bonus components making up the total compensation and the benefits of any nature attributable to the Chief Operating Officer are:

**■ Gross annual salary:**

Subject to a justified individual rise, it will be in line with the overall increase of the Vicat SA employees.

**■ Gross annual bonus based on individual performance:**

Paid in February Y+ 1 for year Y, its calculation is determined by the financial and CSR results of the Vicat Group companies in France (excluding Papeteries de Vizille) for the year Y.

The amount cannot exceed 20 % of the gross annual salary;

**■ Gross annual special bonus:**

Paid in February Y+ 1 for year Y, its payment is exceptional and is dependent on the successful execution of exceptional operations (acquisitions, etc.) during year Y for the Vicat Group companies in France (excluding Papeteries de Vizille).

It is determined on the basis of the complexity and scale of the achievement.

The amount cannot exceed 10 % of the gross annual salary;

**■ Benefits in kind:**

Benefits in kind comprise the following benefits: company car, chauffeur, membership to various professional circles, annual contribution for providence concerning supplementary pension (see Article 39).

**■ Private health insurance scheme:**

For private health insurance, Didier Petetin belongs to the Vicat SA beneficiaries category governed by Articles 4 and 4(b) of the AGIRC National Collective Agreement of March 14, 1947.

**• Private health insurance “Family” option**

For the Private health insurance “Family” option, Didier Petetin belongs to the Vicat SA beneficiaries category governed by Articles 4 and 4(b) of the AGIRC National Collective Agreement of March 14, 1947 and has contracted this option.

**• Supplementary private health insurance option**

For the supplementary private health insurance option, Didier Petetin belongs to the Vicat SA beneficiaries category governed by Articles 4 and 4(b) of the AGIRC National Collective Agreement of March 14, 1947 and has contracted this option.

**■ Providence scheme:**

For the Providence scheme, Didier Petetin belongs to the Vicat SA beneficiaries category governed by Articles 4 and 4(b) of the AGIRC National Collective Agreement of March 14, 1947.

**■ Loss of employment insurance:**

Given that “Pôle Emploi” would not provide Didier Petetin with any benefits, a GSC private loss of Employment insurance policy was taken out by Vicat SA for Didier Petetin to cover him in the event of involuntary loss of his employment. The period covered is 24 months with effect from the date of losing his employment. The compensation is 55 % of the net tax salary (post-income tax)

**■ Obligatory complementary pension scheme:**

For the obligatory complementary pension scheme, Didier Petetin belongs to the Vicat SA beneficiaries category governed by Articles 4 and 4(b) of the AGIRC National Collective Agreement of March 14, 1947.

**■ Supplementary pension scheme:**

Didier Petetin benefits from the supplementary pension plan (Article 39 of the French General Tax Code). The aim of this scheme is to guarantee the employees concerned a pension which is as satisfactory as possible with regard to past service, in the event of the normal operation of the various schemes with which the company is a member of; without replacing them should they default.

To benefit from this Pension, Didier Petetin must satisfy the following conditions:

- be at least 65 years old,
- complete his career in the Company,
- have liquidated all of his obligatory and optional pensions beforehand,
- have served at least 20 years at the time of retiring.

The basic compensation used to calculate the pension is equal to the arithmetic average of the previous ten years revalued by the addition ratios defined in Article L. 351-11 of the French Social Security Code. This calculation does not include end-of-career bonuses, profit-sharing and incentive schemes and, more generally, all compensation of an extraordinary nature.

The total amount of the pensions obtained (excluding family increase) at the time of retiring, all employment activities included (including the supplementary pension), shall not exceed 60 % of the basic compensation, subject to a minimum guarantee of 5 %.

Determining the supplementary pension (“SP”) completes the total amount of the other pensions up to a maximum aggregate which cannot exceed 60 % of the basis compensation:

- $SP = [0.5 \% + 1.5 \% \times (Y - 20)] \times \text{Basic compensation}$ ,
- with, if N (number of complete years in the Company) < 20 years then  $Y - 20 = 0$
- with  $PS + \text{Total Other pensions} < \text{or} = 60 \% \times \text{Basic compensation}$ .

#### ■ Payment upon retirement:

The amount will be calculated in accordance with the following formula:

- after 5 years’ service: Gross annual salary/12
- after 10 years’ service: (Gross annual salary/12) x 2
- after 20 years’ service: (Gross annual salary/12) x 3
- after 30 years’ service: (Gross annual salary/12) x 4
- after 35 years’ service: (Gross annual salary/12) x 5
- after 40 years’ service: (Gross annual salary/12) x 6

Gross annual salary: equal to the sum of the last 12 gross monthly wages paid.

The length of service corresponds to the length of service in the Group.

### Policy for determining the compensation of the non-executive directors

The Chairman of the Board of Directors has, in accordance with the recommendations on corporate governance, monitored compliance with the following principles:

#### A) EXHAUSTIVENESS

The compensation of non-executive directors was determined and evaluated overall for each of them. It comprises:

- a fixed compensation;
- directors’ fees;
- a top-up pension plan;
- benefits in kind.

For the record, no director receives a variable remuneration, or share options, or a free share allotment, or severance payments.

#### B) BENCHMARKING/BUSINESS

The compensation of the non-executive directors was compared with the remuneration published by French companies and groups in the same sector, and with reference to industrial companies comparable in terms of earnings or sales. This revealed that current compensations are lower than average remunerations.

#### C) CONSISTENCY

The consistency of compensations between the various non-executive directors could be checked on the basis the following criteria:

- professional experience and training;
- seniority;
- level of responsibility.

#### D) SIMPLICITY AND STABILITY OF THE RULES

The absence of variable remuneration and allocation of share options or free allocation of shares allows for simplicity and stability in the rules for setting remuneration.

#### E) MEASUREMENT

The remuneration of the non-executive directors, taking into account the amount and the fact that it is largely of a fixed nature, are compatible with the general interests of the Company and are consistent with market practices in this sector of industry.

### Policy of allocating share options and free allocations of shares

The Company has not instituted a share options policy or a free share award scheme.

#### 4.5.1.5. Recognition of the financial risks related to the effects of climate change and measures taken to reduce them with a low-carbon strategy

Under the impetus of senior management, recognizing the financial risks related to the effects of climate change is a priority issue for the Company. This effort starts with concerted attention at all levels of operating management and of administrative and financial staff and their Department heads. This attention is shown by (i) the shared document banks established by these teams, including papers by the IPCC (Intergovernmental Panel on Climate Change), (ii) the Company’s participation in the 21st Conference of Parties to the United Nations Convention on Climate Change adopted at the Earth Summit in Rio in 1992, and (iii) the dialogue maintained around this issue with stakeholders all along the value chain (suppliers, investors, residents near its industrial sites, public authorities, charitable associations, customers and competitors). Lastly, a “CO<sub>2</sub>” working group has the mission of overseeing our ongoing efforts to mitigate the effects of climate change by giving them a structure and aligning the main thrusts of the Company’s low-carbon strategy with international goals.

As previously reported, as part of its industrial excellence policy, the Group has measured its carbon footprint since 1990, first in France and then in all countries where it operates, using the rules for preparing greenhouse gas emissions assessments. It should be noted, moreover, that in some its markets (the European Union and California), the Group is subject to CO<sub>2</sub> quotas in its Cement business.

In this context and ahead of the date on which the Paris Agreement comes into effect, the Group enlisted its departments, especially research and development, to devise a low-carbon plan, built on such components as:

- bringing low-carbon products to market (cements with additives and cement with low-carbon clinker);
- improving its energy efficiency with physical improvements such as waste heat recovery (heat lost in our processes and not re-used) and the development of biomass channels (to substitute for fossil fuels);
- reusing products and employing carbon-friendly solutions in the construction of new buildings and renovation of older housing;
- offering new services based on circular economy principles under the Vicat Eco-Valorisation brand:
  - reducing the use of mineral and energy resources,
  - optimizing the suitability of its products to their application,
  - exploiting the complementarity of its Cement, Concrete & Aggregates lines by creating multimodal platforms;
- reusing emitted CO<sub>2</sub>.

A summary of the low-carbon measures is given in Chapter 3 of this Registration Document published by the Company.

Carrying out this plan has enabled the Company to begin integrated discussions as to the risks from the impact of climate change to which the Group is exposed in terms of markets, products and sites. The Company intends to continue its efforts to increase the Group's resilience and ability to adapt to climate change.

#### 4.5.1.6. Shareholder participation in the General Meeting

The participation of shareholders in the General Meeting is not subject to specific conditions or procedures and is governed by law and by article 25 of the Company by-laws, reproduced below:

Article 25 - Attendance and representation at meetings

*Any shareholder can attend the meetings, personally or through a representative by providing proof of ownership of his shares, either in a registered securities account, or in the bearer's securities accounts*

*at the location set forth in the convening notice. This formality must be completed at least three days before the date of the meeting.*

*Participation in General Meetings is subject to proof of the ownership of at least one share.*

#### 4.5.1.7. Powers of the Chairman and CEO

At its meeting of March 7, 2014, the Board of Directors opted to combine the roles of Chairman of the Board of Directors and Chief Executive Officer.

On this same date, the Board of Directors appointed Guy Sidos as Chairman and Chief Executive Officer, with effect from the close of the Combined General Meeting held on May 6, 2014, and appointed Jacques Merceron-Vicat as Honorary Chairman of the Company.

Under the Company's by-laws, and on the proposal of the Chief Executive Officer, the Board of Directors can appoint up to five individuals to assist the Chief Executive Officer and who are given the title of Deputy CEO.

At its meeting of March 6, 2015, the Board of Directors decided to appoint Didier Petetin as Chief Operating Officer - France, excluding the Paper business, for the duration of the term of the Chairman and Chief Executive Officer. At its meeting of August 2, 2016, the Board of Directors decided to end Raoul de Parisot's term of office as Chief Operating Officer, Adviser to the Chairman and Chief Executive Officer.

No limitation has been set concerning the powers of the Chairman and Chief Executive Officer or Chief Operating Officer.

Paris

February 20, 2017

The Chairman and Chief Executive Officer

#### 4.5.2. STATUTORY AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE ("CODE DE COMMERCE") ON THE REPORT PREPARED BY THE CHAIRMAN OF THE BOARD OF DIRECTORS OF VICAT SA

Year ended December 31, 2016

To the Shareholders,

In our capacity as statutory Auditors of Vicat SA, and in accordance with article L. 225 235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your Company prepared in accordance with Article L. 225-37 of the French Commercial Code, for the year ended 31 December 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code particularly in terms of the corporate governance measures.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information, and
- to attest that this report contains the other disclosures required by Article L. 225-37 of the French Commercial Code, it being specified that we are not responsible for verifying the fairness of these disclosures.

We conducted our work in accordance with professional standards applicable in France.

#### Information on the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information.

These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and existing documentation;
- determining if any significant weaknesses in internal control procedures relating to the reparation and processing of financial and accounting information that we would have noted in the course of our engagement have been properly disclosed in the Chairman's report.

On the basis of our work, we have nothing to report on the information in respect of the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report prepared by the Chairman of the Board in accordance with Article L.225-37 of the French Commercial Code.

#### Other disclosures

We hereby attest that the Chairman's report includes the other disclosures required by Article L.225-37 of the French Commercial Code.

The statutory auditors

Paris La Défense, 27 February 2017

**KPMG Audit**  
Département de KPMG S.A.  
Philippe Grandclerc  
Partner

Chamalières, 27 February 2017

**Wolff & Associés S.A.S.**  
Patrick Wolff  
Partner



## 4.6. OPERATIONS WITH RELATED PARTIES

### 4.6.1. CONTRACTS AND TRANSACTIONS WITH RELATED PARTIES

Parties related to the Group include mainly the Company's shareholders, its unconsolidated subsidiaries, associated companies (companies

accounted for by the equity method), and entities over which the Group's various managers have a significant influence.

Transactions with companies that are unconsolidated or accounted for by the equity method are not significant during the years in question, and were carried out under normal market conditions.

<i>(in thousands of euros)</i>	2016 financial year				2015 financial year			
	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Affiliated companies	1,186	2,941	3,720	2,078	844	1,546	6,918	1,268
Other related parties	67	2,194	6	95	56	2,203	12	135
<b>TOTAL</b>	<b>1,253</b>	<b>5,135</b>	<b>3,726</b>	<b>2,173</b>	<b>900</b>	<b>3,749</b>	<b>6,930</b>	<b>1,403</b>

### 4.6.2. INTRA-GROUP OPERATIONS

The Group's financial policy concentrates the financing lines in the parent company.

In addition, the intra-group flows and internal margins have been eliminated in the Group consolidation operations. During the 2016

financial year, intra-group sales of cement amounted to € 266 million, sales of aggregates to € 86 million, transport services to € 88 million, sales related to additional services (analyses, pumping, etc.) to € 33 million and sales related to various pooled products and services to € 81 million. For the same period, intra-group financial income amounted to € 13 million.

### 4.6.3. STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

#### General Mixed Shareholders' Meeting for the approval of the financial statements for the year ended December 31, 2016

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report to you on the regulated agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the principal terms and conditions and the reasons of interest for the Company of the agreements and commitments of which we were notified or which we have identified during our audit work. It is not our role to determine whether they are beneficial or appropriate or to ascertain whether other agreements or commitments exist. It is your responsibility, under the terms of Article R.225-31 of the French Commercial Code, to evaluate the benefits arising from these agreements and commitments prior to their approval.

In addition, it is our responsibility, if applicable, to inform you of the information specified in Article R. 225-31 of the French Commercial Code relating to the performance during the past year of agreements and commitments already approved by the General Meeting.

We have performed the procedures we considered necessary in accordance with the professional code of practice of the National Society of Statutory Auditors, in relation to this work. Our work consisted in verifying that the information provided to us is in agreement with the underlying documentation from which it was extracted.

## Agreements and commitments submitted to the approval by the General Meeting

We inform you that we have not been advised of any agreements or commitments authorized in 2016 to be submitted to the General Meeting for approval as mentioned in Article L.225-38 of the French Commercial Code.

## Agreements and commitments already approved by the General Meeting

### Agreements and commitments approved in prior financial years

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#### A) WHICH HAVE BEEN EFFECTIVE DURING THE YEAR

In accordance with Article R.225-30 of the French Commercial Code, we have been informed of the following agreements and commitments, which were initially approved in previous years, have been, continued in 2016:

##### Commitments relating to supplementary pension plans:

**Directors:** Raoul de PARISOT, deputy Chief executive Officer

**Purpose:** Supplementary pension plan as defined in Article 39 of the French General Tax Code.

**Terms and conditions:** Mr. Raoul de Parisot retired on June 24, 2016 and benefits accordingly to this supplementary pension plan in accordance with the terms described in the paragraph below.

#### B) WHICH HAVE NOT BEEN EFFECTIVE DURING THE YEAR

##### Commitments relating to supplementary pension plans:

We have been advised of the pursuit of agreements and commitments which were initially approved in previous years and have not lead to an implementation during the year.

**Directors:** Guy SIDOS, Chief executive Officer and Didier PETETIN, deputy Chief executive Officer.

**Purpose:** Supplementary pension plan as defined in Article 39 of the French General Tax Code.

**Terms and conditions:** The related obligations with Cardiff concern the executive directors as well as managers whose salary exceeds 4 times the ceiling of the level A of the social security. The additional supplementary pension amount is calculated as a function of the length of service as of the date of retirement and the reference salary for the highest ten years. This additional amount may not result in the beneficiary receiving, under all pension and other retirement benefits, an amount exceeding 60 % of the reference salary.

The statutory auditors

Paris La Défense, February 27, 2017

**KPMG Audit**

*Département de KPMG S.A.*

Philippe Grandclerc

*Partner*

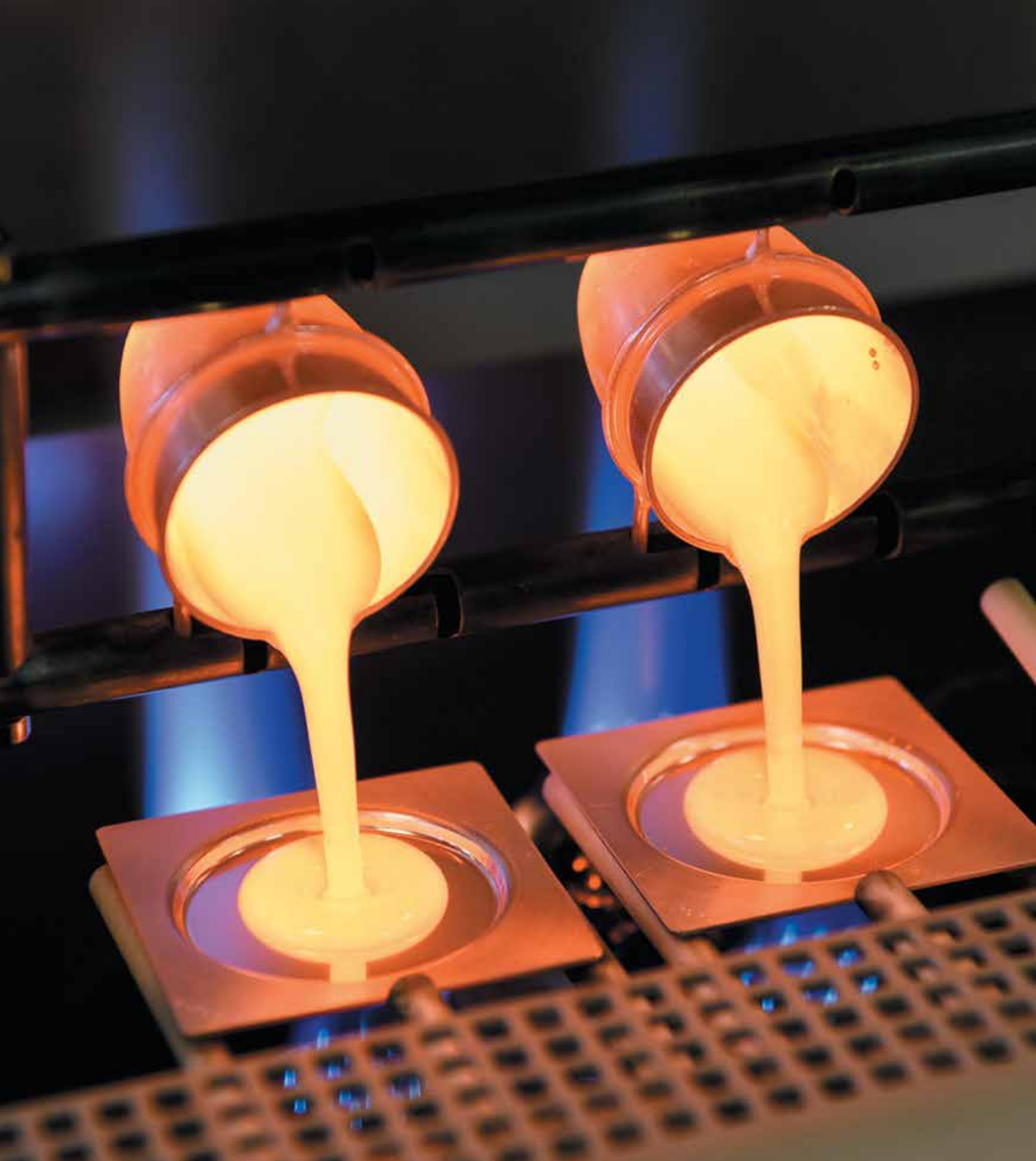
Chamalières, February 27, 2017

**Wolff & Associés S.A.S.**

Patrick Wolff

*Partner*





Preparation of fused beads for X-ray fluorescence examination in the materials and microstructures laboratory at the Louis Vicat technical center in L'Isle d'Abeau (France)

# COMPANY INFORMATION AND SHARE CAPITAL

# 5

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## 5.1. INFORMATION ON THE COMPANY

### 5.1.1. GENERAL INFORMATION ON THE COMPANY

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#### Corporate name

The Company's name is Vicat.

#### Place of registration and registration number

The Company is registered in the Trade and Companies Register of Nanterre under number 057 505 539.

#### Duration and date of incorporation of the Company

The Company was incorporated in 1853 and registered in the Trade and Companies Register on January 1, 1919 for a term of 99 years, which was subsequently extended by a further 80 years to December 31, 2098 by the Combined General Meeting of shareholders of May 15, 2009.

#### Registered office

The Company's registered office is located at Tour Manhattan, 6 place de l'Iris, 92095 Paris-La Défense Cedex, Telephone: +33 (0)1 58 86 86 86.

#### Legal form and applicable legislation

The Company is a *société anonyme* (French Public Company) with a Board of Directors, governed by the provisions of Book II and articles R. 210-1 *et seq.* of the French Commercial Code.

#### Accounting period

The Company's accounting period begins on January 1 and ends on December 31 of each year.

### 5.1.2. CORPORATE PURPOSE

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The Company's corporate purpose is:

- the working of the quarries currently belonging to the Company and all those which it may subsequently own or to which it may subsequently hold rights;
- the manufacture, purchase and sale of limes, cements and all products of relevance to the Construction business;
- the manufacture, purchase and sale of bags or packaging for hydraulic binders in any material and, more generally, any activity carried out in the plastic and paper industries sector;
- the production and distribution of aggregates and sand;
- the public transport of goods overland, and the leasing of all vehicles;
- in general, all industrial, commercial and financial operations associated with this industry, both in France and the rest of the world.

The Company may also invest in any French or foreign company or firm, whose business or industry is similar to or likely to support and develop its own business or its own industry; to merge with them, to engage in all industries which would be likely to provide it with outlets and to enter into all commercial, industrial, financial, movable property or fixed asset transactions that could in whole or part be related, directly or indirectly, to its corporate purpose or likely to support development of the Company.

### 5.1.3. GENERAL MEETINGS

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#### 5.1.3.1. Nature of General Meetings (article 23 of the by-laws)

The General Meeting, properly constituted, represents all the shareholders; its decisions taken in accordance with the law and with the Company's by-laws are binding on all shareholders.

An Ordinary General Meeting must be held each year within six months of the fiscal year-end. Other General Meetings, whether Ordinary General Meetings held extraordinarily, or Extraordinary General Meetings, can also be held at any time of the year.



### 5.1.3.2. Form and periods of meeting notice [article 24 of the by-laws]

Ordinary and Extraordinary General Meetings are convened and conducted in accordance with conditions set by law. Meetings take place on the day and at the time and place indicated on the convening notice.

### 5.1.3.3. Attendance and representation at General Meetings [article 25 of the by-laws]

Shareholders may attend or be represented at the meetings provided they are able to legally justify ownership of their shares with an entry in their own name or in the name of the intermediary duly registered on their behalf, in accordance with paragraph seven of article L. 228-1 of the French Commercial Code, either in the registered share accounts held by the Company or in bearer share accounts held by an accredited financial intermediary, at least three business days prior to midnight Paris time on the date of the meeting.

In the case of bearer shares, such evidence shall take the form of a statement of share ownership (attestation de participation) issued by the accredited financial intermediary in accordance with the law.

Participation in General Meetings is subject to proof of the ownership of at least one share.

### 5.1.3.4. Officers of the meetings – Attendance register – Agenda [article 27 of the by-laws]

General Meetings are chaired by the Chairman of the Board of Directors, the Vice-Chairman or, in their absence, by a director especially delegated for this purpose by the Board. Alternatively, the meeting itself shall elect

a Chairman; the two shareholders having the greatest shareholdings present at the opening of the meeting, and accepting to do so, shall act as tellers. The secretary is appointed by the officers.

An attendance register is maintained under the conditions stipulated by law.

The agenda for each meeting is drawn up by the person convening the meeting. However, one or more Shareholders Meeting the legal conditions can, under the conditions stipulated by law, require draft resolutions to be included in the agenda.

### 5.1.3.5. Minutes [article 28 of the by-laws]

The deliberations of the General Meeting are noted in minutes drafted under the conditions prescribed by the applicable regulations; copies or extracts of these minutes are certified according to such regulations.

### 5.1.3.6. Quorum and majority – Competence [article 29 of the by-laws]

Ordinary and Extraordinary General Meetings taking decisions quorate and under the majority conditions prescribed by the provisions governing them respectively shall exercise the powers that are allotted to them by law.

## 5.1.4. PROCEDURES FOR MODIFYING THE RIGHTS OF SHAREHOLDERS

Modification of rights attached to the shares is subject to the requirements of the law. As the Company's by-laws do not stipulate specific provisions, only an Extraordinary General Meeting is qualified to modify the rights of shareholders, in accordance with applicable legal provisions.

## 5.2. SHARE CAPITAL INFORMATION

### 5.2.1. ISSUED SHARE CAPITAL AND NUMBER OF SHARES FOR EACH CLASS

The issued share capital as at December 31, 2016 was € 179,600,000, divided into 44,900,000 shares of € 4 each. The Company's shares are fully subscribed, paid up and all of the same class.

To the Company's knowledge, as at December 31, 2016, a total of 3,710,759 Company shares, whose registration is managed by the Company, were pledged by entries to securities accounts.

### 5.2.2. AUTHORIZED BUT UNISSUED SHARE CAPITAL

Not applicable.

### 5.2.3. OTHER SECURITIES GIVING ACCESS TO THE CAPITAL

Not applicable.

### 5.2.4. SHARE SUBSCRIPTION AND PURCHASE OPTIONS

Not applicable.

### 5.2.5. CHANGES TO THE SHARE CAPITAL DURING THE LAST THREE YEARS

There have been no changes to the Company's share capital during the last three years.

### 5.2.6. SECURITIES NOT REPRESENTATIVE OF THE CAPITAL

Not applicable.

### 5.2.7. SHARES HELD BY THE COMPANY OR FOR ITS ACCOUNT

At the end of the 2016 financial year, after distributing 41,117 shares to employees, the Company held 723,471.70 of its own shares, or 1.61% of the share capital.

#### Description of the 2016 share buy-back program

Pursuant to the authorization given by the Ordinary General Meeting of April 29, 2016, in 2016 the Company purchased 9,033.10 of its own shares (*i.e.* 8,107 shares + 9,261 tenth parts of shares) on the stock exchange (excluding liquidity agreements) at a nominal value of € 4 per share and a mean price of € 56.44 per share, based on the current share capital.

#### Distribution of transferable securities by purpose

Acquisitions for the purpose of allocation of shares to personnel within the context of employee share ownership and profit-sharing: 9,033.10 shares, representing an acquisition price of € 509,794.97.

Acquisitions for the purpose of promoting a market in the shares and their liquidity through a liquidity agreement in accordance with the ethical charter of the AMAFI as recognized by the AMF: balance of 18,219 shares at December 31, 2015, acquisition of 463,101 shares and sale of 469,832 shares during the year, with a balance of 11,488 shares at December 31, 2016.

#### Volume of shares used by objectives

Shares allocated to personnel under employee share ownership and profit-sharing: 51,983.70 shares.

Promotion of a market in the shares and their liquidity through a liquidity agreement in compliance with the ethical charter of the AMAFI as recognized by the AMF: 11,488 shares (see also note 13 of the notes to the consolidated financial statements and note 5.1.3 of the notes to the individual financial statements).

No shares repurchased have been allocated to other purposes and the Company did not use derivatives to achieve its share buy-back program.

### Description of the planned share buy-back program for 2017

The sixth resolution, the principles of which are listed below, and which is due to be submitted for approval to the General Meeting of April 18, 2017, is intended to allow the Company to trade in its own shares.

The Company may acquire, sell, transfer or swap, by any means, all or part of the shares thus acquired in compliance with current legislative and regulatory provisions and in compliance with changes to the substantive law in order (without order of priority):

- (a) to allocate or sell shares to employees and/or officers of the Company and/or of companies which are related to it or will be related to it under the terms and conditions set out in the legislation, particularly for purposes of employee incentive schemes and profit-sharing;
- (b) to promote a market in the share through a liquidity agreement entered into with an underwriter in compliance with the ethical charter of the AMAFI as recognized by the AMF;
- (c) to retain the Company's shares and subsequently use them for payment or exchange in the context of external growth transactions in compliance with market practice as permitted by the French financial regulator (AMF);
- (d) to cancel shares within the maximum statutory limit, subject in this last case to a vote by an Extraordinary General Meeting on a specific resolution.

The unit purchase price must not exceed € 100 per share (excluding acquisition expenses).

The total shares held shall not exceed 10% of the Company's share capital; this threshold of 10% must be calculated on the actual date when the buy-backs are made. The said limit shall be equal to 5% of share capital as regards the objective specified in (c) above. Taking into account the shares already held by the Company on January 1, 2017, the 10% limit corresponds to a maximum number of 3,766,528.30 shares with a nominal value of € 4 each, representing a maximum amount of € 376,652,830.

Pursuant to such resolution, within the limits permitted by the regulations in force, the shares may be purchased, sold, exchanged or transferred in one or more transactions, by all means, on all markets and over the counter including by acquisition or sale of blocks, and by means including the use of derivatives and warrants.

Such authorization shall be given for a period not exceeding eighteen (18) months from the date of the General Meeting, including in a public offer period, within the limits and subject to the periods of abstention provided for by law and in the AMF's General Rules.

This authorization supersedes that granted by the General Meeting of April 29, 2016.

In accordance with article 241-3 III of the AMF's General Rules, this description exempts the Company from publication pursuant to article 241-2 of the AMF's General Rules.

#### 5.2.8. PROVISIONS DELAYING, DEFERRING OR PREVENTING A CHANGE OF CONTROL

Not applicable.

#### 5.2.9. CONDITIONS GOVERNING CHANGES TO THE SHARE CAPITAL

The share capital can be increased, reduced or amortized in accordance with the laws and regulations in force.

## 5.3. SHAREHOLDING

### 5.3.1. DISTRIBUTION OF THE SHARE CAPITAL AND VOTING RIGHTS

The share capital of the Company as at December 31, 2016 was € 179,600,000, divided into 44,900,000 shares of € 4 each, fully paid up; shares are in nominee or bearer form at the shareholder's discretion.

Changes in the distribution of the Company's share capital over the past three financial years are listed below:

Shareholders	At December 31, 2016		At December 31, 2015		At December 31, 2014	
	Number of shares	As a % of share capital	Number of shares	As a % of share capital	Number of shares	As a % of share capital
Family + Soparfi + Parfininco	27,247,126	60.68	27,208,358	60.60	27,194,829	60.57
Employees	665,110	1.48	722,678	1.61	797,272	1.78
Public	16,264,292	36.22	16,206,677	36.10	16,113,288	35.88
Treasury shares	723,472	1.61	762,287	1.70	794,611	1.77
<b>TOTAL</b>	<b>44,900,000</b>	<b>100.00</b>	<b>44,900,000</b>	<b>100.00</b>	<b>44,900,000</b>	<b>100.00</b>

The statement of employee profit-sharing specified in article L. 225-102 of the French Commercial Code as at December 31, 2016 appears below:

- employee holdings in share capital (Vicat + Subsidiaries): 665,109.80 shares, i.e. 1.48% of share capital;
- employees of the Company and related companies as described under article L. 225-180 under the employee savings plan (PEE): 668,551.40 shares, i.e. 1.49% of the share capital.

To the knowledge of the Company, there is no shareholder holding more than 5% of the share capital rights.

Changes in the distribution of the voting rights in the Company over the past three financial years, excluding the voting rights attached to treasury shares, are listed below:

Shareholders	At December 31, 2016		At December 31, 2015		At December 31, 2014	
	Number of voting rights	As % of total voting rights	Number of voting rights	As % of total voting rights	Number of voting rights	As % of total voting rights
Family + Soparfi <sup>(1)</sup> + Parfininco	54,093,275	73.80	54,067,371	73.76	54,207,438	73.76
Employees and Public <sup>(2)</sup>	19,207,074	26.20	19,236,940	26.24	19,284,701	26.24
Treasury shares <sup>(3)</sup>	-	-	-	-	-	-
<b>TOTAL <sup>(4)</sup></b>	<b>73,300,349</b>	<b>100.00</b>	<b>73,304,311</b>	<b>100.00</b>	<b>73,492,139</b>	<b>100.00</b>

(1) Soparfi is 77.53%-owned by Parfininco, which is itself controlled by the Merceron-Vicat Family, and 22.46%-owned by BCCA and SAPV, wholly owned subsidiaries of the Vicat Group.

(2) There is no distinction between employees and the public with regard to the supervision of voting rights.

(3) Treasury shares do not carry voting rights.

(4) The number of theoretical voting rights, i.e. the number of voting rights attached to the shares issued, including treasury shares, amounted to **74,681,578** at December 31, 2016. The thresholds referred to in article L. 233-7 of the French Commercial Code are calculated based on the theoretical number of voting rights.

## 5.3.2. RIGHTS, PRIVILEGES AND RESTRICTIONS ATTACHED TO THE SHARES

### 5.3.2.1. Rights and obligations attached to the shares

Each share gives a right to a share proportional to the capital that it represents in the income and the corporate assets.

If applicable, and subject to the obligatory legal prescriptions, all tax exemptions or charges or any taxation that the Company may bear will be applied to the total number of shares without distinction before making any reimbursement within the duration of the Company or at its liquidation, so that all shares of the same category existing at that time receive the same net sum whatever their origin and their date of creation.

Whenever there is a requirement to own a certain number of shares in order to exercise a right, it is the responsibility of the owners who do not have this number of shares to arrange grouping of the required number of shares.

Shares cannot be divided up with respect to the Company.

When a share is burdened with usufruct, the rights and obligations of the beneficial owner and the bare owner are governed by the law. The rights and obligations attached to the share follow the ownership no matter who acquires it.

### 5.3.2.2. Voting rights

Each member of the meeting has as many votes as he has, or represents, shares.

The voting rights attached to shares in capital or rights are proportionate to the share of the capital that they represent and each share confers a right to one vote.

However, voting rights double those conferred on bearer shares are allotted to all paid-up shares for which a personal registration has been proved for at least four years in the name of the same shareholder, at the end of the calendar year preceding the date on which the meeting in question is held.

In the event of a capital increase by incorporation of reserves, profits or issue premiums, double voting rights will be conferred, as of their issue, on registered shares allotted for free to a shareholder pursuant to old shares in respect of which he enjoys this right.

These double voting rights will automatically cease to be attached to any share having been converted to a bearer share or on a transfer of title. Nonetheless, the transfer by inheritance, by liquidation of common property held by spouses or by gift *inter vivos* to the benefit of a spouse or a relation ranking as entitled to inherit does not result in the loss of acquired rights.

The list of registered shares benefiting from double voting rights, included in the attendance register, is maintained by the officers of the meeting.

In the event of dismemberment of the ownership of a share, the voting right belongs to the legal owner, except for decisions concerning attribution of results, in which case the voting right remains with the usufructuary.

## 5.3.3. CONTROL OF THE COMPANY

The Company is controlled directly and indirectly, through the holding companies Parfininco and Soparfi, by the Merceron-Vicat family, which holds the majority of the share capital and the voting rights.

The independence of half the members of the Board of Directors ensures a fair balance of control, with six independent directors out of a total of eleven on the Board as of December 31, 2016.

## 5.3.4. AGREEMENTS LIABLE TO LEAD TO A CHANGE OF CONTROL

To the knowledge of the Company, there is no agreement whose implementation could, at a date subsequent to the filing of this Registration Document, lead to a change of control.

## 5.3.5. EXCEEDING THE OWNERSHIP THRESHOLD

### 5.3.5.1. Crossing thresholds set under the by-laws

In addition to the legal and regulatory provisions in force with respect to the crossing of shareholding thresholds, article 7. III of Vicat's by-laws provides that any natural or legal person acting alone or in concert, who directly or indirectly holds or ceases to hold a fraction – of the capital, of voting rights or securities giving future access to the capital of the Company – equal to or greater than 1.5% or a multiple of this fraction, must notify the Company by registered letter with acknowledgment of receipt within a fifteen-day period from the date this threshold is exceeded, specifying their identity as well as that of the persons acting in concert with them, and the total number of shares, voting rights and shares that give future access to the capital, that they own alone, directly or indirectly, or in concert.

Failure to comply with the preceding provisions is penalized by the deprivation of voting rights for shares exceeding the fraction which should have been declared, for any meeting of the shareholders taking place up to the expiry of a two year period following the regularization date of the notification specified above, if the application of this penalty is requested by one or more shareholders holding at least 1.5% of the share capital or voting rights of the Company. This request is recorded in the minutes of the General Meeting.

### 5.3.5.2. Identification of bearer securities

Aside from the legal and regulatory measures, and those prescribed under the by-laws, relating to exceeding the ownership threshold, the following measures apply (article 7 of the by-laws):

With a view to identifying bearer shares, the Company has the right, at any time, under the conditions and according to the details specified by the legal and regulatory provisions, to ask the central custodian of financial instruments for the name or trade name, nationality, year of birth or year of constitution and address of the holders of securities giving immediate or future voting rights in its Shareholder Meetings, as well as the number of shares held by each of them and if applicable, the restrictions that may apply to the shares.

After following the above procedure and on the basis of the list provided by the custodian, the Company may ask for the same information on the owners of the shares, either by the intermediary of the central custodian or directly from the persons who appear on this list and who the Company considers could be registered on behalf of a third party. The information is provided directly to the financial intermediary authorized to hold the account, who provides it to the Company or to the aforementioned central custodian depending on the situation.

In the case of registered shares, giving access to capital immediately or in the future, the intermediary who is registered on behalf of an owner who is not a resident of France, must reveal under the terms of the law and regulations the identity of the owners of these shares as well as the quantity of shares held by each of them, on request from the Company or its agent, which can be made at any time.

For as long as the Company considers that some shareholders of bearer or registered shares, whose identity has been made known to it, hold shares on behalf of third party shareholders, the Company is entitled to ask these shareholders to reveal the identity of the owners of these shares as well as the quantity of shares held by each of them under the conditions set out above.

Subsequent to this request, the Company may ask any legal entity who owns its shares and has a shareholding of more than 1.5% of its capital or voting rights to reveal the identity of the persons holding directly or indirectly more than one third of the share capital or voting rights of this legal entity that are exercised in its General Meetings.

When the person subject to a request made in accordance with the above provisions has not provided the information thereby requested within the legal and regulatory period or has provided information that is incomplete or incorrect with respect to its quality or to the owners of the shares or to the quantity of shares held by each of them, the shares that give immediate or future access to the capital and for which this person was registered are deprived of voting rights for any meeting of shareholders that takes place until their identification is regularized, and the payment of the corresponding dividend is deferred until this date.

Moreover, in the event that the registered person knowingly misinterprets the above provisions, the court in whose jurisdiction the Company has its registered office may, on request from the Company or from one or more shareholders holding at least 5% of the capital, decide the total or partial deprivation, for a time period not exceeding five years, of the voting rights attached to the shares that were subject to the request for information and if need be, for the same period, of the corresponding dividend.

The intermediary who is registered as the shareholder in accordance with the third paragraph of article L. 228-1 of the French Commercial Code must make the declarations specified in this article for all shares for which he is registered, without prejudice to the obligations of shareholders.

Failure to comply with this requirement shall be penalized in accordance with article L. 228-3-3 of the French Commercial Code.

On March 18, 2016, Financière de l'Echiquier declared having fallen below the threshold of 1.5% of voting rights.

### 5.3.6. DIVIDENDS

The Company can decide to distribute dividends for a given year on a proposal from the Board of Directors and approval of the General Meeting of shareholders.

In preceding years, the dividends distributed by the Company and the earnings per share were as follows:

	2016 (dividend proposed to the General Meeting)	2015 restated	2014 restated	2013 restated
Dividend per share <i>(in euros)</i>	1.50	1.50	1.50	1.50
Consolidated earnings per share <i>(in euros)</i>	3.10	2.63	2.72	2.68
Rate of distribution	48%	57%	55%	56%



The Company's objective for future years is to distribute in cash to shareholders a level of dividend in line with that proposed by the Board of Directors for previous financial periods.

Nevertheless, the factors on which the distribution and the amount of distributed dividends depend are the income, the financial position, the financial needs related to industrial and financial development, the

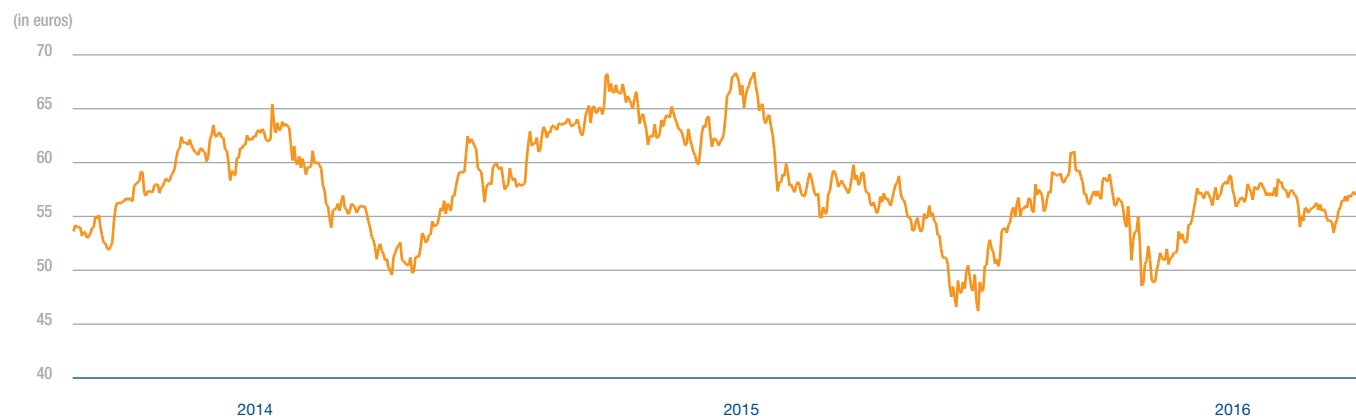
prospects for the Group and all other determinative factors; such as the general economic environment.

Regardless of the objective which the Company intends to prioritize, it cannot guarantee that in the future dividends will be distributed nor the amount of any future dividend.

## 5.4. CHANGES TO THE SHARE PRICE

The Company's shares are listed on the Eurolist of Euronext Paris, compartment A. Following the Expert Indices Committee meeting of March 3, 2011, the Company was included in the SBF 120 index as of March 21, 2011. Furthermore, the Company's shares have been

eligible for deferred payment (SRD: *service à règlement différé*) since February 2008. The graph below shows the change in price of the Company's shares from January 1, 2014 to December 31, 2016.



The table below shows the change in the Company's share price in 2016, 2015 and 2014 (on the basis of the closing price):

(in euros)	2016	2015	2014
Average price over the year	55.03	61.18	57.56
Annual high	61.06	68.40	65.42
Annual low	46.22	53.55	49.56
Price as at December 31	57.66	55.34	59.60



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# RISK FACTORS

# 6

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Before taking the decision to invest in the Company, prospective investors should examine all the information contained in this Registration Document, including the risks described below. These risks are those which, as of the date of filing of this Registration Document, are liable, if they materialize, to have an adverse effect on the Group, its business, its financial position, or its earnings, and which are material to any decision on whether or not to invest. However, the attention of prospective investors is drawn to the fact that the list of risks set out

in this Chapter 6 “Risk factors” is not exhaustive and that there may be other risks either unknown or which, at the date of this Registration Document, were not considered as likely to have an adverse effect on the Group, its business, its financial position, or its earnings, but could in fact adversely affect its activities, its financial position, its earnings, its prospects, or its ability to achieve its objectives.

## 6.1. RISKS RELATING TO THE GROUP'S BUSINESS

### 6.1.1. RISKS RELATED TO THE COMPETITIVE ENVIRONMENT

The Group operates its various businesses in competitive markets. In relation to the Group's main businesses – Cement, Ready-mixed Concrete and Aggregates – competition is principally on a regional scale, due to the relative magnitude of transport charges (especially in the case of road transport). The competitive intensity of each regional market depends on present and available production capacities. The Group's ability to maintain its sales and its margin on each market therefore depends on its capacity to respond to market demand with its local production facilities. The presence of other producers with available or surplus capacities on a regional market or one in the vicinity, or the presence of one or more producers having or being capable of setting up material import infrastructures (in the case of cement and aggregates) on the regional market under satisfactory economic conditions (for example, through port or rail access) may lead to increased competition.

Intense competition in one or more of the markets in which the Group operates may have a material adverse effect on its business, its financial position, its earnings, its prospects, or its capacity to achieve its objectives, in particular in the context of a worldwide economic crisis and considerable financial instability. This is particularly the case in the Cement Manufacturing business, given the highly capital-intensive nature of this business and the significant effect of a volume variance on its results (see section 1.4 “Group strengths and strategy” and sections 1.5.1.4, 1.5.2.4 and 1.5.3.4 “Competitive position” of this Registration Document).

### 6.1.2. SENSITIVITY TO ENERGY SUPPLY AND COSTS

The Group's production activities and, in particular, the Cement Manufacturing business, consume large amounts of thermal and electrical energy, which represent a significant part of production costs.

The Group's electricity is supplied by local producers in each country and the Group does not always have an alternative supply source. This situation exposes the Group to interruptions in electricity supply or price increases. Where the Group has considered this risk is significant, it has established independent electricity generation facilities.

Except as otherwise discussed above and in section 6.1.4.4 “Availability of certain raw materials” of this Registration Document, the Group believes that it is not dependent on its suppliers.

For its supplies of thermal energy, the Group buys fossil fuels on the international markets and is thus exposed to fluctuations in the price of such fuels. In order to limit its exposure, the Group has on the one hand adapted its production facilities to use, to the extent possible, a variety of fuels, and on the other hand is continuing with forward purchasing in order to smooth out the effects of fuel price fluctuations. It has also developed a policy intended to foster the use of alternative fuels, namely waste materials, as described in section 3.1.2.2.3 “Increasing the rate at which fossil fuels are substituted by alternative fuels and investing in renewable energy” of this Registration Document.

However, increases or significant fluctuations in the price of electricity or fuel may have a material adverse effect on the Group's business, its financial position, its earnings, its prospects, or its capacity to achieve its objectives.

### 6.1.3. COUNTRY RISK

An integral part of the Group's growth strategy is to seize development opportunities in growing markets. In 2016, approximately 36% of the Group's sales were made on these markets, referred to as “emerging markets”. This exposes the Group to risks such as political, economic and financial, legal or social instability, discrimination or the failure to maintain fair and equitable treatment in investor relations, staff safety, difficulties in recovering customer debts, exchange rate fluctuations, high inflation rates, the existence of exchange control procedures, export controls, taxation, and differences in regulatory environments that may affect the markets on which the Group operates, and even nationalizations and expropriations of private property that could affect companies operating in these markets.

Thus the Group's results in Egypt have continued to be affected by the economic and security situation (see section 2.2.1.2 "Elements having an impact on earnings" of this Registration Document for further information. With regard to the Group's prospects, see also section 2.5 "Trends and outlook" of this Registration Document).

Although the Group carefully selects the countries in which it operates, the materialization of some of these risks could affect the continuity of its businesses in the countries concerned and have a material adverse effect on its business, its financial position, its earnings, its prospects, or its capacity to achieve its objectives.

#### 6.1.4. INDUSTRIAL AND ENVIRONMENTAL RISKS

##### 6.1.4.1. Risks related to production facilities

The Group's factories were built in compliance with applicable standards and were designed so as to afford a significant degree of resistance to natural risks such as wind, snow and earthquakes. The choice of sites for the factories also considers natural flooding risks.

The Group's production facilities are equipped with monitoring and control systems incorporating automatic devices and software, whose malfunction could affect the factories' daily operations.

Heavy production facilities are protected from the consequences of the risk of breakdown and machine failure by permanent maintenance programs and by reserves of spare parts (such as engines, reducers and bearings, etc.) due to their remoteness, which lengthens lead times, the Group ensures that its factories located in emerging markets rigorously apply this policy of maintaining reserves of spare parts.

However, the Group cannot rule out the occurrence of such events, which could have a material adverse effect on its business, its financial position, its earnings, its prospects, or its capacity to achieve its objectives.

##### 6.1.4.2. Environmental risks

The Group's principal environmental risks are the result of its activities which are governed by laws and regulations imposing a large number of obligations, restrictions and rigorous protective measures. The Group is constantly taking measures to address and limit these risks, particularly through the following actions: integrating quarries in their environment, optimizing choices of energy sources, with an increasing share of alternative fuels and energy recovery from waste, controlling emissions, including greenhouse gases, managing and recycling the water needed for production. These various measures are described in section 3.1. "Environmental responsibility in support of sustainable construction".

##### 6.1.4.3. Risks related to product defects

Products manufactured by the Group are monitored throughout the production process. The Group also verifies the compliance of its products with the standards applicable in the markets where they are sold. However, despite these controls, it cannot exclude the possibility that malfunctions or accidents may result in product quality defects.

Such defects could have a material adverse effect on the Group's reputation, its activities, its financial position, its earnings, its prospects, or its capacity to achieve its objectives.

##### 6.1.4.4. Availability of certain raw materials

The Group has its own reserves of limestone, clay and aggregates, which are used for its industrial activities. It also buys some of these raw materials on certain markets from third-party suppliers, as well as additives such as blast furnace slag (from steel works), fly ash (a by-product of coal combustion in power stations) and synthetic gypsum.

The supply of raw materials to the Group's factories is ensured by the rigorous management of reserves and quarry operations. A specific in-house organization dedicated to this role enables complete confidential control of raw materials through the combined work of specialists and experts in geology, mining and the environment.

From geological and geochemical surveys to the determination of the intrinsic properties of the materials, from computer modeling to operational simulations and extraction and reinstatement work, Vicat employs the best technology there is. For instance, the study and monitoring of deposits enables their chemical balance to be monitored and the long-term continuity of supplies to the factories to be checked constantly.

Depending on the country, land is controlled by purchase or by an operating agreement with the owners, who may be the state itself. This stage occurs after a complete survey of the subsurface by geophysical or destructive probes.

Nevertheless, if the quarries operated directly by the Group or its suppliers suddenly ceased trading or were forced to cease or reduce production of these raw materials, the Group may be required to obtain its supplies at a higher cost and may not be able to recover such increased costs through price increases, or seek replacement raw materials, which could have a material adverse effect on its business, its financial position, its earnings, its prospects, or its capacity to achieve its objectives.



## 6.2. RISKS RELATED TO THE INDUSTRY IN WHICH THE GROUP OPERATES

### 6.2.1. RISKS OF DEPENDENCY ON THE CONSTRUCTION (CYCLICAL NATURE OF THE CONSTRUCTION MARKET), REAL ESTATE (RESIDENTIAL AND NON RESIDENTIAL), INDUSTRY, PUBLIC WORKS AND URBAN DEVELOPMENT MARKETS

The products and services sold by the Group, and in particular cement, concrete and aggregates, are used for construction of individual or multiple occupancy housing, for industrial or commercial buildings, and for infrastructure (roads, bridges, tunnels, highways). The demand for the products and services sold by the Group depends both on structural elements specific to each market and their evolution and on general economic conditions.

Structural factors that determine demand for construction materials on each market are mainly demography, the rate of urbanization and economic growth (represented for example by the gross national product *per capita*), and the respective growth rates of these parameters, as well as more cultural elements such as the construction practices of each market (timber, steel, concrete). A frequently used indicator of the intensity of consumption is annual cement consumption *per capita*.

Aside from these structural factors, the economic situation influences construction markets through the economic climate, and particularly in cases of economic crisis and considerable financial instability. This is because global economic parameters determine the capacity of the public and private sectors to finance construction projects by access to credit, and to implement them.

To reduce the risk of the cyclical nature of a given market, the Group has adopted a geographical development strategy (detailed in section 1.4.3), which aims to combine investments in developed countries with investments in emerging countries, thus contributing to the diversification of its geographical exposure.

However, significant fluctuations of any of these parameters in any of the Group's large markets could have a material adverse effect on its activities, its financial position, its earnings, its prospects, or its capacity to achieve its objectives.

### 6.2.2. RISKS RELATED TO REGULATIONS

The Group operates in a highly regulated environment. It must comply with many legislative and regulatory provisions, which differ in each of the countries in which it operates. In particular, the Group is subject to strict international, national and local regulations relating to the operation of quarries or cement factories. The continuation of any operation depends

on compliance with these legislative and regulatory requirements. In this respect, the Group has developed a permanent dialogue with the local authorities and residents' and environmental protection associations, in all its operating areas, and has instituted measures intended to reduce the harmful effects related to quarrying operations to limit the risks of conflict. However, should the Group be unable to comply with the applicable regulations in the future, it could face withdrawals of operating licenses, incur liabilities, or be sentenced to pay fines.

The economic and political situation in a number of countries where the Group operates can be a factor increasing fiscal pressure, by aiming to increase Government revenue by, for instance, challenging the tax breaks granted by mining agreements, and thus be a source of potential litigation.

More generally, the Group cannot give assurances that rapid or significant modifications of the legislation and regulations in force will not occur in the future, whether at the initiative of the relevant authorities or following an action brought by a third party or local associations opposed to the development by the Group of its activities. Changes in applicable regulation or its implementation could lead to the imposition of new conditions for carrying on its business, which may increase the Group's investment costs (related, for example, to adapting the methods of operating its quarries or cement factories), or its operating costs (in particular by the institution of procedures or controls and additional monitoring), or may constitute an impediment to the development of its business.

The Group cannot rule out the possibility that such developments may have a material adverse effect on its activities, its financial position, its earnings, its prospects, or its capacity to achieve its objectives.

### 6.2.3. CLIMATIC RISKS

The construction materials business operated by the Group in various markets experiences seasonal fluctuations, which depend both on weather conditions and on the practices of each market. Beyond the usual incidence of such seasonal fluctuations, which is described in section 2.2. "Examination of the financial position and earnings" of this Registration Document, the Group's business could be affected by climate risks that could have an impact on its most significant markets. Demand for construction materials is directly influenced by exceptional weather conditions (cold, rain, heavy snow, etc.) that could have an impact on the normal use of materials on construction sites, particularly during intense periods of activity in the construction sector.

The occurrence of such conditions in a market important to the Group could have a material adverse effect on its activities, its financial position, its earnings, its prospects, or its capacity to achieve its objectives.



## 6.3. LEGAL RISKS

The Group's companies are currently or might in future be involved in a certain number of legal, administrative or arbitration proceedings in the normal course of their business. For example, changes to laws and regulations, as well as the increasing activity of local associations opposed to development of the cement industry may give rise to administrative proceedings and potential disputes.

In addition, and particularly in emerging countries, the Group may face discriminatory situations, an absence of fair and equitable treatment,

or a distortion of competition due to actions or inaction by government authorities.

Damages and interest have been or may in future be claimed from the Group in connection with some of these proceedings (see section 7.3 "Legal and arbitration proceedings" of this Registration Document). The policy of allocating provisions is set out below in note 1.17 of section 7.1.2 "Notes to the 2016 consolidated financial statements" of this Registration Document.

## 6.4. MARKET RISKS

The Group operates within an international framework through locally established subsidiaries, some of which account for their operations in non-euro currencies. The Group is therefore exposed to exchange rate and conversion risks.

### 6.4.1. FOREIGN EXCHANGE RISKS

Subsidiaries are essentially involved in producing and selling locally, in their operating currency, so the Group feels that its current and future exposure to exchange rate risks is very low overall in this respect.

These companies' imports and exports denominated in currencies other than their own local currency are generally hedged by forward currency purchases and sales.

A significant proportion of the Group's gross financial indebtedness is borne by the Company and is denominated in euros after the conversion of debts denominated in US dollars through financial hedging instruments (cross currency swap or forex). Intra-group loans are hedged by subsidiaries if the loan currency is not the same as the subsidiary's operating currency.

The Group is still exposed in some countries where there is no hedging market (currency not convertible) or the market is not sufficiently liquid.

The table below breaks down the total amount of the Group's assets and liabilities denominated in currencies as at December 31, 2016, when the transaction currency is different from the subsidiary's operating currency. The main risk involves the Swiss franc as this table shows:

<i>(in millions)</i>	US dollar	Euro	CHF
Assets	94.7	22.4	0.0
Liabilities and off-balance sheet commitments	(535.3)	(41.6)	(75.5)
<b>Net position before risk management</b>	<b>(440.7)</b>	<b>(19.2)</b>	<b>(75.5)</b>
Hedging instruments	452.0	9.5	0.0
<b>NET POSITION AFTER RISK MANAGEMENT</b>	<b>11.3</b>	<b>(9.7)</b>	<b>(75.5)</b>

The net position after hedging in Swiss francs corresponds mainly to a Kazakhstan subsidiary's debt to the Group, which is not swapped in the operating currency.

The hypothetical loss on the net currency position arising from an unfavorable and uniform change of 1% in the operating currency against the US dollar would amount to € 0.78 million (including € 0.70 million for the Kazakhstan loan).

However, the Group cannot rule out the possibility that an unfavorable change in exchange rates could have a material adverse effect on its activities, its financial position, its earnings, its prospects, or its capacity to achieve its objectives.

### 6.4.2. CURRENCY EXCHANGE RISKS

The financial statements of the Group's foreign subsidiaries (other than in the euro zone) as expressed in their operating currencies are converted into euros, the "presentation currency", in preparing the Group's consolidated financial statements. Fluctuation of the exchange rate of these currencies against the euro results in a positive or negative change in the euro value of the subsidiaries' income statements and balance sheets in the consolidated financial statements. The effect of fluctuating exchange rates on the conversion of the financial statements of the Group's foreign subsidiaries (other than in the euro zone) on the consolidated balance sheet and income statement is discussed in sections 2.2 "Examination of the financial position and earnings" and 2.3 "Cash flow and equity" of this Registration Document.

### 6.4.3. INTEREST RATE RISKS

The Group is exposed to an interest rate risk on its financial assets and liabilities and its cash. This exposure to interest rate risk corresponds to two categories of risk.

#### 6.4.3.1. Exchange rate risks for fixed rate assets and financial liabilities

When the Group incurs a debt at a fixed rate, it is exposed to an opportunity cost in the event of a fall in interest rates. Interest rate fluctuations have an impact on the market value of fixed rate assets and liabilities, while the corresponding financial income or financial expense remains unchanged.

#### 6.4.3.2. Cash flow risks inherent in variable-rate asset and liability items

The interest rate risk is generated primarily by variable interest rate items in the assets and liabilities. Interest rate fluctuations have little impact on the market value of variable rate assets and liabilities, but directly affect the Group's future income flows and expenditure. Exposure to interest rate risks is managed by combining fixed and variable rate debts on the one hand and on the other hand by limiting the risk of fluctuation of variable rates by recourse to hedging instruments (caps: rate ceilings) and by short term cash surpluses remunerated at a variable rate. The Group refrains from speculative transactions in financial instruments. These types financial instruments are exclusively used for financial hedging purposes.

The table below breaks down into fixed and variable rates by currency the Group's net exposure to the interest rate risk after hedging as at December 31, 2016.

<i>(In thousands of euros)</i>	Euro	US dollar	Other currencies	Total
<b>Total gross debt</b>	<b>877,976</b>	<b>56,812</b>	<b>219,667</b>	<b>1,154,455</b>
Debt at fixed rate (including swaps and CCS)	426,979	252	50,614	477,845
Debt at variable rate	450,995	56,559	169,056	676,610
Hedging instruments ( <i>caps</i> )	(400,000)	(33,204)	0	(433,204)
<b>Gross debt at variable rates not hedged</b>	<b>50,995</b>	<b>23,355</b>	<b>169,056</b>	<b>243,406</b>
Cash and cash equivalents	(24,105)	(35,782)	(182,883)	(242,770)
<b>NET POSITION AFTER HEDGING</b>	<b>26,890</b>	<b>(12,427)</b>	<b>(13,827)</b>	<b>636</b>

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 position as illustrated in the table below:

<i>(In thousands of euros)</i>	Impact on earnings before tax <sup>(1)</sup>	Impact on equity (excluding impact on earnings) before tax <sup>(2)</sup>
Impact of a change of +100 bps in the interest rate	(5,617)	(667)
Impact of a change of -100 bps in the interest rate	(793)	3,850

(1) A positive figure corresponds to a lowering of financial interest.

(2) A positive figure corresponds to a lowering of debt.

Given the current US Libor and Euribor rates, the effect of a lowering of interest rates by 100 bp would amount to an expense, because the effect of lowering rates on debt is limited to a rate equal to 0%.

#### 6.4.4. "SECURITIES" RISKS

The Group does not have a securities portfolio, other than holdings of treasury shares, purchased principally in June 2007 in the context of the sale by HeidelbergCement of its shares in the Company. The situation of this portfolio of treasury shares as at December 31, 2016 is as follows:

- number of Vicat shares held in the portfolio: 723,472;
- percentage of share capital held by the Company: 1.61%;
- book value of the portfolio determined using the historical cost method (purchase price): € 60,278,000;
- net book value of the portfolio: € 40,788,000;
- market value of the portfolio: € 41,715,000.

Changes in the Vicat share value below the historical purchase price may lead to a change in the Company's earnings, in respect of which a provision of € 19,490,000 was made for share depreciation as at December 31, 2016, after an allocation of € 1,999,000 before tax in 2016.

Under its cash flow management plan, the Group invests only in short-term cash instruments (having a maturity of less than three months) exhibiting no risk of variation in the value of the principal invested. These investments are made with a diverse group of leading banks. These surpluses are denominated in Rupee, Turkish pounds, Egyptian pounds, Swiss franc, euro and US dollar.

Certain defined benefit pension plans, in the United States and in Switzerland, are hedged in full or in part by dedicated financial assets consisting, in part, of equity securities. The hedging assets are largely made up of financial assets other than shares, so the equity and securities risk is considered to be insignificant.

A negative trend in financial markets could result, in certain cases, in a need to supplement the financing or the provisioning for these plans in order to meet the obligations of the relevant Group companies.

A significant increase in contributions by the Group or an increase in provision in accordance with IAS 19 (revised) may have a material adverse effect on the Group's activity, its financial position, its earnings, its prospects, or its capacity to achieve its objectives.

#### 6.4.5. LIQUIDITY RISKS

To date, the Group has been exposed to limited liquidity risks, as discussed in section 2.3.3.1 "Group financial policy" of this Registration Document and in note 17 "Financial instruments" to the consolidated financial statements.

Debt maturities as at December 31, 2016 are shown below.

(In thousands of euros)		N+1		N+2 Nominal	N+3 Nominal	N+4 Nominal	N+5 and + Nominal
		Nominal	Interest <sup>(1)</sup>				
US private placement	399,235	135,130	21,808	0	0	173,395	90,710
Bonds							
Bank loans	694,937	54,208	6,763	21,657	470,054	141,079	7,939
Finance lease liabilities	2,371	807	141	1,090	221	149	104
Miscellaneous liabilities	6,952	4,621	329	1,046	170	168	947
Bank overdrafts	34,623	34,623	2,273				
Derivatives	16,337	1,411	(497)	238	241	9,168	5,279
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,154,455</b>	<b>230,800</b>	<b>30,817</b>	<b>24,031</b>	<b>470,686</b>	<b>323,959</b>	<b>104,979</b>

(1) The interest on the N+1 debt is calculated on the basis of the known due date of the debt as at December 31, 2016 and the interest rates at that date. The Group does not publish earnings or cash flow forecasts, so no calculation is made on subsequent years.

The liquidity risk is therefore covered by surpluses of cash and by the availability of unused confirmed credit lines for the Company, over periods of between one and five years. Considering the small number of companies concerned, essentially Vicat SA, the parent company of the Group, the low level of net debt (as at December 31, 2016 the Group's gearing and leverage were 36.9% and 1.99, respectively) and

the liquidity of the Group's balance sheet, the existence of covenants in some of the agreements for these credit lines does not constitute a risk for the Group's financial position. As at December 31, 2016, the Group is compliant with all ratios required by covenants in credit line agreements and is able to meet its financial repayment schedule for the next 12 months.

## 6.5. RISKS RELATED TO THE COMPANY

### 6.5.1. RISKS RELATED TO DEPENDENCE ON MANAGERS AND KEY EMPLOYEES

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The Group's future success relies in particular on the complete involvement of its senior managers. The management team has been marked by stability over a long period, and benefits from significant experience in the markets in which the Group operates.

In addition, the Group's continuing growth will require the recruitment of a qualified and internationally mobile supervisory staff. Should the Group suddenly lose several of its managers or be unable to attract these key employees, it could encounter difficulties affecting its competitiveness and its profitability. These difficulties could have a material adverse effect on the Group's activities, its financial position, its results of operations and prospects, or its capacity to achieve its objectives.

### 6.5.2. RISKS RELATED TO THE FINANCIAL ORGANIZATION OF THE GROUP

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Some of the Group's subsidiaries are located in countries that can be subject to constraints such as taxation or exchange controls restricting or making more expensive the distribution of dividends outside of these countries. Although the Group considers that this risk is limited, it cannot rule out the possibility that this may happen in the future, which could have a material adverse effect on its activities, its financial position, results of operations, prospects, or its capacity to achieve its objectives.

### 6.5.3. RISKS RELATED TO DEPENDENCE ON CUSTOMERS

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To date, the Group carries out activities through its three business segments in eleven countries with a varied customer base. Customers of the Cement, Concrete & Aggregates and Other Goods & Services businesses are separate economic players in each of the markets where the Group operates: mainly distributors and concrete mixers for the Cement business contractors from Buildings and Public Works (BTP) for the Concrete & Aggregates business, and various other players specific to the different businesses forming the Other Goods & Services business. Moreover, the Group has no global customers present on several of these markets. No customer accounts for more than 10% of the Group's sales.

Nevertheless, some of the Group's best customers are also important commercial counterparties, in particular, in the Cement Manufacturing business, whose loss would be damaging to the Group's positions in the relevant markets. Although the Group considers that such a risk is limited, it cannot rule out the possibility that such a loss might occur in one or more of its markets, which could have a material adverse effect on its activities in the country concerned, its financial position, the results of its operations, its prospects, or its capacity to achieve its objectives.

## 6.6. RISK MANAGEMENT

The risks mentioned below are taken into account in the management of the Company. In addition, the Group's policy on internal control is described in section 4.5 "Report by the Chairman on corporate governance and internal control procedures" of this Registration Document.

### 6.6.1. RISK PREVENTION POLICY

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The risk prevention policy is an integral part of the Group's industrial policy. It is the responsibility of each operational manager, by country or type of business, and is based, in particular, on the choice of first-rank suppliers for industrial investments, on the constitution of buffer stocks, on the implementation of monitoring and risk prevention procedures and on a training policy. The Group has also established an Internal Audit Department which reports to the Group's General Management and is able to carry out audit assignments at all the Group's businesses and

subsidiaries. It works in accordance with an annual audit plan intended to cover the main risks identified within the Company, in particular those relating to accounting and financial information.

Audit reports are prepared by the Internal Audit team and submitted to the managers of the functions or entities concerned, General Management, and the Audit Committee. They comprise overview reports specifically targeted at senior management, and detailed reports used *inter alia* to draw the attention of the operational staff concerned to any adverse findings and recommendations proposed.

In addition, the Internal Audit Department has carried out a risk identification and analysis study. Following a risk identification phase involving interviews with the Group's key operational and functional managers and a subsequent analysis phase conducted in conjunction with General Management, this study enabled a mapping of the risks to which the Group is exposed.

## 6.6.2. RISK HEDGING POLICY AND INSURANCE

The Group has subscribed to "Group policies" with leading insurers. These policies are intended to cover foreign subsidiaries, subject to compliance with local legislation.

To improve the protection of its assets, the Group has made, with the assistance of insurers and experts, an analysis of the risks and means of prevention. The Group undertakes an identical policy for risks related to its civil liability.

### 6.6.2.1. Property damage

The Group's assets are insured against fire risks, explosion, natural events, and machine breakages. A policy covering risks related to operating losses has been taken out for the Cement Manufacturing and Paper businesses. This policy is in line with common practices in the cement industry.

The cover taken out by the Group has a limit of € 250 million per incident, including operating losses, with the standard sub-limits and exclusions, and resulted from a study of potential incidents.

The Group's large industrial sites are inspected regularly by safety engineers. Recommended preventive measures are incorporated into the work on new strategic sites from the design stage onwards.

The implementation of their recommendations is monitored with a view to limiting the probability of accidents occurring.

The Group as a whole also has standard insurance policies for its automotive vehicle fleet and for the private or public transport of its goods or other property by land, sea or inland waterway.

### 6.6.2.2. Civil liability

The cap on the cover under the civil liability insurance policy is € 100 million. All foreign subsidiaries are insured under the "Group policy" once the warranty and amounts of the compulsory local policies are exhausted.

Covers under the civil liability and product liability insurance policies taken out, both in France and abroad, are in amounts consistent with local activities and economic considerations.

The risk of environmental civil liability is taken into account in each country.

The Group's executives and company officers, as well as beneficiaries of powers of attorney are insured under a "directors and officers" civil liability insurance policy, the purpose of which is to deal with the pecuniary consequences of claims made by third parties for defaults engaging their personal civil liability, either individually or collectively.

In 2016, the total cost of insurance cover on the main risks managed under Group policies was approximately 3.1 per thousand of sales.

The items outlined above are quoted by way of illustration at a specific period in time. The Group's insurance policy is subject to change depending on terms and conditions in the insurance market, opportunities which arise, and evaluation by the General Management of the risks incurred and the adequacy of the cover in respect of such risks.





The Saint Gervais Viaduct in Haute-Savoie (France)



# FINANCIAL INFORMATION

# 7

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## 7.1. CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2016

### 7.1.1. CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2016

#### Consolidated financial statements at December 31, 2016

<i>(in thousands of euros)</i>	Notes	December 31, 2016	December 31, 2015 restated <sup>(a)</sup>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	3	1,048,954	1,040,307
Other intangible assets	4	106,465	114,459
Property, plant and equipment	5	1,992,508	2,121,011
Investment properties	7	17,839	17,766
Investments in associated companies	8	41,070	49,854
Deferred tax assets	25	150,918	150,292
Receivables and other non-current financial assets	9	110,941	122,672
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,468,695</b>	<b>3,616,361</b>
<b>Current assets</b>			
Inventories and work-in-progress	10	385,770	407,192
Trade and other receivables	11	389,504	376,627
Current tax assets		53,447	53,716
Others receivables	11	188,721	150,725
Cash and cash equivalents	12	242,770	254,371
<b>TOTAL CURRENT ASSETS</b>		<b>1,260,212</b>	<b>1,242,631</b>
<b>TOTAL ASSETS</b>		<b>4,728,907</b>	<b>4,858,992</b>
<b>LIABILITIES</b>			
<b>Shareholders' equity</b>			
Share capital	13	179,600	179,600
Additional paid-in capital		11,207	11,207
Consolidated reserves		2,022,313	2,046,737
<b>Shareholders' equity</b>		<b>2,213,120</b>	<b>2,237,544</b>
<b>Minority interests</b>		<b>257,054</b>	<b>292,160</b>
<b>SHAREHOLDERS' EQUITY AND MINORITY INTERESTS</b>		<b>2,470,174</b>	<b>2,529,704</b>
<b>Non-current liabilities</b>			
Provisions for pensions and other post-employment benefits	14	142,353	134,729
Other provisions	15	107,101	95,938
Financial debts and put options	16	980,017	1,225,391
Deferred tax liabilities	25	197,980	220,665
Other non-current liabilities		2,228	5,369
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,429,679</b>	<b>1,682,092</b>
<b>Current liabilities</b>			
Provisions	15	10,757	13,204
Debts and put options at less than 1 year	16	250,266	114,884
Trade and other accounts payable		316,345	283,734
Current taxes payable		46,835	37,274
Other liabilities	18	204,851	198,100
<b>TOTAL CURRENT LIABILITIES</b>		<b>829,054</b>	<b>647,196</b>
<b>TOTAL LIABILITIES</b>		<b>2,258,733</b>	<b>2,329,288</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>4,728,907</b>	<b>4,858,992</b>

(a) The 2015 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35.

**Consolidated income statement for the 2016 fiscal year**

<i>(in thousands of euros)</i>	Notes	December 31, 2016	December 31, 2015 restated <sup>(a)</sup>
<b>Sales</b>	19	<b>2,453,771</b>	<b>2,457,903</b>
Goods and services purchased		(1,554,840)	(1,580,500)
<b>Added value</b>	1.22	<b>898,931</b>	<b>877,403</b>
Personnel costs	20	(409,406)	(407,395)
Taxes		(56,466)	(53,814)
<b>Gross operating income</b>	1.22 & 23	<b>433,059</b>	<b>416,194</b>
Depreciation, amortization and provisions	21	(198,856)	(195,331)
Other income and expenses	22	21,745	23,961
<b>Operating income</b>	23	<b>255,948</b>	<b>244,824</b>
Cost of net financial debt	24	(30,475)	(36,991)
Other financial income	24	12,371	23,148
Other financial expenses	24	(20,007)	(34,353)
<b>Financial Income/(expense)</b>	24	<b>(38,111)</b>	<b>(48,196)</b>
Earnings from associated companies	8	13,695	4,876
<b>Profit (loss) before tax</b>		<b>231,532</b>	<b>201,504</b>
Income tax	25	(66,727)	(62,013)
<b>Consolidated net income</b>		<b>164,805</b>	<b>139,491</b>
Portion attributable to minority interests		25,740	21,219
<b>Portion attributable to the Group</b>		<b>139,065</b>	<b>118,272</b>
<b>EBITDA</b>	1.22 & 23	<b>457,813</b>	<b>443,701</b>
<b>EBIT</b>	1.22 & 23	<b>257,832</b>	<b>245,593</b>
<b>Cash flows from operating activities</b>	1.22	<b>352,942</b>	<b>341,579</b>
<b>EARNINGS PER SHARE</b> <i>(in euros)</i>			
Basic and diluted Group share of net earnings per share	13	3.10	2.63

(a) The 2015 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35

**Consolidated statement of comprehensive incomes for the 2016 fiscal year**

<i>(in thousands of euros)</i>	<b>December 31, 2016</b>	<b>December 31, 2015 restated <sup>(a)</sup></b>
<b>Consolidated net income</b>	<b>164,805</b>	<b>139,491</b>
<b>Other comprehensive income</b>		
<b>Items not recycled to profit or loss:</b>		
Remeasurement of the net defined benefit liability	3,548	269
Tax on non-recycled items	(1,848)	670
<b>Items recycled to profit or loss:</b>		
Translation adjustments	(143,748)	9,138
Cash flow hedge instruments	(3,082)	11,482
Tax on recycled items	(194)	(3,997)
<b>Other comprehensive income (after tax)</b>	<b>(145,324)</b>	<b>17,562</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>19,481</b>	<b>157,053</b>
Portion attributable to minority interests	(21,274)	22,278
<b>Portion attributable to the Group</b>	<b>40,755</b>	<b>134,775</b>

(a) The 2015 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35.

**Consolidated cash flow statement for the 2016 fiscal year**

<i>(in thousands of euros)</i>	Notes	December 31, 2016	December 31, 2015 restated <sup>(a)</sup>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Consolidated net income</b>		<b>164,805</b>	<b>139,491</b>
Earnings from associated companies		(13,695)	(4,876)
Dividends received from associated companies		4,596	1,131
<b>Elimination of non-cash and non-operating items:</b>			
■ depreciation, amortization and provisions		208,706	202,655
■ deferred taxes		(9,707)	(11,811)
■ net (gain) loss from disposal of assets		(3,966)	(3,933)
■ unrealized fair value gains and losses		486	64
■ other		1,717	18,858
<b>Cash flows from operating activities</b>	1.22	<b>352,942</b>	<b>341,579</b>
Change in working capital requirement		33,332	(46,661)
<b>Net cash flows from operating activities <sup>(1)</sup></b>	27	<b>386,274</b>	<b>294,918</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Outflows linked to acquisitions of non-current assets:</b>			
■ property, plant and equipment and intangible assets		(139,304)	(169,415)
■ financial investments		(37,582)	(19,526)
<b>Inflows linked to disposals of non-current assets:</b>			
■ property, plant and equipment and intangible assets		7,567	7,295
■ financial investments		7,170	3,680
Impact of changes in consolidation scope		(25,907)	(55)
<b>Net cash flows from investing activities</b>	28	<b>(188,056)</b>	<b>(178,021)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(80,239)	(78,405)
Increases in share capital			
Proceeds from borrowings		1,570	301,486
Repayments of borrowings		(129,405)	(356,698)
Acquisitions of treasury shares		(25,749)	(30,765)
Disposals or allocations of treasury shares		27,935	32,899
<b>Net cash flows from financing activities</b>		<b>(205,888)</b>	<b>(131,483)</b>
Impact of changes in foreign exchange rates		(8,517)	(3,308)
<b>Change in cash position</b>		<b>(16,187)</b>	<b>(17,894)</b>
Net cash and cash equivalents – opening balance	29	225,096	242,991
Net cash and cash equivalents – closing balance	29	208,909	225,096

(a) The 2015 financial statements have been restated in accordance with the new accounting method applied to the greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35.

(1) Including cash flows from income taxes: € (49,846) thousand in 2016 and € (77,620) thousand in 2015.

Including cash flows from interests paid and received: € (28,708) thousand in 2016 and € (40,774) thousand in 2015.

**Statement of changes in consolidated equity for the 2016 fiscal year**

<i>(in thousands of euros)</i>	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Shareholders' equity and minority interests
<b>AT JANUARY 1, 2015 restated <sup>(a)</sup></b>	179,600	11,207	(70,133)	2,195,649	(149,698)	2,166,625	281,870	2,448,495
Restated annual income <sup>(a)</sup>				118,272		118,272	21,219	139,491
Other comprehensive income <sup>(1)</sup>				(39,392)	55,894	16,502	1,060	17,562
<b>Total comprehensive income <sup>(a)</sup></b>				<b>78,880</b>	<b>55,894</b>	<b>134,774</b>	<b>22,279</b>	<b>157,053</b>
Dividends paid				(66,111)		(66,111)	(11,969)	(78,080)
Net change in treasury shares			3,125	(677)		2,448		2,448
Changes in consolidation scope and additional acquisitions								
Increases in share capital								
Other changes				(193)		(193)	(20)	(213)
<b>AT DECEMBER 31, 2015 restated <sup>(a)</sup></b>	179,600	11,207	(67,008)	2,207,548	(93,804)	2,237,543	292,160	2,529,703
Consolidated net income				139,065		139,065	25,740	164,805
Other comprehensive income <sup>(1)</sup>				(2,185)	(96,125)	(98,310)	(47,014)	(145,324)
<b>Total comprehensive income</b>				<b>136,880</b>	<b>(96,125)</b>	<b>40,755</b>	<b>(21,274)</b>	<b>19,481</b>
Dividends paid				(66,292)		(66,292)	(13,880)	(80,172)
Net change in treasury shares			3,399	(1,213)		2,186		2,186
Changes in consolidation scope and additional acquisitions								
Increases in share capital								
Other changes				(1,072)		(1,072)	48	(1,024)
<b>AT DECEMBER 31, 2016</b>	<b>179,600</b>	<b>11,207</b>	<b>(63,609)</b>	<b>2,275,851</b>	<b>(189,929)</b>	<b>2,213,120</b>	<b>257,054</b>	<b>2,470,174</b>

(a) The 2015 financial statements have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of the impact of these adjustments are presented in notes 1.7 and 35.

(1) Inventory by nature of other comprehensive income:

Other comprehensive income includes mainly cumulative conversion differences from end 2003 as at end December 2016. 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.

Group translation differences are broken down by currency as follows (in thousands of euros), at December 31, 2016 and 2015:

	December 31, 2016	December 31, 2015
US dollar:	63,948	52,291
Swiss franc:	208,982	203,395
Turkish new lira:	(178,330)	(144,915)
Egyptian pound:	(128,268)	(50,157)
Kazakh tenge:	(85,609)	(85,450)
Mauritanian Ouguiya:	(3,262)	2,812
Indian rupee:	(67,390)	(71,780)
	<b>(189,929)</b>	<b>(93,804)</b>



## 7.1.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2016

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## NOTE 1 ACCOUNTING POLICIES AND VALUATION METHODS

### 1.1. Statement of compliance

In compliance with European Regulation (EC) 1606/2002 issued by the European Parliament on July 19, 2002 on the enforcement 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, 2016 for its benchmark accounting policies.

Standards and interpretations published by the IASB but not yet in effect as at December 31, 2016 were not applied early in the Group's consolidated financial statements at the closing date.

The consolidated financial statements for the year ended December 31, 2016 present comparative data for the previous year prepared under these same IFRSs. As the mandatory standards starting from January 1, 2016 are not applicable to the Group, nor do they have any significant impact in the Group's consolidated financial statements, the accounting methods and calculation procedures adopted in the consolidated financial statements as at December 31, 2016 are consistent with those used in the annual financial statements for 2015, with the exception of the accounting treatment of greenhouse gas emission rights. Starting from January 1, 2016, the Group decided to adopt the method recommended by the ANC since 2013, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved January 7, 2013), which provides more reliable and relevant financial information to reflect the 'quotas' economic model, in particular eliminating the impacts associated with the volatility of the price of quotas. The financial statements for year 2015 have been restated in accordance with the new method for comparison purposes. The detailed impacts of this change in method on the 2015 financial statements are presented in notes 1.7 and 35.

This year, the Group also initiated the planned implementations of IFRS 9, "Financial Instruments" and IFRS 15 "Revenue recognition" standards, mandatory as from January 1, 2018, as well as that relating to the implementation of IFRS 16 "Leases", mandatory as from January 1, 2019, to assess the potential impact on the Group's financial statements.

Regarding IFRS 15, a questionnaire for identification of the main differences between the current accounting policies – IAS 18 – and those of the IFRS 15 standard was deployed with the entities of the Group to identify flows and transactions that may be impacted by the implementation of this new standard, as well as any necessary changes to be made to the accounting charts. At this stage, almost all the questionnaires have been completed and are being used. From the analyses conducted so far, the Group believes that implementation of this standard should not have a significant impact on its financial statements, given the nature of its business.

Regarding IFRS 16, the Company has set up the necessary resources (training, project team, collection matrix) to identify all of the leases concerned and quantify the estimated impact of the application of this standard. At this time, still remains to finalize the transition method to apply (full retrospective or modified approach) when the effective implementation of this standard, as well as the technical options to be used to quantify the impact of application of the IFRS 16 standard.

Regarding IFRS 9, the Group is currently evaluating the impact that this standard could have on the financial statements.

These financial statements were finalized and approved by the Board of Directors at its meeting of February 24, 2017 and will be submitted to the General Meeting of April 18, 2017 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 type in two separate statements: the consolidated income statement and the consolidated statement of other comprehensive income.

The consolidated statement of financial position segregates current and non-current asset 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, assets available for sale, 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 consolidated subsidiaries (notes 1.16. and 16),
- measure financial instruments at their fair value (notes 1.14. and 17);

- perform the valuations adopted for impairment tests (notes 1.4. 1.11. and 3);
- define the accounting principle to be applied in the absence of a definitive standard (notes 1.7 and 4 concerning emission quotas).

The 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, 2016 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 net assets, liabilities and contingent liabilities acquired exceeds their cost ("negative goodwill"), the full amount of this negative goodwill is recognized in the income statement of the reporting period in which the acquisition was made, except for acquisitions of minority interests in a company already fully consolidated, in which case this amount is recognized in the consolidated shareholders' equity.

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

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

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

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

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

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

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

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

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

## 1.5. Foreign currencies

### Transactions in foreign currencies

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

The following foreign exchange rates were used:

	Closing rate		Average rate	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
US Dollar (USD)	1.0541	1.0887	1.1066	1.1096
Swiss franc (CHF)	1.0739	1.0835	1.0902	1.0676
Egyptian pound (EGP)	19.0735	8.5036	11.0412	8.5442
Turkish lira (TRL)	3.7072	3.1765	3.3428	3.0219
Kazakh tenge (KZT)	351.3200	369.5800	380.5355	246.1933
Mauritanian ouguiya (MRO)	378.8711	339.0667	385.4958	343.4900
CFA Franc (XOF)	655.9570	655.9570	655.9570	655.9570
India rupee (INR)	71.5935	72.0215	74.3553	71.1765

## 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.

## Translation of financial statements of foreign companies

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

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

## 1.7. Emission quotas

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

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

- quotas are posted as inventories at the time of their acquisition (free of charge or chargeable). 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 posted at closing if there is a quota shortfall.

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

Before January 1, 2016, quotas held above the aggregated actual emissions were posted under assets as other intangible assets at closing and surpluses, sales of quotas and quota swap (EUA) against Emission Reduction Certificates (CER) were posted under income for the year. Thus, the Group had posted income of € 4.7 million in the 2015 income statement under surpluses recorded during the prior year.

The financial statements for year 2015 have been restated in accordance with the new method for comparison purposes. The detailed impacts of this change on the 2015 financial statements are presented in note 35.

## 1.8 Property, plant and equipment

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

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

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

Quarries are amortized on the basis of tonnage extracted during the year as a ratio of total estimated reserves.

Certain parcels of land owned by French companies acquired prior to December 31, 1976 were revalued, and the adjusted value was recognized in the financial statements, but without a significant impact on the lines concerned.

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

## 1.9 Leases

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

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

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

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

- the EBITDA from the Long Term Plan over the first five years, then projected to year ten;
- 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 fair value of an isolated asset, it is assessed at the level of the cash generating unit that the asset is part of (defined by IAS 36 as the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets) insofar as the industrial installations, 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 in terms of:

- the discount rate as previously defined;
- the inflation rate, which must reflect sales prices and expected future costs;
- the growth rate to infinity.

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

intangible and tangible assets included in the Group's consolidated financial statements. Moreover, the discount rate includes a country risk premium and an industry sector risk premium reflecting the cyclical nature of certain factors inherent in the business sector, enabling an understanding of 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 non-derivative financial assets, when they are first entered in the financial statements, in one of the following four categories of financial instruments in accordance with IAS 39, depending on the reasons for which they were originally acquired:

- long-term loans and receivables, financial assets not quoted on an active market, the payment of which is determined or can be determined; these are valued at their amortized cost;



- assets available for sale which include in particular, in accordance with the standard, investments in non-consolidated affiliates; these are valued at the lower of their carrying value and their fair value less the cost of sale as at the end of the period, which takes into account profitability prospects, share prices or market prices;
- financial assets valued at their fair value through the income, since they are held for transaction purposes (acquired and held for the purpose of selling in the short term);
- investments held to term, including securities quoted on an active market associated with defined payments at fixed deadlines; the Group does not own such assets at the year-end of the reporting periods in question.

All acquisitions and disposals of financial assets are reported at the transaction date. Financial assets are reviewed at the end of each year in order to identify any evidence of impairment.

### Financial liabilities

The Group classifies its non-derivative financial assets, 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's treasury shares are recognized net of 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 FX contracts and currency swaps are used to hedge exchange rate risks.

The Group uses derivatives solely for economic hedging purposes and no instrument is held for speculative ends. Under IAS 39, however, certain derivatives used are not, not yet or no longer, eligible for hedge accounting at the closing date.

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 means of the following valuation models:

- the market value of interest rate swaps, 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 preceding reporting periods, 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, in particular interest and exchange rate 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 booked asset or liability or with a planned 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 that 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 financial instrument hedged. Income is affected solely 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).

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. and other long-term benefits (such as medical coverage 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 (wage inflation, mortality, employee turnover, etc.) using 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 and/or variances observed between these assumptions and the actual figures. Actuarial gains and losses on post-employment benefits are recognized under "Other comprehensive income" and are not recycled to profit or loss.

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

### 1.16. Put options granted on shares in consolidated subsidiaries

Under IAS 27 and IAS 32, put options granted to minority third parties in fully consolidated subsidiaries are reported in the financial liabilities at the present value of their estimated price with an offset in the form of 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 the equity - Group share - for 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 the Group shareholders' equity (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 the 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

In accordance with IAS 18, sales are reported at the fair value of the consideration received or due, 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.

Sales are recorded at the time of transfer of the risk and significant benefits associated with ownership to the purchaser, which generally corresponds to the date of transfer of ownership of the product or performance of the service.

### 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 CO<sub>2</sub>, and certain charges relating to losses or claims.

### 1.20. Income taxes

Deferred taxes are calculated at the tax rates passed or virtually passed at the year-end and expected to apply to 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 Group Management responsible for implementing the strategy defined by the Chairman of the Board of Directors for measuring the Group's operating performance and for allocating capital expenditure and resources to 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 & 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, 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 depreciation, amortization and operating provisions.

**Cash flows from operating activities:** net income before adjusting for non-cash charges (mainly depreciation, amortization and provisions, deferred taxes, gains or losses on asset disposals and changes in fair value).

### 1.23. Seasonality

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

## NOTE 2 CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

### Macroeconomic environment and performance

In 2016, the Vicat Group posted almost unchanged consolidated sales (-0.2%) on a reported basis, but posted solid growth of 4.1% at constant scope and exchange rates. This change reflected a slight improvement in the macroeconomic environment in the countries in which the Group operates, with an increase of its turnover at constant

scope and exchange rates on all markets, except the Swiss market and the West African area, which recorded a slight drop in their activity in 2016.

In France, sales grew in a macroeconomic and sectorial environment in which the recovery, which began late in 2015, was confirmed in 2016.

In Europe, excluding France, sales were down on a reported basis and at constant scope and exchange rates. While the Group's business in Italy grew very slightly, sales generated in Switzerland recorded a decrease over the full year owing to a sharp decline in the Prefabrication business, affected by an adverse competitive environment due to an unfavorable exchange rate as well as delays in delivery in the rail sector and, but to a lesser extent, a slight contraction of the Cement business due to the sharp fall in prices observed at the end of 2015.

In the USA, the Group enjoyed solid business growth in a still-favorable macroeconomic environment. However, the situation was very different between the two regions in which the Group operates; Alabama experienced a sharp increase in its Cement and Concrete activities, whereas California has been affected by weather conditions and an unfavorable comparison base effect, due to the end of a major infrastructure project at the end of 2015. In this context, the volumes are up overall in the Cement business but down in the Concrete business. Average selling prices recorded solid growth over both regions and in both the Group's activities.

In Turkey, business is down on a reported basis, but is progressing at constant scope and exchange rates, supported by solid growth in sales volumes that has offset the decline in average selling prices. Despite an environment marked by political events during the month of July and an unfavorable geopolitical context, the market remained on track in 2016. However, it is important to note that this year has seen a gradual slowdown in growth.

In India, the strategy put in place by the Group since the end of year 2015 to seize the opportunities offered by the improvement observed in the macro-economic environment and in the segment with, in particular, the start-up of a number of large projects, resulted in a surge of sales volumes, in a price context that was nonetheless unfavorable. It is important to note that, following the implementation of a demonetization policy by the Government during the 4th quarter, business remained steady during that period. On this basis, the Group's consolidated sales in that country show solid growth both on a reported basis and at constant scope and exchange rates.

In Kazakhstan, Vicat recorded a significant drop in its consolidated sales on a reported basis due to the very strong devaluation that occurred in the second half of 2015. At constant scope and exchange rates, sales are increasing. This increase in activity, excluding currency effects, has generated a slight rise in sale volumes and average selling prices.

In Egypt, in a still volatile security climate, the Group recorded an increase in its consolidated sales on a reported basis. At constant scope and exchange rates, the increase in activity is appreciable, marked by a sharp increase in sales volumes, as well as a slight improvement in the average selling prices. Note that the launch of two coal crushers at the end of the third quarter of 2015 made for a significant reduction in production costs over the whole of 2016. Finally, the country was affected strongly by a very significant devaluation of the Egyptian pound in the 4th quarter of 2016, the negative effects of which on operating conditions will be fully felt in 2017.

In West Africa, consolidated sales were slightly down over the full year. Growth in Senegal in both cement and aggregates, failed to offset the sharp fall in activity in Mauritania in an adverse macroeconomic and competitive environment.

### **Early repayment in July 2015 of the Indian debt taken out with development financing institutions**

In July 2015, Kalburgi Cement (formerly Vicat Sagar Cement) made early repayment of the debt taken out with development financing institutions in exchange for a strengthening of its equity by Parficim. This repayment of a net € 166 million did not result in significant transaction costs and led Kalburgi to an early cancellation of the foreign exchange and interest rate hedging instruments (cross currency swap) set up in 2011. This repayment, financed through use of the Vicat SA lines of credit, significantly reduced the interest expenses incurred by Kalburgi and by the Group since the end of July 2015.

### **Exchange rate volatility and impact on the income statement**

The income statement for 2016 has been strongly impacted by the change in the majority of foreign currencies against the euro, in particular by the devaluation of the Egyptian pound and the gradual fall in the Turkish lira. This resulted in a negative exchange rate effect of €-104 million on consolidated sales and €-21 million on EBITDA.

Consolidated equity showed negative conversion differences in 2016 for a total net amount of €-143 million, mainly stemming from the devaluation of the Egyptian pound.

### **Reinforcing the regional coverage in the Concrete & Aggregates business in France**

In the second half of 2016 the Group continued to improve its reach in the Concrete & Aggregates business in France, through partnership agreements and/or redemptions of holdings. These operations resulted in a total net cash outflow of € (26) million and the recording of goodwill in the amount of € 18 million.

### **Tax assessment in Senegal**

In the second half of 2016, Sococim Industries, the Group's Senegal subsidiary, underwent a tax assessment. The first conclusions were delivered at the end of the year and are currently being discussed between the company and the Senegal tax authorities.

## NOTE 3 GOODWILL

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

<i>(in thousands of euros)</i>	<b>Cement</b>	<b>Concrete &amp; Aggregates</b>	<b>Other Products &amp; Services</b>	<b>Net total</b>
<b>AT DECEMBER 31, 2014</b>	<b>720,430</b>	<b>265,797</b>	<b>21,621</b>	<b>1,007,848</b>
Acquisitions/Additions	5,588		16	5,604
Disposal/Decreases		(124)		(124)
Change in foreign exchange rates	7,475	17,573	1,932	26,980
Other movements	(74)	(1)	74	(1)
<b>AT DECEMBER 31, 2015</b>	<b>733,419</b>	<b>283,245</b>	<b>23,643</b>	<b>1,040,307</b>
Acquisitions/Additions		20,422		20,422
Disposal/Decreases		(300)		(300)
Change in foreign exchange rates	(15,874)	4,386	175	(11,313)
Other movements		1,891	(2,053)	(162)
<b>AT DECEMBER 31, 2016</b>	<b>717,545</b>	<b>309,644</b>	<b>21,765</b>	<b>1,048,954</b>

**Impairment test on goodwill :**

In accordance with IFRS 3 and IAS 36, at the end of each year and in the event of any evidence of impairment, goodwill is subject to an impairment test using the method described in notes 1.4. and 1.11.

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

	<b>Goodwill</b> <i>(in thousands of euros)</i>		<b>Discount rate used for the impairment tests</b> <i>(in %)</i>		<b>Growth rate to infinity used for the impairment tests</b> <i>(in %)</i>		<b>Impairment which would result from a change of +1% in the discount rate</b>		<b>Impairment which would result from a change of -1% in the growth rate to infinity</b>	
	<b>Dec. 2016</b>	<b>Dec. 2015</b>	<b>Dec. 2016</b>	<b>Dec. 2015</b>	<b>Dec. 2016</b>	<b>Dec. 2015</b>	<b>Dec. 2016</b>	<b>Dec. 2015</b>	<b>Dec. 2016</b>	<b>Dec. 2015</b>
India CGU	259,883	258,400	10.29	10.26	6	6	-	-	-	-
West Africa Cement CGU	152,320	156,359	11.29	10.16	3 to 5	3	-	-	-	-
France-Italy CGU	204,592	185,092	6.36	6.55	0	0	-	-	-	-
Switzerland CGU	143,167	142,531	6.36	7.4	0	0	-	-	-	-
Other CGUs total	288,992	297,925	9.75 to 11.98	9.34 to 10.16	2 to 3	2 to 3	-	-	-	-
<b>TOTAL</b>	<b>1,048,954</b>	<b>1,040,307</b>					<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The impairment tests carried out in 2016 and 2015 did not result in the recognition of any impairment of goodwill.

## NOTE 4 OTHER INTANGIBLE ASSETS

<b>Gross value</b> <i>(in thousands of euros)</i>	<b>Concessions, patents and similar rights</b>	<b>Software</b>	<b>Other intangible assets</b>	<b>Intangible assets in progress</b>	<b>Total</b>
<b>AT DECEMBER 31, 2014 restated</b>	<b>75,385</b>	<b>32,611</b>	<b>57,265</b>	<b>12,844</b>	<b>178,105</b>
Acquisitions	304	6,873	754	8,081	16,012
Disposals		(4)	(1,714)		(1,718)
Changes in consolidation scope					0
Change in foreign exchange rates	(2,318)	670	3,827	228	2,407
Other movements	1,076	8,914	7,598	(15,407)	2,181
<b>AT DECEMBER 31, 2015 restated</b>	<b>74,447</b>	<b>49,064</b>	<b>67,730</b>	<b>5,746</b>	<b>196,987</b>
Acquisitions	1,791	924	176	3,640	6,531
Disposals		(2,066)	(284)		(2,350)
Changes in consolidation scope	1,502	29			1,531
Change in foreign exchange rates	(7,152)	92	(42)	34	(7,068)
Other movements	(764)	1,967	2,597	(3,139)	661
<b>AT DECEMBER 31, 2016</b>	<b>69,824</b>	<b>50,010</b>	<b>70,177</b>	<b>6,281</b>	<b>196,292</b>

<b>Depreciation and impairment</b> <i>(in thousands of euros)</i>	<b>Concessions, patents and similar rights</b>	<b>Software</b>	<b>Other intangible assets</b>	<b>Intangible assets in progress</b>	<b>Total</b>
<b>AT DECEMBER 31, 2014 restated</b>	<b>(20,801)</b>	<b>(21,858)</b>	<b>(28,929)</b>	<b>0</b>	<b>(71,588)</b>
Increase	(2,905)	(4,189)	(3,613)		(10,707)
Decrease		2	1,917		1,919
Changes in consolidation scope					0
Change in foreign exchange rates	93	(541)	(1,705)		(2,153)
Other movements	(55)	2	54		1
<b>AT DECEMBER 31, 2015 restated</b>	<b>(23,668)</b>	<b>(26,584)</b>	<b>(32,276)</b>	<b>0</b>	<b>(82,528)</b>
Increase	(2,440)	(4,573)	(3,716)		(10,729)
Decrease		1,789	34		1,823
Changes in consolidation scope		(29)			(29)
Change in foreign exchange rates	1,620	(83)	302		1,839
Other movements		(244)	41		(203)
<b>AT DECEMBER 31, 2016</b>	<b>(24,488)</b>	<b>(29,724)</b>	<b>(35,615)</b>	<b>0</b>	<b>(89,827)</b>
Net book value at December 31, 2015 restated	50,779	22,480	35,454	5,746	114,459
<b>NET BOOK VALUE AT DECEMBER 31, 2016</b>	<b>45,336</b>	<b>20,286</b>	<b>34,562</b>	<b>6,281</b>	<b>106,465</b>

No development costs were capitalized in 2016 and 2015.

Research and development costs recognized as expenses in 2016 amounted to € 3,804 thousand (€ 3,664 thousand in 2015).



## NOTE 5 PROPERTY, PLANT AND EQUIPMENT

<b>Gross value</b> <i>(in thousands of euros)</i>	<b>Land &amp; buildings</b>	<b>Industrial equipment</b>	<b>Other property plant &amp; equipment</b>	<b>Non-current assets in progress and advances/down payments</b>	<b>Total</b>
<b>AT DECEMBER 31, 2014</b>	<b>1,149,195</b>	<b>2,946,270</b>	<b>152,144</b>	<b>99,945</b>	<b>4,347,554</b>
Acquisitions	12,070	21,055	3,546	108,565	145,236
Disposals	(1,480)	(36,948)	(8,480)	(728)	(47,636)
Changes in consolidation scope	(2,335)	6,046	(2,109)	8	1,610
Change in foreign exchange rates	22,875	36,863	7,760	(2,112)	65,386
Other movements	21,295	85,071	(195)	(106,924)	(753)
<b>AT DECEMBER 31, 2015</b>	<b>1,201,620</b>	<b>3,058,357</b>	<b>152,666</b>	<b>98,754</b>	<b>4,511,397</b>
Acquisitions	12,136	27,249	4,698	84,062	128,145
Disposals	(3,214)	(26,016)	(8,439)	(10)	(37,679)
Changes in consolidation scope	1,869	17,547	174	85	19,675
Change in foreign exchange rates	(32,629)	(120,299)	(1,755)	(10,983)	(165,666)
Other movements	17,707	95,521	1,685	(105,577)	9,336
<b>AT DECEMBER 31, 2016</b>	<b>1,197,489</b>	<b>3,052,359</b>	<b>149,029</b>	<b>66,331</b>	<b>4,465,208</b>

<b>Depreciation and impairment</b> <i>(in thousands of euros)</i>	<b>Land &amp; Buildings</b>	<b>Industrial equipment</b>	<b>Other property plant &amp; equipment</b>	<b>Non-current assets in progress and advances/down payments</b>	<b>Total</b>
<b>AT DECEMBER 31, 2014</b>	<b>(448,248)</b>	<b>(1,646,130)</b>	<b>(103,673)</b>	<b>(764)</b>	<b>(2,198,815)</b>
Increase	(36,009)	(139,650)	(10,817)	(198)	(186,674)
Decrease	4,390	32,763	8,096	703	45,952
Changes in consolidation scope	(306)	(3,002)	1,808		(1,500)
Change in foreign exchange rates	(12,042)	(32,142)	(4,666)	(2)	(48,852)
Other movements	(494)	(351)	351	(3)	(497)
<b>AT DECEMBER 31, 2015</b>	<b>(492,709)</b>	<b>(1,788,512)</b>	<b>(108,901)</b>	<b>(264)</b>	<b>(2,390,386)</b>
Increase	(36,400)	(130,259)	(9,443)		(176,102)
Decrease	2,101	24,307	8,310	104	34,822
Changes in consolidation scope	1,086	(812)	(67)		207
Change in foreign exchange rates	9,626	52,271	1,535	3	63,435
Other movements	2,839	(7,926)	403	8	(4,676)
<b>AT DECEMBER 31, 2016</b>	<b>(513,457)</b>	<b>(1,850,931)</b>	<b>(108,163)</b>	<b>(149)</b>	<b>(2,472,700)</b>
Net book value at December 31, 2015	708,911	1,269,845	43,765	98,490	2,121,011
<b>NET BOOK VALUE AT DECEMBER 31, 2016</b>	<b>684,032</b>	<b>1,201,428</b>	<b>40,866</b>	<b>66,182</b>	<b>1,992,508</b>

Property, plant and equipment under construction amounted to € 61 million as at December 31, 2016 (€ 77 million as at December 31, 2015) and advances/down payments on property, plant and equipment represented € 6 million as at December 31, 2016 (€ 22 million as at December 31, 2015).

Contractual commitments to acquire tangible and intangible assets amounted to € 21 million as at December 31, 2016 (€ 20 million as at December 31, 2015).

The total amount of interest capitalized in 2016 was € 0.7 million (€ 0.7 million in 2015), determined on the basis of local interest rates ranging from 3.97% to 12.75%, depending on the country in question.

## NOTE 6 LEASES

Lease contracts 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

<b>Net book value by category of assets</b> <i>(in thousands of euros)</i>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Industrial equipment	315	1,365
Other intangible assets and property, plant and equipment	343	402
<b>PROPERTY, PLANT AND EQUIPMENT</b>	<b>658</b>	<b>1,767</b>

<b>Minimum payment schedule</b> <i>(in thousands of euros)</i>	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Less than 1 year	606	1,214
1 to 5 years	530	418
More than 5 years	0	24
<b>TOTAL</b>	<b>1,136</b>	<b>1,656</b>

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

### Leases within the scope of IFRS 16 (effective from January 1, 2019)

Based on actual collection, future minimum payments under leases covered by IFRS 16 are analyzed as follows from December 31, 2016 (short duration agreements (< 12 months) and low value assets (< USD 5K) being excluded from the scope of IFRS 16, do not appear in the amounts shown below):

Minimum estimated payment schedule <small>(in thousands of euros)</small>	December 31, 2016
Less than 1 year	54,584
1 to 5 years	137,578
More than 5 years	76,242
<b>TOTAL</b>	<b>268,404</b>

Minimum leases payments are posted in accordance with IAS 17 as expenses on a straight-line basis over the term of the agreements. The rent charge posted in 2016 under these agreements was € 57 million.

## NOTE 7 INVESTMENT PROPERTIES

<small>(in thousands of euros)</small>	Gross values	Depreciation & Impairment	Net values
<b>AT DECEMBER 31, 2014</b>	40,060	(21,306)	18,754
Acquisitions	599	(803)	(204)
Disposals	(470)	48	(422)
Depreciation			0
Change in foreign exchange rates	1,222	(366)	856
Changes in consolidation scope and other	(1,185)	(33)	(1,218)
<b>AT DECEMBER 31, 2015</b>	40,226	(22,460)	17,766
Acquisitions	875	(836)	39
Disposals	(228)	109	(119)
Depreciation			0
Change in foreign exchange rates	109	(35)	74
Changes in consolidation scope and other	184	(105)	79
<b>AT DECEMBER 31, 2016</b>	<b>41,166</b>	<b>(23,327)</b>	<b>17,839</b>
Fair value of investment properties at December 31, 2015			78,334
<b>FAIR VALUE OF INVESTMENT PROPERTIES AT DECEMBER 31, 2016</b>			<b>78,765</b>

Rental income from investment properties amounted to € 3.7 million at December 31, 2016 and € 3 million at December 31, 2015.

## NOTE 8 INVESTMENTS IN ASSOCIATED COMPANIES

<b>Dividends received from holdings in associated companies</b> (in thousands of euros)	<b>2016</b>	<b>2015</b>
<b>AT JANUARY 1</b>	<b>49,854</b>	<b>43,815</b>
Earnings from associated companies	13,695	4,876
Dividends received from investments in associated companies	(4,596)	(1,131)
Changes in consolidation scope	50	(14)
Change in foreign exchange rates and other	(17,933)	2,308
<b>AT DECEMBER 31</b>	<b>41,070</b>	<b>49,854</b>

## NOTE 9 RECEIVABLES AND OTHER NON-CURRENT ASSETS

(in thousands of euros)	<b>Gross values</b>	<b>Impairment</b>	<b>Net values</b>
<b>AT DECEMBER 31, 2014</b>	<b>100,932</b>	<b>(2,041)</b>	<b>98,891</b>
Acquisitions/Additions	6,047	(60)	5,987
Disposal/Decreases	(3,825)	320	(3,505)
Changes in consolidation scope	(5,917)		(5,917)
Change in foreign exchange rates	4,001	(93)	3,908
Change recorded in other comprehensive income	57,780		57,780
Other	(34,472)		(34,472)
<b>AT DECEMBER 31, 2015</b>	<b>124,546</b>	<b>(1,874)</b>	<b>122,672</b>
Acquisitions/Additions	14,331	(98)	14,233
Disposal/Decreases	(9,296)	457	(8,839)
Changes in consolidation scope	32		32
Change in foreign exchange rates	(6,895)	(8)	(6,903)
Change recorded in other comprehensive income	8,298		8,298
Other	(18,552)		(18,552)
<b>AT DECEMBER 31, 2016</b>	<b>112,464</b>	<b>(1,523)</b>	<b>110,941</b>
Including:			
■ investments in affiliated companies	22,116	(616)	21,500
■ long-term investments	1,311	(223)	1,088
■ loans and receivables	36,032	(684)	35,348
■ employee benefit plan assets	0		0
■ financial instruments (see note 16)	53,005		53,005
<b>AT DECEMBER 31, 2016</b>	<b>112,464</b>	<b>(1,523)</b>	<b>110,941</b>

## NOTE 10 INVENTORIES AND WORK-IN-PROGRESS

<i>(in thousands of euros)</i>	December 31, 2016			December 31, 2015		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials and consumables	247,000	(13,438)	233,562	263,570	(12,524)	251,046
Work-in-progress, finished goods and goods for sale	161,109	(8,901)	152,208	162,878	(6,732)	156,146
<b>TOTAL</b>	<b>408,109</b>	<b>(22,339)</b>	<b>385,770</b>	<b>426,448</b>	<b>(19,256)</b>	<b>407,192</b>

Surplus of greenhouse gaz emission quotas are recorded under inventories at a zero value (corresponding to 3,674 thousand tonnes at year-end 2016 and 2,992 thousand tonnes at year-end 2015).

## NOTE 11 RECEIVABLES

<i>(in thousands of euros)</i>	Customers and other receivables	Provisions Customers and other receivables	Customers and other receivables Net	Other Receivables tax	Receivables Corporate	Other receivables <sup>(1)</sup>	Provisions Other receivables	Total Other Receivables Net
<b>AT DECEMBER 31, 2014</b>	<b>378,145</b>	<b>(21,740)</b>	<b>356,405</b>	<b>45,878</b>	<b>4,251</b>	<b>93,016</b>	<b>(1,945)</b>	<b>141,200</b>
Acquisitions		(5,640)	(5,640)				(376)	(376)
Uses		5,348	5,348				1,679	1,679
Change in foreign exchange rates	5,991	(329)	5,662	(2,593)	124	2,688	4	223
Changes in consolidation scope	2,996	(124)	2,872	18		237		255
Other movements	11,942	38	11,980	4,154	(427)	4,019	(2)	7,744
<b>AT DECEMBER 31, 2015</b>	<b>399,074</b>	<b>(22,447)</b>	<b>376,627</b>	<b>47,457</b>	<b>3,948</b>	<b>99,960</b>	<b>(640)</b>	<b>150,725</b>
Acquisitions		(5,999)	(5,999)			1	(492)	(491)
Uses		6,892	6,892				46	46
Change in foreign exchange rates	(9,334)	387	(8,947)	(2,419)	(591)	(6,833)	(42)	(9,885)
Changes in consolidation scope	23,880	(380)	23,500	747		21,025		21,772
Other movements	(2,384)	(185)	(2,569)	2,585	(1,308)	26,279	(1,002)	26,554
<b>AT DECEMBER 31, 2016</b>	<b>411,236</b>	<b>(21,732)</b>	<b>389,504</b>	<b>48,370</b>	<b>2,049</b>	<b>140,432</b>	<b>(2,130)</b>	<b>188,721</b>
including matured at December 31, 2016:								
■ for less than 3 months	180,128	(4,805)	175,323	12,790	1,200	24,855	(1,073)	37,772
■ for more than 3 months	21,765	(8,850)	12,915	6,414	10	23,117	(543)	28,998
including outstanding at December 31, 2016:								
■ less than 1 year	194,224	(4,518)	189,706	27,506	568	80,309		108,383
■ more than 1 year	15,119	(3,559)	11,560	1,660	271	12,151	(514)	13,568

(1) Including € 36 million at December 31, 2016 subject to a precautionary seizure on a bank account 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.

## NOTE 12 CASH AND CASH EQUIVALENTS

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015
Cash	90,033	84,932
Marketable securities and term deposits < 3 months	152,737	169,439
<b>CASH AND CASH EQUIVALENTS</b>	<b>242,770</b>	<b>254,371</b>

## 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 723,471 treasury shares as at December 31, 2016 (762,286 as at December 31, 2015) 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 2016 in respect of 2015 amounted to € 1.50 per share, amounted to a total of € 67,350 thousand, equal to €1.50 per share paid in 2015 in respect of 2014 and amounted to a total of € 67,350 thousand. The dividend proposed by the Board of Directors

to the Ordinary General Meeting for 2016 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 January 4, 2010, for a period of 12 months renewable by tacit agreement, Vicat has engaged 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, 2016, the liquidity account is composed of 11,488 Vicat shares and € 3,345 thousand in cash.

## NOTE 14 EMPLOYEE BENEFITS

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015
Pension plans and termination benefits (TB)	76,441	68,201
Other post-employment benefits	65,912	66,528
<b>Total pension and other post-employment benefit provisions</b>	<b>142,353</b>	<b>134,729</b>
Plan assets (note 9)	-	-
<b>NET LIABILITIES</b>	<b>142,353</b>	<b>134,729</b>

**Main plans in force within the Group:** The Group's main defined benefit pension plans are found 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.



## Assets and liabilities recognized in the balance sheet

<i>(in thousands of euros)</i>	December 31, 2016			December 31, 2015		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Present value of funded liabilities	488,296	65,912	554,208	461,481	66,528	528,009
Fair value of plan assets	(411,855)		(411,855)	(393,280)		(393,280)
<b>Net value</b>	<b>76,441</b>	<b>65,912</b>	<b>142,353</b>	<b>68,201</b>	<b>66,528</b>	<b>134,729</b>
Limit on recognition of plan assets (asset ceiling)			0			0
<b>NET LIABILITIES</b>	<b>76,441</b>	<b>65,912</b>	<b>142,353</b>	<b>68,201</b>	<b>66,528</b>	<b>134,729</b>

## Analysis of net annual expense

<i>(in thousands of euros)</i>	December 31, 2016			December 31, 2015		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Current service costs	(13,416)	(1,361)	(14,777)	(12,694)	(1,436)	(14,130)
Financial cost	(7,245)	(2,702)	(9,947)	(7,397)	(2,524)	(9,921)
Interest income on assets	4,908		4,908	5,378	18	5,396
Recognized past service costs			0	9,238		9,238
Curtailments and settlements	(534)		(534)	596	(159)	437
<b>TOTAL CHARGE WITH INCOME STATEMENT IMPACT</b>	<b>(16,287)</b>	<b>(4,063)</b>	<b>(20,350)</b>	<b>(4,879)</b>	<b>(4,101)</b>	<b>(8,980)</b>
Actuarial gains and losses on plan assets	11,009	(107)	10,902	(719)		(719)
Experience adjustments	975	5,745	6,720	4,250	(1,171)	3,079
Adjustments related to demographic assumptions	2,493	2,527	5,020	(2,682)	(1,265)	(3,947)
Adjustments related to financial assumptions	(16,209)	(3,003)	(19,212)	(710)	2,581	1,871
<b>TOTAL CHARGE WITH IMPACT ON OTHER COMPREHENSIVE INCOME</b>	<b>(1,732)</b>	<b>5,162</b>	<b>3,430</b>	<b>139</b>	<b>145</b>	<b>284</b>
<b>TOTAL CHARGE FOR THE YEAR</b>	<b>(18,019)</b>	<b>1,099</b>	<b>(16,920)</b>	<b>(4,740)</b>	<b>(3,956)</b>	<b>(8,696)</b>

### Change in financial assets used to hedge the plans

<i>(in thousands of euros)</i>	December 31, 2016			December 31, 2015		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
<b>FAIR VALUE OF ASSETS AT JANUARY 1</b>	393,009	271	393,280	363,938	0	363,938
Interest income on assets	4,888	20	4,908	5,378	18	5,396
Contributions paid in	9,064	51	9,115	14,550	77	14,627
Translation differences	4,681	3	4,684	39,437	(2)	39,435
Benefits paid	(11,144)	(19)	(11,163)	(29,381)	(16)	(29,397)
Changes in consolidation scope and other	121	8	129	(194)	194	0
Actuarial gains (losses)	10,902		10,902	(719)		(719)
<b>FAIR VALUE OF ASSETS AT DECEMBER 31</b>	<b>411,521</b>	<b>334</b>	<b>411,855</b>	<b>393,009</b>	<b>271</b>	<b>393,280</b>

### Analysis of plan assets by type and country at December 31, 2016

Analysis of plan assets	France	Switzerland	USA	India	Total
Cash and cash equivalents		1.9%	5.5%		2.3%
Equity instruments	2.2%	25.7%	64.5%		29.6%
Debt instruments		26.7%	30.0%		26.8%
Real estate assets		26.1%			23.1%
Assets held by insurers	97.8%			100.0%	1.0%
Other		19.6%			17.3%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>PLAN ASSETS</b> <i>(in thousands of euros)</i>	<b>3,780</b>	<b>363,997</b>	<b>43,587</b>	<b>491</b>	<b>411,855</b>

## Change in net liability

	December 31, 2016			December 31, 2015		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
<i>(in thousands of euros)</i>						
<b>NET LIABILITY AT JANUARY 1</b>	<b>68,201</b>	<b>66,528</b>	<b>134,729</b>	<b>68,155</b>	<b>57,707</b>	<b>125,862</b>
Expense for the period	18,019	(1,099)	16,920	4,740	3,956	8,696
Contributions paid in	(7,233)		(7,233)	(6,106)	(77)	(6,183)
Translation differences	(1,017)	2,030	1,013	3,404	6,695	10,099
Benefits paid by the employer	(1,593)	(1,842)	(3,435)	(1,735)	(2,108)	(3,843)
Change in consolidation scope	359		359			0
Other	(295)	295	0	(257)	355	98
<b>NET LIABILITY AT DECEMBER 31</b>	<b>76,441</b>	<b>65,912</b>	<b>142,353</b>	<b>68,201</b>	<b>66,528</b>	<b>134,729</b>

Principal actuarial assumptions	France	Europe (excluding France)	USA	Turkey and India	West Africa and the Middle East
<b>Discount rate</b>					
2016	1.3%	0.6% to 1.25%	4.0%	6.8% to 10.0%	4.75% to 13.0%
2015	2.0%	0.9% to 2.0%	4.3%	7.6% to 11.1%	6.0% to 15.0%
<b>Rate of increase in medical costs</b>					
2016			5.5%		
2015			5.8%		

### Discount rate

Discount rates are determined in accordance with the principles set out in IAS 19 (Revised), namely 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, 2016 corresponding to a variation of +/-50 basis points in the discount rate is € (35,1) million and € 37,8 million, respectively.

The sensitivity of the defined benefit obligation as at December 31, 2016 corresponding to a variation of +/-1% in the rate of increase of medical costs is € 8,7 million and € (12,4) million, respectively.

### Average duration of benefits

The average duration of benefits under all plans within the Group is 13 years.

It is expected that € 14,7 million in contributions will be paid into the plans over the coming year.

## NOTE 15 OTHER PROVISIONS

<i>(in thousands of euros)</i>	Restoration of sites	Demolitions	Other risks <sup>(1)</sup>	Other expenses	Total
<b>AT DECEMBER 31, 2014</b>	<b>44,394</b>	<b>1,184</b>	<b>27,206</b>	<b>23,884</b>	<b>96,667</b>
Acquisitions	4,910		10,255	11,557	26,722
Uses	(4,835)	(357)	(10,342)	(1,199)	(16,733)
Reversal of unused provisions	(287)		(1,787)	(151)	(2,225)
Change in foreign exchange rates	3,282	128	1,246	120	4,776
Changes in consolidation scope					0
Other movements	(459)	459	(3)	(62)	(65)
<b>AT DECEMBER 31, 2015</b>	<b>47,005</b>	<b>1,414</b>	<b>26,575</b>	<b>34,149</b>	<b>109,142</b>
Acquisitions	3,261	79	6,718	10,971	21,029
Uses	(2,930)	(3)	(5,024)	(352)	(8,309)
Reversal of unused provisions			(717)	(183)	(900)
Change in foreign exchange rates	304	14	(1,962)	(1,394)	(3,038)
Changes in consolidation scope			54		54
Other movements			9	(129)	(120)
<b>AT DECEMBER 31, 2016</b>	<b>47,640</b>	<b>1,504</b>	<b>25,653</b>	<b>43,062</b>	<b>117,858</b>
<i>Of which less than one year</i>	<i>77</i>		<i>8,842</i>	<i>1,838</i>	<i>10,757</i>
<i>Of which more than one year</i>	<i>47,563</i>	<i>1,504</i>	<i>16,811</i>	<i>41,224</i>	<i>107,101</i>

<b>Impact (net of expenses incurred) on the 2016 income statement:</b>	<b>Allocations</b>	<b>Reversals unused</b>
Operating income:	11,210	(664)
Non-operating income (expense):	9,819	(236)

(1) At December 31, 2016, other risks included:

- an amount of € 2.3 million (€ 2.4 million as at December 31, 2015) 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, 2016 and December 31, 2015 (note 9);
- an amount of € 11.4 million (€ 10.7 million as at December 31, 2015) 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 covered by the Group;
- the remaining amount of other provisions amounting to about € 12.0 million as at 31 December, 2016 (€ 13.5 million as at December 31, 2015) corresponds to the sum of other provisions that, taken individually, are not material.

## NOTE 16 DEBTS AND PUT OPTIONS

Financial liabilities as at December 31, 2016 break down as follows:

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015
Financial debts at more than 1 year	976,660	1,221,784
Put options at more than 1 year	3,357	3,607
<b>Debts and put options at more than 1 year</b>	<b>980,017</b>	<b>1,225,391</b>
Financial instrument assets at more than 1 year <sup>(1)</sup>	(53,005)	(64,050)
<b>TOTAL FINANCIAL DEBTS NET OF FINANCIAL INSTRUMENT ASSETS AT MORE THAN 1 YEAR</b>	<b>927,012</b>	<b>1,161,341</b>
Financial debts at less than 1 year	250,266	114,884
Put options at less than 1 year	0	0
<b>Debts and put options at less than 1 year</b>	<b>250,266</b>	<b>114,884</b>
Financial instrument assets at less than 1 year <sup>(1)</sup>	(19,466)	(115)
<b>TOTAL FINANCIAL DEBTS NET OF FINANCIAL INSTRUMENT ASSETS AT LESS THAN 1 YEAR</b>	<b>230,800</b>	<b>114,769</b>
Total financial debts net of financial instrument assets <sup>(1)</sup>	1,154,455	1,272,503
Total put options	3,357	3,607
<b>TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENT ASSETS</b>	<b>1,157,812</b>	<b>1,276,110</b>

(1) As at December 31, 2016, financial instrument assets (€ 72.5 million) are presented under non-current assets (see note 9) for the part at more than 1 year (€ 53.0 million) and under other receivables for the part at less than one year (€ 19.5 million). They totaled € 64.2 million as at December 31, 2015.

## 16.1 Debts

## Analysis of debts by category and maturity

## December 31, 2016

<i>(in thousands of euros)</i>	Total	2017	2018	2019	2020	2021	More than 5 years
Bank borrowings and financial liabilities	1,110,509	190,749	21,895	470,295	323,642	3,031	100,897
Of which financial instrument assets	(72,471)	(19,466)			(36,823)		(16,182)
Of which financial instrument liabilities	2,904	1,235	238	241	1,190		
Miscellaneous borrowings and financial liabilities	6,952	4,621	1,046	170	168	187	760
Debts on non-current assets under finance leases	2,371	807	1,090	221	149	70	34
Current bank lines and overdrafts	34,623	34,623					
<b>DEBTS</b>	<b>1,154,455</b>	<b>230,800</b>	<b>24,031</b>	<b>470,686</b>	<b>323,959</b>	<b>3,288</b>	<b>101,691</b>
Of which commercial paper	450,000			450,000			

Financial debts at less than one year are mainly comprised of the first USPP installment, Sococim Industries bilateral credit lines, a tranche of the Jambyl Cement, Sinai Cement Company and Vigier Holding loans and of bank overdrafts.

**December 31, 2015**

<i>(in thousands of euros)</i>	<b>Total</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>More than 5 years</b>
Bank borrowings and financial liabilities	1,226,591	71,965	153,729	25,759	553,399	320,497	101,242
<i>Of which financial instrument assets</i>	<i>(64,165)</i>	<i>(115)</i>	<i>(16,574)</i>			<i>(32,275)</i>	<i>(15,201)</i>
<i>Of which financial instrument liabilities</i>	<i>4,454</i>	<i>3,047</i>	<i>12</i>	<i>133</i>	<i>273</i>	<i>989</i>	
Miscellaneous borrowings and financial liabilities	6,994	5,158	1,028	230	169	165	244
Debts on non-current assets under finance leases	2,388	1,116	1,205	19	12	12	24
Current bank lines and overdrafts	36,530	36,530					
<b>DEBTS</b>	<b>1,272,503</b>	<b>114,769</b>	<b>155,962</b>	<b>26,008</b>	<b>553,580</b>	<b>320,674</b>	<b>101,510</b>
<i>Of which commercial paper</i>	<i>420,000</i>				<i>420,000</i>		

**Analysis of loans and debts (currency and interest rate)****By currency (net of currency swaps)**

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Euro	877,976	898,131
US dollar	56,812	177,082
Turkish new lira	1,093	1,157
CFA franc	36,638	58,754
Swiss franc	148,324	83,176
Mauritanian ouguiya	-	-
Egyptian pound	19,752	40,034
Indian rupee	13,860	14,169
Kazakh tenge	-	-
<b>TOTAL</b>	<b>1,154,455</b>	<b>1,272,503</b>

**By interest rate**

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Fixed rate	477,845	637,492
Floating rate	676,610	635,011
<b>TOTAL</b>	<b>1,154,455</b>	<b>1,272,503</b>

The average interest rate for gross debt as at December 31, 2016 was 3.37%. It was 3.59% as at December 31, 2015.



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

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

The put option granted to the International Finance Corporation was exercisable at the earliest in December 2013. Booking of this option resulted in the recognition of a liability of € 3.4 million at more than one year as at December 31, 2016 (€ 4 million as at December 31, 2015). This liability corresponds to the present value of the exercise price for 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, 2016:

<i>(in millions of euros)</i>	USD	EUR	CHF
Assets	95	22	0
Liabilities and off-balance sheet commitments	(535)	(42)	(76)
<b>Net position before risk management</b>	<b>(441)</b>	<b>(19)</b>	<b>(76)</b>
Hedging instruments	452	10	0
<b>Net position after risk management</b>	<b>11</b>	<b>(10)</b>	<b>(76)</b>

The net position after "risk management" in Swiss francs corresponds mainly to the debts of the Kazakh subsidiaries to financing institutions and the Group, not swapped in the operating currency, in the absence of a sufficiently structured and liquid hedge market (CHF 75.5 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 € 0.78 million (including € 0.70 million for the Kazakhstan loan).

Moreover, the principal and interest due on loans originally issued by the Group in US dollars (US\$ 450 million for Vicat) was translated into euros through a series of Cross Currency Swaps, included in the portfolio presented below (see point a).

### Interest rate risk

Floating rate debt is hedged through the use of caps on original maturities of 3, 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 position as illustrated in the table below:

<i>(In thousands of euros)</i>	<b>Impact on earnings before tax<sup>(1)</sup></b>	<b>Impact on equity (excluding impact on earnings) before tax<sup>(2)</sup></b>
Impact of a change of +100 bps in the interest rate	(5,617)	(667)
Impact of a change of -100 bps in the interest rate	(793)	3,850

(1) A positive figure corresponds to a lowering of financial interest.

(2) A negative figure corresponds to a lowering of debt.

## Liquidity risk

As at December 31, 2016, the Group had € 359 million in unutilized confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 259 million as at December 31, 2015).

The Group also has a € 450 million commercial paper issue program. At December 31, 2016, the amount of commercial paper issued stood at € 450 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, 2016, these lines matched the short term notes they covered, at € 450 million.

Some medium-term or long-term loan agreements contain specific covenants especially as regards compliance with financial ratios,

reported each half year, which can lead to an anticipated repayment (acceleration clause) in the event of non-compliance. These covenants are based on a profitability ratio (leverage: net debt/consolidated EBITDA) and on a capital structure ratio (gearing: net debt/consolidated 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 (36.91%) and of leverage (1.99) 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, 2016, the Group is compliant with all ratios required by covenants included in financing agreements.

Analysis of the portfolio of derivatives as at December 31, 2016:

<i>(in thousands of currency units)</i>	Nominal value <i>(currency)</i>	Nominal value <i>(euro)</i>	Market value <i>(euro)</i>	Current maturity		
				< 1 year <b>(euro)</b>	1 - 5 years <b>(euro)</b>	> 5 years <b>(euro)</b>
<b>CASH FLOW HEDGES <sup>(1)</sup></b>						
Composite instruments						
■ Cross Currency Swap \$ fixed/€ fixed	450,000 \$	426,904	72,348 <sup>(1)</sup>	19,343	36,823	16,182
<b>OTHER DERIVATIVES</b>						
Interest rate instruments						
■ Euro Caps	400,000 €	400,000	(1,515)		(1,515)	
■ US Dollar caps	35,000 \$	33,204	(184)	(30)	(154)	
<b>FOREIGN EXCHANGE INSTRUMENTS <sup>(a)</sup></b>						
Hedging for foreign exchange risk on intra-group loans						
■ Forward Sale \$	39,000 \$	36,998	123	123		
■ Forward Purchase €	10,737 €	10,737	(1,205)	(1,205)		
<b>TOTAL</b>			<b>69,567</b>			

(1) The difference between the value of the liability at the hedged rate and at amortized cost comes to € 86.2 million.

In accordance with IFRS 13, counterparty risks were taken into account. This mainly relates to derivatives (cross currency swaps) used to hedge the foreign exchange risk of debts in US dollars, which is not the Group's operating currency. The impact of the Credit Value Adjustment (CVA, or the Group's exposure in the event of counterparty default) and of the Debit Value Adjustment (DVA, or the counterparty's exposure in

the event of Group default) on the measurement of derivatives was determined by assuming an exposure at default calculated using the add-on method, a 40% loss given default, and a probability of default based on the credit ratings of banks or the estimated credit rating of the Group. The impact on fair value was not material and was not included in the market value of financial instruments as presented above.

In application of IFRS 7, the breakdown of financial instruments measured at fair value by hierarchical level of fair value in the consolidated statement of financial position is as follows as at December 31, 2016:

<i>(in millions of euros)</i>	December 31, 2016	
Level 1: instruments quoted on an active market	0.0	
Level 2: valuation based on observable market information	69.6	See above
Level 3: valuation based on non-observable market information	21.5	Note 9

## NOTE 18 OTHER LIABILITIES

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015
Employee liabilities	64,164	62,072
Tax liabilities	34,971	30,156
Other liabilities and accruals	105,716	105,872
<b>TOTAL</b>	<b>204,851</b>	<b>198,100</b>

## NOTE 19 SALES

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015
Sales of goods	2,165,170	2,191,223
Sales of services	288,601	266,680
<b>SALES</b>	<b>2,453,771</b>	<b>2,457,903</b>

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

<i>(in thousands of euros)</i>	December 31, 2016	Changes in consolidation scope	Change in foreign exchange rates	December 31, 2016 Constant structure and exchange rates	December 31, 2015
Sales	2,453,771		(104,122)	2,557,893	2,457,903

## NOTE 20 PERSONNEL COSTS AND NUMBER OF EMPLOYEES

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015
Wages and salaries	303,153	299,613
Payroll taxes	102,243	104,421
Employee profit sharing (French companies)	4,010	3,361
<b>PERSONNEL COSTS</b>	<b>409,406</b>	<b>407,395</b>
Average number of employees of the consolidated companies	8,009	7,852

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 investment for financial year 2016 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 income. The allocation price of the investment for previous years was determined on the basis of the average of the last 20 closing prices for the defined period preceding its payment.

## NOTE 21 DEPRECIATION, AMORTIZATION AND PROVISIONS

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015
Net charges to amortization of fixed assets	(187,569)	(196,510)
Net provisions	(7,456)	4,657
Net charges to other assets depreciation	(4,956)	(6,255)
<b>NET CHARGES TO OPERATING DEPRECIATION, AMORTIZATION AND PROVISIONS</b>	<b>(199,981)</b>	<b>(198,108)</b>
Other net charges to non-operating depreciation, amortization and provisions <sup>(1)</sup>	1,125	2,777
<b>NET DEPRECIATION AND PROVISIONS</b>	<b>(198,856)</b>	<b>(195,331)</b>

(1) Including a net reversal of € 2.3 million at December 31, 2015 (reversal of € 42 thousand at December 31, 2016) related to the updating of the Group's estimated share of liability exceeding compensation from insurers, for an incident that occurred in 2006 and described in note 15.

## NOTE 22 OTHER INCOME AND EXPENSES

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015 restated
Net income from disposals of assets	4,099	4,250
Income from investment properties	3,688	2,920
Other	16,967	20,337
<b>Other operating income (expense)</b>	<b>24,754</b>	<b>27,507</b>
<b>Other non-operating income (expense) <sup>(1)</sup></b>	<b>(3,009)</b>	<b>(3,546)</b>
<b>TOTAL</b>	<b>21,745</b>	<b>23,961</b>

(1) Including as at December 31, 2016 a charge of € 0.3 million (€ 2.4 million as at December 31, 2015) posted by the Group, corresponding to claims recorded as charges in 2016, connected with the incident that occurred in 2006 as described in note 15.

## NOTE 23 PERFORMANCE INDICATORS

The rationalization of the transition between gross operating income, EBITDA, EBIT and operating income is as follows:

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015 restated
<b>Gross operating income</b>	<b>433,059</b>	<b>416,194</b>
Other operating income (expense)	24,754	27,507
<b>EBITDA</b>	<b>457,813</b>	<b>443,701</b>
Net charges to operating depreciation, amortization and provisions	(199,981)	(198,108)
<b>EBIT</b>	<b>257,832</b>	<b>245,593</b>
Other non-operating income (expense)	(3,009)	(3,546)
Net charges to non-operating depreciation, amortization and provisions	1,125	2,777
<b>OPERATING INCOME</b>	<b>255,948</b>	<b>244,824</b>



## NOTE 24 FINANCIAL INCOME (EXPENSE)

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015
Interest income from financing and cash management activities	13,467	18,833
Interest expense from financing and cash management activities	(43,942)	(55,824)
<b>Cost of net financial debt</b>	<b>(30,475)</b>	<b>(36,991)</b>
Dividends	1,792	2,096
Foreign exchange gains	10,159	19,486
Fair value adjustments to financial assets and liabilities		
Net income from disposal of financial assets		
Write-back of impairment of financial assets	420	1,566
Other income		
<b>Other financial income</b>	<b>12,371</b>	<b>23,148</b>
Foreign exchange losses	(14,047)	(32,076)
Fair value adjustments to financial assets and liabilities	(486)	(64)
Impairment on financial assets		(29)
Net expense from disposal of financial assets	(132)	(316)
Discounting expenses	(5,287)	(1,739)
Other expenses	(55)	(129)
<b>Other financial expenses</b>	<b>(20,007)</b>	<b>(34,353)</b>
<b>FINANCIAL INCOME/(EXPENSE) <sup>(1)</sup></b>	<b>(38,111)</b>	<b>(48,196)</b>

(1) Including in 2016 a € 0.2 million of net exchange gain due to the devaluation of the Kazakh tenge (€ -10.0 million in 2015).

## NOTE 25 INCOME TAX

## Income tax expense

## Analysis of income tax expense

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015 restated
Current taxes	(76,434)	(73,824)
Deferred taxes	9,707	11,811
<b>TOTAL</b>	<b>(66,727)</b>	<b>(62,013)</b>

### Reconciliation between the computed and the effective tax charge

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

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015 restated
Net earnings from consolidated companies	151,108	134,615
Income tax	66,727	62,013
Profit (loss) before tax	217,835	196,628
Standard tax rate	34.4%	38.0%
<b>Theoretical income tax at the parent company rate</b>	<b>(75,001)</b>	<b>(74,719)</b>
<i>Reconciliation:</i>		
Differences between French and foreign tax rates <sup>(1)</sup>	12,687	19,812
Transactions taxed at specific rates	721	945
Changes in tax rates <sup>(2)</sup>	4,810	(338)
Permanent differences	158	(2,902)
Tax credits	273	(805)
Other	(10,375)	(4,006)
<b>ACTUAL INCOME TAX EXPENSE</b>	<b>(66,727)</b>	<b>(62,013)</b>

(1) Differences between French and foreign tax rates relate mainly to Switzerland and Turkey.

(2) Concern mainly France (€ 2.8 million) whose deferred tax rate went from 34.43% to 28.92% following the 2016 reform of the tax rate that progressively lowers this rate to bring it to 28.92%, for all companies, by January 1, 2020, and Egypt (€ 1.6 million) whose tax rate went from 25% to 22.50% in 2016.

### Deferred taxes

#### Change in deferred tax assets and liabilities

<i>(in thousands of euros)</i>	Deferred tax assets		Deferred tax liabilities	
	December 31, 2016	December 31, 2015 restated	December 31, 2016	December 31, 2015 restated
DEFERRED TAX AT JANUARY 1:	150,292	135,437	220,665	219,656
Expense/income for the year	(7,238)	3,615	(16,945)	(8,196)
Deferred tax recognized in other comprehensive income	(61)	(520)	1,954	2,807
Translation and other changes	7,671	11,760	(7,935)	6,398
Changes in consolidation scope	254	-	241	-
<b>DEFERRED TAX AT DECEMBER 31:</b>	<b>150,918</b>	<b>150,292</b>	<b>197,980</b>	<b>220,665</b>

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

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015 restated
Non-current assets and finance leases	5,980	1,949
Financial instruments	151	(2,493)
Pensions and other post-employment benefits	(1,218)	902
Accelerated depreciation, regulated provisions and other provisions	7,592	(2,248)
Other timing differences, tax loss carry-forwards and miscellaneous	(4,813)	10,372
<b>NET DEFERRED TAX (EXPENSE)/INCOME</b>	<b>7,692</b>	<b>8,484</b>

**Source of deferred tax assets and liabilities**

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015 restated
Non-current assets and finance leases	131,650	152,055
Financial instruments	(4,109)	(3,996)
Pensions	(48,866)	(48,602)
Provisions for risks and contingencies, regulated provisions	4,334	(118)
Special tax depreciation	81,251	86,102
Other timing differences, tax loss carry-forwards and miscellaneous	(117,198)	(115,067)
<b>Net deferred tax assets and liabilities</b>	<b>47,062</b>	<b>70,373</b>
Deferred tax assets <sup>(1)</sup>	(150,918)	(150,292)
Deferred tax liabilities	197,980	220,665
<b>NET BALANCE</b>	<b>47,062</b>	<b>70,373</b>

(1) The deferred tax assets mainly originate from the tax losses carried forward by subsidiaries based in the United States, with periods of limitation ranging from 2024 to 2035.

**Deferred tax assets not recognized in the financial statements**

Deferred tax assets not recognized in the financial statements as at December 31, 2016, 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 € 18.3 million (€ 17.6 million as at December 31, 2015). These relate essentially to two entities benefiting from a tax exemption scheme for a period of ten years.

## NOTE 26 SEGMENT INFORMATION

## a) Information by business segment

<b>December 31, 2016</b> <i>(in thousands of euros excluding workforce)</i>	<b>Cement</b>	<b>Concrete &amp; Aggregates</b>	<b>Other Products &amp; Services</b>	<b>Total</b>
<b>Income statement</b>				
Operating sales	1,489,540	928,350	398,727	2,816,617
Inter-sector eliminations	(245,449)	(23,454)	(93,943)	(362,846)
Consolidated net sales	1,244,091	904,896	304,784	2,453,771
EBITDA (cf. 1.22 and 23)	380,334	56,994	20,484	457,812
EBIT (cf. 1.22 and 23)	239,101	15,642	3,089	257,832
<b>Balance sheet</b>				
Total non-current assets	2,579,101	723,197	166,397	3,468,695
Net capital employed <sup>(1)</sup>	2,489,799	722,143	175,381	3,387,323
<b>Other disclosures</b>				
Acquisitions of intangible and tangible assets	89,259	29,414	16,877	135,550
Net depreciation and amortization charges	(137,714)	(36,684)	(13,171)	(187,569)
Average number of employees	3,703	3,030	1,276	8,009

<b>December 31, 2015 restated</b> <i>(in thousands of euros excluding workforce)</i>	<b>Cement</b>	<b>Concrete &amp; Aggregates</b>	<b>Other Products &amp; Services</b>	<b>Total</b>
<b>Income statement</b>				
Operating sales	1,494,829	914,046	400,400	2,809,275
Inter-sector eliminations	(238,911)	(21,738)	(90,723)	(351,372)
Consolidated net sales	1,255,918	892,308	309,677	2,457,903
EBITDA (cf. 1.22 and 23)	357,231	61,484	24,986	443,701
EBIT (cf. 1.22 and 23)	209,007	17,709	18,877	245,593
<b>Balance sheet</b>				
Total non-current assets	2,765,859	687,900	162,602	3,616,361
Net capital employed <sup>(1)</sup>	2,708,905	669,361	178,590	3,556,856
<b>Other disclosures</b>				
Acquisitions of intangible and tangible assets	121,162	30,550	10,152	161,864
Net depreciation and amortization charges	(142,052)	(40,846)	(13,612)	(196,510)
Average number of employees	3,635	2,909	1,308	7,852

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

## b) Geographical sectors

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

<b>December 31, 2016</b> <i>(in thousands of euros excluding workforce)</i>	<b>France</b>	<b>Europe (excluding France)</b>	<b>USA</b>	<b>Turkey, Kazakhstan and India</b>	<b>West Africa and the Middle East</b>	<b>Total</b>
<b>Income statement</b>						
Operating sales	813,960	411,585	363,456	538,400	349,489	2,476,890
Inter-country eliminations	(18,691)	(402)	0	(752)	(3,274)	(23,119)
Consolidated net sales	795,269	411,183	363,456	537,648	346,215	2,453,771
EBITDA (cf. 1.22 and 23)	115,048	94,315	58,880	119,436	70,133	457,812
EBIT (cf. 1.22 and 23)	58,826	59,214	32,763	73,745	33,284	257,832
<b>Balance sheet</b>						
Total non-current assets	688,490	576,223	515,096	1,107,344	581,542	3,468,695
Net capital employed <sup>(1)</sup>	678,832	517,240	393,230	1,189,602	608,419	3,387,323
<b>Other disclosures</b>						
Acquisitions of intangible and tangible assets	33,417	20,630	20,111	35,881	25,511	135,550
Net depreciation and amortization charges	(52,677)	(30,000)	(26,292)	(44,367)	(34,233)	(187,569)
Average number of employees	2,440	1,110	1,088	2,226	1,145	8,009

<b>December 31, 2015 restated</b> <i>(in thousands of euros except number of employees)</i>	<b>France</b>	<b>Europe (excluding France)</b>	<b>USA</b>	<b>Turkey, Kazakhstan and India</b>	<b>West Africa and the Middle East</b>	<b>Total</b>
<b>Income statement</b>						
Operating sales	798,554	425,142	342,314	568,280	352,460	2,486,750
Inter-country eliminations	(21,209)	(420)	0	(685)	(6,533)	(28,847)
Consolidated net sales	777,345	424,722	342,314	567,595	345,927	2,457,903
EBITDA (cf. 1.22 and 23)	108,365	102,499	42,319	134,980	55,538	443,701
EBIT (cf. 1.22 and 23)	50,567	75,699	17,079	85,016	17,232	245,593
<b>Balance sheet</b>						
Total non-current assets	680,289	582,208	511,682	1,130,670	711,512	3,616,361
Net capital employed <sup>(1)</sup>	663,999	524,941	402,496	1,204,048	761,373	3,556,856
<b>Other disclosures</b>						
Acquisitions of intangible and tangible assets	33,892	21,765	16,472	45,220	44,515	161,864
Net depreciation and amortization charges	(54,307)	(32,563)	(26,149)	(49,046)	(34,445)	(196,510)
Average number of employees	2,495	1,116	1,069	2,057	1,115	7,852

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

### c) Information about major customers

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

## NOTE 27 NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

Net cash flows from operating activities conducted by the Group in 2016 were € 386 million, compared with € 295 million in 2015 restated.

This increase in cash flows generated by operational activities between 2015 and 2016 resulted from an improvement in cash flows from operations of € 11 million and an improvement in the change in working capital requirement of nearly € 80 million.

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

<i>(in thousands of euros)</i>	WCR at Dec. 31, 2014	Change in WCR 2014	Other Change <sup>(1)</sup>	WCR at Dec. 31, 2015	Change in WCR year 2016	Other Change <sup>(1)</sup>	WCR at Dec. 31, 2016
Inventories	394,205	9,905	3,082	407,192	11,075	(32,497)	385,770
Other WCR components	35,666	36,756	511	72,933	(44,407)	908	29,434
<b>WCR</b>	<b>429,871</b>	<b>46,661</b>	<b>3,593</b>	<b>480,125</b>	<b>(33,332)</b>	<b>(31,589)</b>	<b>415,204</b>

(1) Exchange rate, consolidation scope and miscellaneous.

## NOTE 28 NET CASH FLOWS FROM INVESTING ACTIVITIES

Net cash flows from investing activities conducted by the Group in 2016 were € (188) million, compared with € (178) million in 2015 restated.

### Acquisitions of intangible and tangible assets

These reflect outflows for industrial investments (€ 139 million in 2016 and € 169 million in 2015) mainly corresponding to the following:

- in 2016 to investments in France, Turkey, Switzerland and the United States;
- in 2015 to investments in France, Egypt, Turkey and Switzerland.

### Acquisition/disposal of shares in consolidated companies

Operations for the acquisition of consolidated companies carried out in year 2016 resulted in a total outflow of € (26) million. There were no significant acquisition or disposal of shares in consolidated companies during the 2015 financial year.

Key disbursements made by the Group during year 2016 were to improve its reach in the Concrete & Aggregates business in France, through partnership agreements and/or redemptions of holdings.



## NOTE 29 ANALYSIS OF NET CASH BALANCES

<i>(in thousands of euros)</i>	December 31, 2016	December 31, 2015
	Net	Net
Cash and cash equivalents (see note 12)	242,770	254,371
Bank overdrafts	(33,861)	(29,275)
<b>NET CASH BALANCES</b>	<b>208,909</b>	<b>225,096</b>

## NOTE 30 COMPENSATION OF EXECUTIVES

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 2016 was as follows: G. Sidos : € 817,623 and D. Petetin : € 298,178.

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 (€ 2,195 thousand in 2016 and € 1,737 thousand in 2015) were posted as provisions in the financial statements, in the same manner as all of the Group's post-employment benefits as at December 31, 2016 (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 2016 and all were on an arm's length basis.

These transactions have all been recorded in compliance with IAS 24 and their impact on the Group's consolidated financial statements for 2016 and 2015 is as follows, broken down by type and by related party:

<i>(in thousands of euros)</i>	December 31, 2016				December 31, 2015			
	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Affiliated companies	1,186	2,941	3,720	2,078	844	1,546	6,918	1,268
Other related parties	67	2,194	6	95	56	2,203	12	135
<b>TOTAL</b>	<b>1,253</b>	<b>5,135</b>	<b>3,726</b>	<b>2,173</b>	<b>900</b>	<b>3,749</b>	<b>6,930</b>	<b>1,403</b>

## 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 2016 and 2015 are as follows:

	KPMG Audit				Wolff & associés				Other			
	Amount (ex. VAT)		%		Amount (ex. VAT)		%		Amount (ex. VAT)		%	
	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015	Dec. 2016	Dec. 2015
<i>(in thousands of euros)</i>												
<b>AUDIT</b>												
Statutory auditors, certification, examination of individual and consolidated accounts	1,168	1,150	54%	55%	389	364	18%	17%	615	587	28%	28%
■ Vicat SA	235	221	54%	53%	199	195	46%	47%			0%	0%
■ Companies which are fully consolidated	933	929	54%	55%	190	169	11%	10%	615	587	35%	35%
Other forms of investigation and directly related services	14	0		0%		0	0%	-	23		62%	-
■ Vicat SA				-			-	-			-	-
■ Companies which are fully consolidated	14			0%			0%	-	23		62%	-
<b>TOTAL AUDIT FEES</b>	<b>1,182</b>	<b>1,150</b>	<b>54%</b>	<b>55%</b>	<b>389</b>	<b>364</b>	<b>18%</b>	<b>17%</b>	<b>638</b>	<b>587</b>	<b>29%</b>	<b>28%</b>
<b>OTHER SERVICES</b>												
Legal, tax, employment and other matters			-	-			-	-			-	-
<b>TOTAL OTHER SERVICES</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1,182</b>	<b>1,150</b>	<b>54%</b>	<b>55%</b>	<b>389</b>	<b>364</b>	<b>18%</b>	<b>17%</b>	<b>638</b>	<b>587</b>	<b>29%</b>	<b>28%</b>

## NOTE 33 SUBSEQUENT EVENTS

Complaints about the tax treatment of capital gains on disposals of securities by the Group's subsidiaries in 2014 have experienced a favorable outcome and resulted in tax rebates totaling € 38.9 million that were collected in January 2017. This tax restitution will be posted in the Group's consolidated equity in 2017, in the same way as the capital gains recorded upon the sale of these securities.

## NOTE 34 LIST OF MAIN CONSOLIDATED COMPANIES AS AT DECEMBER 31, 2016

**Fully consolidated: France**

Company	Address	Siren no.	% interest December 31, 2016	% interest December 31, 2015
VICAT	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	057 505 539	----	----
ANNECY BETON CARRIERES	14 chemin des Grèves 74960 CRAN-GEVRIER	326 020 062	49.97	49.97
LES ATELIERS DU GRANIER	Lieu-Dit Chapareillan 38530 PONTCHARRA	305 662 504	99.98	99.98
BÉTON CHÂTILLONNAIS	Champ de l'Allée – ZI Nord 01400 CHÂTILLON- SUR-CHALARONNE	485 069 819	99.98	99.98
BÉTON CONTRÔLE CÔTE D'AZUR	217 route de Grenoble 06200 NICE	071 503 569	99.97	99.97
BÉTON DE L'OISANS	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	438 348 047	59.98	59.98
LES BÉTONS DU GOLFE	Quartier Les Plaines 83480 PUGET-SUR-ARGENS	501 192 785	99.98	99.98
LES BÉTONS DU RHÔNE	La Petite Craz 69720 SAINT-LAURENT-DE-MURE	503 728 164	99.98	99.98
BÉTON VICAT	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	309 918 464	99.97	99.97
BÉTON TRAVAUX	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	070 503 198	99.98	99.98
CONDENSIL	1327 av. de la Houille Blanche 73000 CHAMBÉRY	342 646 957	59.99	59.99
DELTA POMPAGE	1327 av. de la Houille Blanche 73000 CHAMBÉRY	316 854 363	99.98	99.98
ÉTABLISSEMENT ANTOINE FOURNIER	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	586 550 147	99.98	99.98
GRANULATS VICAT	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	768 200 255	99.98	99.97
MONACO BÉTON	Le Palais Saint James 5, avenue Princesse Alice 98000 MONACO	326 MC 161	99.98	99.98
PARFICIM	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	304 828 379	100.00	100.00
SATMA	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	304 154 651	100.00	100.00
SATM (former)	1327 av. de la Houille Blanche 73000 CHAMBÉRY	745 820 126	(1)	99.98
SATM (new)	1327 av. de la Houille Blanche 73000 CHAMBÉRY	814 723 441	99.98 (2)	99.98
SIGMA BÉTON	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	343 019 428	99.98	99.98
SOCIÉTÉ L. THIRIET ET COMPAGNIE	Lieu-dit Chaufontaine 54300 LUNEVILLE	762 800 977	(1)	99.94
PAPETERIES DE VIZILLE	Tour Manhattan 6 Place de l'Iris 92095 PARIS LA DÉFENSE	319 212726	99.98	99.98
VICAT PRODUITS INDUSTRIELS	4 rue Aristide-Bergès 38080 L'ISLE-D'ABEAU	655 780 559	99.98	99.98

(1) Companies merged in 2016.

(2) Company created by partial asset contribution.

**Fully consolidated: Rest of the world**

Company	Country	State/City	% interest December 31, 2016	% interest December 31, 2015
SINAI CEMENT COMPANY	EGYPT	CAIRO	56.94	56.94
MYNARAL TAS COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
JAMBYL CEMENT PRODUCTION COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
BUILDERS CONCRETE	UNITED STATES	CALIFORNIA	100.00	100.00
KIRKPATRICK	UNITED STATES	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	UNITED STATES	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY	UNITED STATES	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA	UNITED STATES	DELAWARE	100.00	100.00
NATIONAL READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
UNITED READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
VIKING READY MIXED	UNITED STATES	CALIFORNIA	100.00	100.00
CEMENTI CENTRO SUD SPA	ITALY	GENOVA	100.00	100.00
CIMENTS & MATERIAUX DU MALI	MALI	BAMAKO	94.90	94.90
GÉCAMINES	SENEGAL	THIES	70.00	70.00
POSTOUDIOKOUL	SENEGAL	RUFISQUE (DAKAR)	100.00	100.00
SOCOCIM INDUSTRIES	SENEGAL	RUFISQUE (DAKAR)	99.89	99.89
SODEVIT	SENEGAL	BANDIA	100.00	100.00
ALTOLA AG	SWITZERLAND	OLTEN (SOLOTHURN)	100.00	100.00
KIESWERK AEBISHOLZ AG (formerly ASTRADA KIES AG)	SWITZERLAND	AEBISHOLZ (SOLEURE)	100.00	100.00
BETON AG BASEL	SWITZERLAND	BASEL (BALE)	100.00	100.00
BETON AG INTERLAKEN	SWITZERLAND	MATTEN BEI INTERLAKEN (BERN)	75.42	75.42
BETONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	82.46	82.46
COVIT SA	SWITZERLAND	SAINT-BLAISE (NEUCHATEL)	100.00	100.00
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
GRANDY AG	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
KIESTAG STEINIGAND AG	SWITZERLAND	WIMMIS (BERN)	98.55	98.55
KIESWERK NEUENDORF	SWITZERLAND	NEUENDORF (SOLEURE)	100.00	100.00
SABLES + GRAVIERS TUFFIERE SA	SWITZERLAND	HAUTERIVE (FRIBOURG)	50.00	50.00
SHB STEINBRUCH + HARTSCHOTTER BLAUSEE MITHOLZ AG	SWITZERLAND	FRUTIGEN (BERN)	98.55	98.55
STEINBRUCH VORBERG AG	SWITZERLAND	BIEL (BERN)	60.00	60.00
VIGIER BETON JURA SA (FORMERLY BETON FRAIS MOUTIER SA)	SWITZERLAND	BELPRAHON (BERN)	81.42	81.42
VIGIER BETON KIES SEELAND AG (formerly VIBETON KIES AG)	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIGIER BETON MITTELLAND AG (formerly WYSS KIESWERK AG)	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
VIGIER BETON ROMANDIE SA (formerly VIBETON FRIBOURG SA)	SWITZERLAND	ST. URSEN (FRIBOURG)	100.00	100.00
VIGIER BETON SEELAND JURA AG (formerly VIBETON SAFNERN AG)	SWITZERLAND	SAFNERN (BERN)	90.47	90.47

**Fully consolidated: Rest of world (continued)**

Company	Country	State/City	% interest December 31, 2016	% interest December 31, 2015
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
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00
AKTAS	TURKEY	ANKARA	99.97	99.97
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
BSA Ciment SA	MAURITANIA	NOUAKCHOTT	64.91	64.91
BHARATHI CEMENT	INDIA	HYDERABAD	51.02	51.02
KALBURGI CEMENT (formerly VICAT SAGAR Cement)	INDIA	HYDERABAD	99.98	99.98

**Equity method: France**

Company	Address	Siren no.	% interest December 31, 2016	% interest December 31, 2015
CARRIERES BRESSE BOURGOGNE	Port Fluvial Sud de Chalon 71380 EPERVANS	655 850 055	33.27	33.27
DRAGAGES ET CARRIERES	Port Fluvial Sud de Chalon 71380 EPERVANS	341 711 125	49.98	49.98
SABLIERES DU CENTRE	Les Génévriers Sud 63430 LES MARTRES D'ARTIERE	480 107 457	49.99	49.99

**Equity method: Rest of the world**

Company	Country	State/City	% interest December 31, 2016	% interest December 31, 2015
HYDROELECTRA	SWITZERLAND	AU (ST. GALLEN)	50.00	50.00
SILLO TRANSPORT AG	SWITZERLAND	BERN (BERN)	50.00	50.00
SINAI WHITE CEMENT	EGYPT	CAIRO	14.46	14.46

## NOTE 35 RESTATED CONSOLIDATED FINANCIAL STATEMENTS

This note summarizes the impact of the retrospective application of the method recommended by the ANC for the accounting treatment of greenhouse gas emission rights, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved January 7, 2013) on the consolidated financial statements as at January 1 and December 31, 2015.

## 35.1. Statement of consolidated financial position: Reconciliation from reported to restated

<i>(in thousands of euros)</i>	Dec. 31, 2014 restated	Impact	Dec. 31, 2014 reported	Dec. 31, 2015 restated	Impact	Dec. 31, 2015 reported
<b>ASSETS</b>						
<b>Non-current assets</b>						
Goodwill	1,007,848		1,007,848	1,040,307		1,040,307
Other intangible assets	106,517	(16,468)	122,985	114,460	(21,358)	135,818
Property, plant and equipment	2,148,739		2,148,739	2,121,011		2,121,011
Investment properties	18,754		18,754	17,766		17,766
Investments in associated companies	43,815		43,815	49,854		49,854
Deferred tax assets	135,437		135,437	150,292		150,292
Receivables and other non-current financial assets	98,891		98,891	122,672		122,672
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,560,001</b>	<b>(16,468)</b>	<b>3,576,469</b>	<b>3,616,362</b>	<b>(21,358)</b>	<b>3,637,720</b>
<b>Current assets</b>						
Inventories and work-in-progress	394,205		394,205	407,192		407,192
Trade and other receivables	356,405		356,405	376,627		376,627
Current tax assets	37,206		37,206	53,715		53,715
Others receivables	141,200		141,200	150,725		150,725
Cash and cash equivalents	268,196		268,196	254,371		254,371
<b>TOTAL CURRENT ASSETS</b>	<b>1,197,212</b>	<b>0</b>	<b>1,197,212</b>	<b>1,242,630</b>	<b>0</b>	<b>1,242,630</b>
<b>TOTAL ASSETS</b>	<b>4,757,213</b>	<b>(16,468)</b>	<b>4,773,681</b>	<b>4,858,992</b>	<b>(21,358)</b>	<b>4,880,350</b>



<i>(in thousands of euros)</i>	Dec. 31, 2014 restated	Impact	Dec. 31, 2014 reported	Dec. 31, 2015 restated	Impact	Dec. 31, 2015 reported
<b>LIABILITIES</b>						
<b>Shareholder's equity</b>						
Share capital	179,600		179,600	179,600		179,600
Additional paid-in capital	11,207		11,207	11,207		11,207
Consolidated reserves	1,975,820	(10,796)	1,986,616	2,046,737	(14,004)	2,060,741
<b>Shareholders' equity</b>	<b>2,166,627</b>	<b>(10,796)</b>	<b>2,177,423</b>	<b>2,237,544</b>	<b>(14,004)</b>	<b>2,251,548</b>
<b>Minority interests</b>	<b>281,870</b>		<b>281,870</b>	<b>292,160</b>		<b>292,160</b>
<b>SHAREHOLDERS' EQUITY AND MINORITY INTERESTS</b>	<b>2,448,497</b>	<b>(10,796)</b>	<b>2,459,293</b>	<b>2,529,704</b>	<b>(14,004)</b>	<b>2,543,708</b>
<b>Non-current liabilities</b>						
Retirement provisions and other benefits	125,862		125,862	134,729		134,729
Other provisions	86,141		86,141	95,938		95,938
Financial debts and put options	1,067,527		1,067,527	1,225,391		1,225,391
Deferred tax liabilities	213,984	(5,672)	219,656	220,665	(7,354)	228,019
Other non-current liabilities	7,205		7,205	5,369		5,369
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,500,719</b>	<b>(5,672)</b>	<b>1,506,391</b>	<b>1,682,092</b>	<b>(7,354)</b>	<b>1,689,446</b>
<b>Current liabilities</b>						
Provisions	10,526		10,526	13,204		13,204
Financial debts and put options < 1 year	281,730		281,730	114,884		114,884
Trade and other accounts payable	280,642		280,642	283,734		283,734
Current taxes payable	39,301		39,301	37,274		37,274
Other liabilities	195,798		195,798	198,100		198,100
<b>TOTAL CURRENT LIABILITIES</b>	<b>807,997</b>	<b>0</b>	<b>807,997</b>	<b>647,196</b>	<b>0</b>	<b>647,196</b>
<b>TOTAL LIABILITIES</b>	<b>2,308,716</b>	<b>(5,672)</b>	<b>2,314,388</b>	<b>2,329,288</b>	<b>(7,354)</b>	<b>2,336,642</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>4,757,213</b>	<b>(16,468)</b>	<b>4,773,681</b>	<b>4,858,992</b>	<b>(21,358)</b>	<b>4,880,350</b>

## 35.2. Consolidated income statement: Reconciliation from reported to restated

**Consolidated income statement**

<i>(in thousands of euros)</i>	December 31, 2015 restated	Impact	December 31, 2015 reported
<b>Sales</b>	<b>2,457,903</b>		<b>2,457,903</b>
Goods and services purchased	(1,580,500)		(1,580,500)
<b>Added value</b>	<b>877,403</b>		<b>877,403</b>
Personnel costs	(407,395)		(407,395)
Taxes	(53,814)		(53,814)
<b>Gross operating income</b>	<b>416,194</b>		<b>416,194</b>
Depreciation, amortization and provisions	(195,331)	(203)	(195,128)
Other income and expenses	23,961	(4,688)	28,649
<b>Operating income</b>	<b>244,824</b>	<b>(4,891)</b>	<b>249,715</b>
Cost of net financial debt	(36,991)		(36,991)
Other financial income	23,148		23,148
Other financial expenses	(34,353)		(34,353)
<b>Financial income/(expense)</b>	<b>(48,196)</b>	<b>0</b>	<b>(48,196)</b>
Earnings from associated companies	4,876		4,876
<b>Profit (loss) before tax</b>	<b>201,504</b>	<b>(4,891)</b>	<b>206,395</b>
Income tax	(62,013)	1,684	(63,697)
<b>Consolidated net income</b>	<b>139,491</b>	<b>(3,207)</b>	<b>142,698</b>
Portion attributable to minority interests	21,219		21,219
<b>Portion attributable to the Group</b>	<b>118,272</b>	<b>(3,207)</b>	<b>121,479</b>
<b>EBITDA</b>	<b>443,701</b>	<b>(4,688)</b>	<b>448,389</b>
<b>EBIT</b>	<b>245,593</b>	<b>(4,891)</b>	<b>250,484</b>
<b>Cash flows from operating activities</b>	<b>341,579</b>	<b>(4,688)</b>	<b>346,267</b>
<b>EARNINGS PER SHARE (IN EUROS)</b>			
Basic and diluted Group share of net earnings per share	2.63		2.71

## 35.3. Statement of total comprehensive income: Reconciliation from reported to restated

**Consolidated statement of comprehensive income**

<i>(in thousands of euros)</i>	December 31, 2015 restated	Impact	December 31, 2015 reported
<b>Consolidated net income</b>	<b>139,491</b>	<b>(3,207)</b>	<b>142,698</b>
<b>Other comprehensive income</b>			
<b>Items not recycled to profit or loss:</b>			
Actuarial gains (losses) on employee benefits	269		269
Tax on non-recycled items	670		670
<b>Items recycled to profit or loss:</b>			
Translation adjustments	9,137		9,137
Cash flow hedge instruments	11,482		11,482
Tax on recycled items	(3,997)		(3,997)
<b>Other comprehensive income (after tax)</b>	<b>17,561</b>	<b>0</b>	<b>17,561</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>157,052</b>	<b>(3,207)</b>	<b>160,259</b>
Portion attributable to minority interests	22,278		22,278
<b>Portion attributable to the Group</b>	<b>134,774</b>	<b>(3,207)</b>	<b>137,981</b>

## 35.4. Statement of cash flows: Reconciliation from reported to restated

**Consolidated cash flows statement**

<i>(in thousands of euros)</i>	December 31, 2015 restated	Impact	December 31, 2015 reported
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Consolidated net income</b>	<b>139,491</b>	<b>(3,207)</b>	<b>142,698</b>
Earnings from associated companies	(4,876)		(4,876)
Dividends received from associated companies	1,131		1,131
<b>Elimination of non-cash and non-operating items</b>			
■ depreciation, amortization and provisions	202,655	203	202,452
■ deferred taxes	(11,811)	(1,684)	(10,127)
■ net (gain) loss from disposal of assets	(3,933)		(3,933)
■ unrealized fair value gains and losses	64		64
■ other	18,858		18,858
<b>Cash flows from operating activities</b>	<b>341,579</b>	<b>(4,688)</b>	<b>346,267</b>
Change in working capital requirement	(46,661)		(46,661)
<b>Net cash flows from operating activities <sup>(1)</sup></b>	<b>294,918</b>	<b>(4,688)</b>	<b>299,606</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Outflows linked to acquisitions of non-current assets:</b>			
■ property, plant and equipment and intangible assets	(169,415)	4,688	(174,103)
■ financial investments	(19,526)		(19,526)
<b>Inflows linked to disposals of non-current assets:</b>			
■ property, plant and equipment and intangible assets	7,295		7,295
■ financial investments	3,680		3,680
Impact of changes in consolidation scope	(55)		(55)
<b>Net cash flows from investing activities</b>	<b>(178,021)</b>	<b>4,688</b>	<b>(182,709)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	(78,405)		(78,405)
Increases in share capital	0		
Proceeds from borrowings	301,486		301,486
Repayments of borrowings	(356,698)		(356,698)
Acquisitions of treasury shares	(30,765)		(30,765)
Disposals or allocations of treasury shares	32,899		32,899
<b>Net cash flows from financing activities</b>	<b>(131,483)</b>	<b>0</b>	<b>(131,483)</b>
Impact of changes in foreign exchange rates	(3,308)		(3,308)
<b>Change in cash position</b>	<b>(17,894)</b>	<b>0</b>	<b>(17,894)</b>
Net cash and cash equivalents – opening balance	242,991		242,991
Net cash and cash equivalents – closing balance	225,096		225,096

(1) Including cash flows from income taxes: € (77,620) thousand in 2015.  
Including cash flows from interests paid and received: € (40,774) thousand in 2015.

## 35.5 Statement of change in net position: Reconciliation from reported to restated

**Statement of changes in consolidated shareholders' equity**

<i>(in thousands of euros)</i>	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Shareholders' equity and minority interests
AT JANUARY 1, 2014 reported	179,600	11,207	(73,945)	2,155,752	(262,865)	2,009,749	282,216	2,291,965
Impact at January 1, 2014				(4,572)		(4,572)		(4,572)
AT JANUARY 1, 2014 restated*	179,600	11,207	(73,945)	2,151,180	(262,865)	2,005,177	282,216	2,287,393
Consolidated net income				128,479		128,479	15,075	143,554
Impact on the net income				(6,224)		(6,224)		(6,224)
Other comprehensive income				(39,732)	113,167	73,435	23,058	96,493
<i>Total comprehensive income reported</i>				88,747	113,167	201,914	38,133	240,047
Impact on the comprehensive net income				(6,224)		(6,224)		(6,224)
<b>Total comprehensive income restated</b>				<b>82,523</b>	<b>113,167</b>	<b>195,690</b>	<b>38,133</b>	<b>233,823</b>
Dividends paid				(66,061)		(66,061)	(14,787)	(80,848)
Net change in treasury shares			3,812	71,546		75,358	15	75,373
Changes in consolidation scope and additional acquisitions				(44,390)		(44,390)	(24,582)	(68,972)
Increases in share capital							122	122
Other changes				853		853	753	1,606
AT DECEMBER 31, 2014 reported	179,600	11,207	(70,133)	2,206,447	(149,698)	2,177,423	281,870	2,459,293
Impact at December 31, 2014				(10,796)		(10,796)		(10,796)
AT DECEMBER 31, 2014 restated*	179,600	11,207	(70,133)	2,195,651	(149,698)	2,166,627	281,870	2,448,497
Consolidated net income				121,479		121,479	21,219	142,698
Impact on the net income				(3,206)		(3,206)		(3,206)
Other comprehensive income				(39,392)	55,894	16,502	1,060	17,562
<i>Total comprehensive income reported</i>				82,087	55,894	137,981	22,279	160,260
Impact on the comprehensive net income				(3,206)		(3,206)		(3,206)
<b>Total comprehensive income restated</b>				<b>78,881</b>	<b>55,894</b>	<b>134,775</b>	<b>22,279</b>	<b>157,054</b>
Dividends paid				(66,111)		(66,111)	(11,969)	(78,080)
Net change in treasury shares			3,125	(677)		2,448		2,448
Changes in consolidation scope and additional acquisitions								
Increases in share capital								
Other changes				(193)		(193)	(20)	(213)
AT DECEMBER 31, 2015 reported	179,600	11,207	(67,008)	2,221,553	(93,804)	2,251,548	292,160	2,543,708
Impact at December 31, 2015				(14,004)		(14,004)		(14,004)
<b>AT DECEMBER 31, 2015 restated*</b>	<b>179,600</b>	<b>11,207</b>	<b>(67,008)</b>	<b>2,207,549</b>	<b>(93,804)</b>	<b>2,237,544</b>	<b>292,160</b>	<b>2,529,704</b>

### 7.1.3. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

#### Year ended 31 December 2016

To the Shareholders,

In compliance with the assignment entrusted to us by the shareholders in General Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of Vicat SA;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

#### I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the assets, liabilities, and financial position of the consolidated group of entities as at 31 December 2016 and of the results of its operations for the year then ended.

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.1, 1.7 and 35 to the consolidated financial statements regarding the change in accounting principle relating to CO<sub>2</sub> emissions quotas.

#### II - Justification of our assessment

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- At each reporting date, the company systematically performs impairment tests of assets with indefinite useful lives and, whether there is any sign of impairment, assesses the value of assets with definite useful lives, using the methodology disclosed in the note 1.11 to the consolidated financial statements. We have examined the procedures for the performance of the impairment testing, and the expected future cash flows and related assumptions and we have also verified that the notes to the consolidated financial statements relating to the assets, including note 3 "Goodwill", note 4 "Other intangible assets" and note 5 "Tangible assets", provide appropriate information. The estimates are based on assumptions which have by nature an uncertain characteristic; realizations can be sometimes significantly different from initial forecasts. We verified that such estimates were reasonable.
- The Company records provisions related to post-employment benefits and other long-term employee benefits in the consolidated financial statements in accordance with IAS 19 requirements. The notes 1-15 and 14 specify the methods of evaluation of post-employment benefits and other long-term employee benefits. These obligations have been evaluated by independent actuaries. The work we performed consisted of examining underlying data used in the calculations, assessing the assumptions, verifying that the disclosures contained in the notes 1-15 and 14 of the consolidated financial statements provide appropriate information and verifying the correct application of IAS 19.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.



### III - Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

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

#### The statutory auditors

Paris La Défense, 27 February 2017

**KPMG Audit**  
*Département de KPMG S.A.*  
Philippe Grandclerc  
*Partner*

Chamalières, 27 February 2017

**Wolff & Associés S.A.S.**  
Patrick Wolff  
*Partner*

## 7.2. INDIVIDUAL FINANCIAL STATEMENTS AT DECEMBER 31, 2016

### 7.2.1. INDIVIDUAL FINANCIAL STATEMENTS AT DECEMBER 31, 2016

#### Income statement

<i>(in thousands of euros)</i>	<b>2016</b>	<b>2015</b>
<b>Net sales</b>	<b>394,713</b>	<b>387,836</b>
Production for the year	397,240	392,099
Consumption for the year	(222,250)	(227,211)
<b>Added value</b>	<b>174,990</b>	<b>164,888</b>
Personnel costs	(66,730)	(69,012)
Taxes	(15,567)	(15,424)
Charges transferred and subsidies	1,207	1,065
<b>Gross operating income</b>	<b>93,900</b>	<b>81,517</b>
Other income and expenses	3,660	2,031
Net depreciation and provisions	(27,416)	(28,304)
<b>Operating income</b>	<b>70,144</b>	<b>55,244</b>
Financial income and expenses	80,287	93,480
<b>Current profit</b>	<b>150,431</b>	<b>148,724</b>
Exceptional income and expenses	(2,654)	(5,554)
Employee profit-sharing	(2,524)	(2,213)
Income tax	(8,720)	(4,852)
<b>Net income for the year</b>	<b>136,533</b>	<b>136,105</b>
<b>Cash flows from operating activities</b>	<b>163,403</b>	<b>168,660</b>

**Balance sheet at December 31, 2016**

<i>(in thousands of euros)</i>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
<b>Intangible assets</b>		
Gross values	43,751	40,383
Depreciation and impairment	(23,394)	(20,249)
<b>Net value</b>	<b>20,357</b>	<b>20,134</b>
<b>Property, plant and equipment</b>		
Gross values	863,236	851,485
Depreciation and impairment	(625,234)	(603,733)
<b>Net value</b>	<b>238,002</b>	<b>247,752</b>
<b>Financial investments</b>		
Shares	1,740,467	1,740,420
Loans and other	40,900	40,553
	<b>1,781,367</b>	<b>1,780,973</b>
<b>Current assets</b>		
Inventories	87,684	94,307
Trade and other receivables	562,590	543,119
Short-term financial investments	2,932	6,756
Cash	2,912	692
Prepaid expenses	519	910
	<b>656,637</b>	<b>645,784</b>
Expenses to be allocated	1,666	2,250
Translation adjustments – assets		
<b>TOTAL ASSETS</b>	<b>2,698,029</b>	<b>2,696,893</b>
<b>LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	179,600	179,600
Reserves, premiums and provisions	1,063,389	1,009,881
Revaluation adjustments	11,067	11,141
Retained earnings	221,063	211,110
Net income	136,533	136,105
	<b>1,611,652</b>	<b>1,547,837</b>
<b>Provisions</b>		
For liabilities (risks)	1,167	1,287
For liabilities (expenses)	44,353	36,052
	<b>45,520</b>	<b>37,339</b>
<b>Liabilities</b>		
Borrowings	864,236	949,235
Short-term bank borrowings and bank overdrafts	14,722	3,304
Trade and other payables	161,899	159,178
Deferred income		
	<b>1,040,857</b>	<b>1,111,717</b>
Translation adjustments – liabilities		
<b>TOTAL LIABILITIES</b>	<b>2,698,029</b>	<b>2,696,893</b>

## 7.2.2. 2016 INDIVIDUAL FINANCIAL STATEMENTS - NOTES

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## NOTE 1 ACCOUNTING POLICIES AND VALUATION METHODS

The accompanying financial statements have been prepared in accordance with the laws and regulations applicable in France.

The principal methods used are as follows:

Intangible assets are recorded at historical cost after deduction of amortization. Goodwill, fully amortized, corresponds to business assets received prior to the 1986 fiscal year.

Research and development costs are entered as expenses.

Plant, property and equipment are recorded at acquisition or production cost, by applying the component approach pursuant to CRC Regulation No. 2002-10. The cost of goods sold excludes all financing expenses. Property, plant and equipment acquired before December 31, 1976 have been restated.

Depreciation is calculated on a straight-line basis over the useful life of assets. Depreciation calculated on a tax rate method is reported in the balance sheet under "regulated provisions".

Investments are recorded at acquisition cost, subject to the deduction of any impairment considered necessary, taking into account the percentage holding, profitability prospects and share prices if significant or market prices. Investments acquired before December 31, 1976 have been restated.

Treasury shares are recognized at acquisition cost and recorded in other financial assets. Those intended for allotment to employees under profit-sharing and performance-related bonus schemes are recognized in

short-term financial investments. Income from sales of treasury shares contributes to the earnings for the year. At year-end, treasury shares are valued on the basis of the average price in the last month of the financial year. Changes in the share price below the historic purchase price can effect a change in the earnings.

In accordance with ANC Regulation No. 2014-05, quarries are subject to separate recognition for the deposit and the subsoil:

- the deposit, comprised of materials to be extracted for incorporation into a production process, was reallocated to inventories;
- the subsoil, the residual portion of the land, is recognized under property, plant and equipment. It is not depreciated but will be written down in the event of an impairment loss.

Inventories are valued using the method of weighted average unit cost. The gross value of goods and supplies includes both the purchase price and all related costs. Manufactured goods are recorded at production cost and include consumables, direct and indirect production costs and depreciation of production equipment.

In the case of inventories of finished products and work-in-progress, the cost includes an appropriate share of fixed costs based on standard conditions of use of the production facilities.

Receivables and payables are recorded at nominal value.

Impairments are made to recognize losses on doubtful receivables and inventories that may arise at year-end.

Receivables and payables denominated in foreign currencies are recorded using the exchange rates prevailing at the date of the transaction. At year-end, these receivables and payables are valued in the balance sheet at year-end exchange rates.

Issue expenses for borrowings are spread over the term of the borrowings.

Differences arising from revaluation of foreign currency receivables and payables are reported in the balance sheet under "Translation adjustments" for any uncovered portion. Additional provisions are made for non-covered unrealized currency losses.

Short-term financial investments are valued at cost or at market value if lower.

## NOTE 2 SIGNIFICANT EVENTS DURING THE PERIOD AND CHANGE IN ACCOUNTING METHOD

There were no significant balance sheet events in 2016.

## NOTE 3 SUBSEQUENT EVENTS

There were no significant post balance sheet events.

## NOTE 4 SALES ANALYSIS

Net sales by activity break down as follows:

<i>(in thousands of euros)</i>	<b>Total</b>
Cement	359,407
Paper	35,306
<b>TOTAL</b>	<b>394,713</b>

## NOTE 5 ANALYSIS OF THE FINANCIAL STATEMENTS

### 5.1. Non-current assets

<i>(in thousands of euros)</i>	<b>Gross value at beginning of year</b>	<b>Acquisitions</b>	<b>Disposals</b>	<b>Reclassification</b>	<b>Gross value at end of year</b>
Concessions, patents, goodwill and other intangible assets	40,383	3,026	1,190	1,532	43,751
Land and improvements	72,033	433	132	683	73,017
Buildings and improvements	182,133	598	61	359	183,029
Plant, machinery and equipment	579,243	7,282	2	2,875	589,398
Other property plant & equipment	11,751	705	385	128	12,199
Tangible assets in progress	6,307	4,853	-	(5,577)	5,583
Advances and prepayments	18	-	9	-	9
<b>TOTAL</b>	<b>891,868</b>	<b>16,897</b>	<b>1,779</b>	<b>0</b>	<b>906,986</b>

The main changes in tangible assets are related to:

- the assembly of 10 kiln shells at St Egrève costing € 426 thousand;
- the SNCR plant to reduce NOx costing € 378 thousand;

- the new product development and plant upgrades in the paper business costing € 1,292 thousand;
- the commissioning of the Créchy rail loading facilities costing € 261 thousand.

<i>(in thousands of euros)</i>	Accumulated depreciation at beginning of year	Acquisitions	Disposals	Reclassification	Accumulated depreciation at end of year
Concessions, patents, goodwill	20,249	3,682	619	82	23,394
Land and improvements	11,565	648			12,213
Buildings and improvements	129,671	4,478	61		134,088
Plant, machinery and equipment	452,557	15,849	2	(82)	468,322
Other property plant & equipment	9,574	1,050	379		10,245
<b>TOTAL</b>	<b>623,616</b>	<b>25,707</b>	<b>1,061</b>	<b>0</b>	<b>648,262</b>

### 5.1.1. Intangible assets

The balance of quotas allocated by the French State under the National Quota Allocation Plan, Phase Two (*Plan National d'Affectation des Quotas*, or PNAQ II) for the 2008-2012 period stands at 1,528,000 tonnes. In Phase III (2013-2020), surplus quotas totaled 1,925 thousand tonnes at the end of 2016.

In accordance with ANC Regulation No. 2013-03 article 1, quotas allocated free of charge are not recorded either as assets or liabilities.

Research and development costs recorded in expenses for the financial year and eligible for CIR (research and innovation tax credit) amounted to € 3,804 thousand. These include € 2,846,000 for internal costs (depreciation, staff and operating costs) and € 958,000 for work commissioned to external organizations.

### 5.1.2. Property, plant and equipment

Property, plant and equipment in progress are mainly made of industrial plant under construction.

Property, plant and equipment are depreciated as follows:

■ Construction and civil engineering of industrial equipment:	15 to 30 years
■ Industrial equipment:	5 to 15 years
■ Vehicles:	5 to 8 years
■ Sundry equipment:	5 years
■ Computer equipment:	3 years

### 5.1.3. Financial investments

Financial investments fell by € 298 thousands, mainly as a result of:

■ changes in investments in associated companies:	+47
■ changes in other financial investments:	-399
■ changes in the loan granted to our subsidiaries:	+54
	<hr/> -298

Under the liquidity agreement with Natixis, the following amounts were recognized in the liquidity account at year-end:

- 11,488 treasury shares representing a net value of € 639 thousand;
- € 3,345 thousand in cash.

Under this contract, 463,101 shares were purchased during the year for € 25,239 thousand and 469,832 shares were sold for € 25,613 thousand.

At December 31, 2016, financial investments included 671,488 treasury shares, an additional 51,984 treasury shares were classified as short term financial investments.

Loans and other gross long-term investments amounted to € 59,467 thousand and have a term of more than one year.



## 5.2. Shareholders' equity

### 5.2.1. Share capital

Share capital is € 179,600,000, divided into 44,900,000 shares of € 4 each, held by:

■ Public	36.22%
■ Employee shareholders*	1.49%
■ Family, Parfininco and Soparfi	60.68%
■ Vicat	1.61%

(\*) Pursuant to article L. 225-102 of the French Commercial Code.

### 5.2.2. Change in shareholders' equity

<i>(in thousands of euros)</i>	2016	2015
Shareholders' equity at the beginning of year	1,547,837	1,482,052
Shareholders' equity at the end of year	1,611,653	1,547,837
Change	63,816	65,785
<b>Analysis of changes</b>		
Net income for the year	136,533	136,105
Dividend payments <sup>(1)</sup>	(66,286)	(66,240)
Revaluation adjustments	(73)	
Regulated provisions	(6,358)	(4,080)
<b>TOTAL</b>	<b>63,816</b>	<b>65,785</b>

(1) Less dividends on treasury shares.

### 5.2.3. Regulated provisions

<i>(in thousands of euros)</i>	Amount at the beginning of year	Allocation during the year	Reversals	Amount at the end of the year
Price increase provision	4,795	/	566	4,229
Special tax depreciation	89,494	4,708	8,951	85,251
Special revaluation provision	2,366	/	5	2,361
Investment provision	1,546	/	1,546	0
<b>TOTAL</b>	<b>98,201</b>	<b>4,708</b>	<b>11,068</b>	<b>91,841</b>

Maturities are as follows:

<i>(in thousands of euros)</i>	Amount	Reversed within 1 year	Reversed after 1 year
Price increase provision	4,229	486	3,743
Special tax depreciation	85,251	/	85,251
Special revaluation provision	2,361	/	2,361
<b>TOTAL</b>	<b>91,841</b>	<b>486</b>	<b>91,355</b>

### 5.3. Provisions

<i>(in thousands of euros)</i>	Amount at the beginning of year	Allocation during the year	Decrease (with use)	Decrease (unused provision)	Amount at the end of the year
Provisions for quarry reinstatement	4,814	355	306	/	4,863
Provisions for disputes	311	106	288	/	129
Other provisions for expenses	32,214	8,359	46	/	40,527
<b>TOTAL</b>	<b>37,339</b>	<b>8,820</b>	<b>640</b>	<b>/</b>	<b>45,519</b>

Provisions amounted to € 46 million and covered:

- the forecast costs under the French quarry reinstatement obligation of € 4.9 million. These provisions are made for each of the quarries based on tonnages extracted as a ratio of the potential deposit and the estimated cost of the work to be performed at the end of operations;
- other provisions for expenses which mainly include a provision of € 38,531 thousand for tax to be repaid to subsidiaries under the Group tax sharing agreement.

### 5.4. Debts

During 2016, medium and long-term debt and other bank borrowings decreased by € 73,582 thousand.

#### 5.4.1. Maturities schedule

<i>(in thousands of euros)</i>	Gross amount	1 year or less	1 – 5 years	More than 5 years
Bank borrowings and financial liabilities <sup>(1)</sup>	864,236	135,130	638,396	90,710
Miscellaneous borrowings and financial liabilities	2,286	2,028	258	/
Short-term bank borrowings and bank overdrafts	12,436	12,436	/	/
<i>(1) Of which commercial paper</i>	450,000		450,000	

#### 5.4.2. Other disclosures

At December 31, 2016 the Company had € 266 million in unused confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 181 million at December 31, 2015).

The Company also has a program for issuing commercial paper amounting to € 450 million. At December 31, 2016, the amount of commercial paper issued stood at € 450 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.

The medium and long-term loan agreements contain specific covenants, especially as regards compliance with financial ratios. The existence of these covenants does not represent a risk to the Company's financial position.

#### 5.4.3. Risk hedging

##### Foreign exchange risk

The principal and interest due on loans originally issued by the Group in US dollars were converted to euros through a series of cross currency swaps.

##### Interest rate risk

The floating rate debt is hedged through the use of financial instruments (caps) on original maturities of 3 to 5 years amounting to € 400 million at December 31, 2016.

##### Liquidity risk

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, 2016, these lines matched the short term notes they covered, at € 450 million.

#### 5.4.4. Financial instruments

As at December 31, 2016, derivative instruments not settled were as follows:

Type <i>(in thousands of currency units)</i>	Nominal value <i>(currency)</i>	Nominal value <i>(euros)</i>	Fair value <i>(euros)</i>
USD forward sales	USD 39,000	36,998	265 <sup>(1)</sup>
Floating/fixed interest rate Swaps	/	/	/
Interest rate caps	EUR 400,000	400,000	(1,516)
Cross Currency Swaps	USD 450,000	426,904	72,348 <sup>(2)</sup>

(1) At the same time borrowing decreased by € 143 thousand.

(2) At the same time debt rose by € 87,670 thousand.

#### 5.5. Maturities schedule for trade receivables and payables

All trade receivables and payables have a term of one year or less.

#### 5.6. Trade payables balance

At the end of 2016, trade payables stood at € 23,317 thousand.

Breakdown by due date <i>(in thousands of euros)</i>	2016	2015
Due	6,063	7,671
Less than 30 days	13,440	11,844
31 to 60 days	3,814	2,540
<b>TOTAL</b>	<b>23,317</b>	<b>22,055</b>

#### 5.7. Other balance sheet and income statement information

Other items of information are as follows:

Items relating to several balance sheet accounts <i>(in thousands of euros)</i>	Associated companies	Payables or receivables represented by commercial paper
Long-term investments	1,737,033	
Trade receivables and related accounts	21,360	11,607
Others receivables	478,320	
Trade payables and related accounts	8,609	
Other liabilities	59,644	

Transactions with related companies are carried out on arm's-length terms.

Income statement items	Associated companies
Financial expenses	359
Financial income excluding dividends	9,606

Transactions with associated companies and related parties are not covered by Accounting Standards Authority Regulation No. 2010-02.

Accrued liabilities <i>(in thousands of euros)</i>	Amount
Bank borrowings and financial liabilities	2,028
Trade payables and related accounts	21,855
Tax and employee-related payables	16,345
Other liabilities	623
<b>TOTAL</b>	<b>40,851</b>

Prepaid expenses <i>(in thousands of euros)</i>	Amount
Operating expenses	386
Financial expenses	133
<b>TOTAL</b>	<b>519</b>

### Short-term financial investments

Short-term financial investments consist of 51,984 Vicat shares held for allocation to employees under compulsory and discretionary profit-sharing schemes and arbitraging for a net value of € 3,836 thousand. This valuation was determined on the basis of the average share price in December 2016 of € 56.39.

### Financial Income (expense)

Net financial income included a net reversal of provisions for impairment of treasury shares amounting to € 1,999 thousand (compared with a reversal of € 2,100 thousand in 2015).

## NOTE 6 BREAKDOWN OF CORPORATE INCOME TAX AND SURCHARGES

Headings <i>(in thousands of euros)</i>	Profit (loss) before tax	Corporate income tax	Social security contributions	Profit (loss) after tax
Recurrent profit (loss)	150,431	(19,208)	(862)	130,361
Net non-operating income (expense) (and profit-sharing)	(5,178)	10,895	455	6,172
Profit (loss)	145,253	(8,313)	(407)	136,533

## NOTE 7 IMPACT OF SPECIAL TAX VALUATIONS

Headings <i>(in thousands of euros)</i>	Allocations	Reversals	Amounts
Net income for the year			136,533
Income taxes			8,041
Social security contributions			679
<b>Profit (loss) before tax</b>			<b>145,253</b>
Change in special tax depreciation of assets	4,708	(8,951)	(4,243)
Change in investment provision	/	(1,546)	(1,546)
Change in special revaluation provision	/	/	/
Change in price increase provision	0	(566)	(566)
<b>SUBTOTAL</b>	<b>4,708</b>	<b>(11,063)</b>	<b>(6,355)</b>
<b>Income excluding special tax valuations (before income tax)</b>			<b>138,898</b>

Vicat has opted for a tax sharing regime with itself as the parent company. This option relates to 17 companies. Under the terms of the tax sharing agreement, the subsidiaries bear a tax charge equivalent to that which they would have borne if there had been no tax sharing. The tax saving resulting from the tax sharing agreement is awarded to the parent company, notwithstanding the tax due to the tax loss subsidiaries, for which a provision is established. For 2016, this saving amounted to € 12,802 thousand.

The expenses covered by articles 223 *quater* and 39.4 of the French General Tax Code (CGI) amounted to € 103,000 for 2016.

## NOTE 8 DEFERRED TAX

Headings <i>(in thousands of euros)</i>	Amount
Tax due on:	
Price increase provisions	1,456
Special tax depreciation	29,352
<b>Total increases</b>	<b>30,808</b>
Prepaid tax on temporarily non-deductible expenses	3,931
of which employee profit-sharing: 869	
<b>Total tax relief</b>	<b>3,931</b>
<b>Net deferred tax</b>	<b>26,877</b>

## NOTE 9 OFF-BALANCE SHEET COMMITMENTS

Commitments given <i>(in thousands of euros)</i>	Amount
Pension commitments <sup>(1)</sup>	20,508
Deposits and guarantees	29,537
<b>TOTAL</b>	<b>50,045</b>

(1) Including an amount of € 10,367 thousand relating to the supplementary pension scheme for officers and other managers of the Company under article 39 of the French General Tax Code (CGI).

Vicat granted a put option to the minority shareholders of its subsidiary Mynaral Tas Company LLP. This option, exercisable in December 2013 at the earliest, is valued at € 3,357 thousand as at December 31, 2016.

Commitments received <i>(in thousands of euros)</i>	Amount
Confirmed credit lines <sup>(1)</sup>	731,000
Other commitments received	
<b>TOTAL</b>	<b>731,000</b>

(1) Including € 450,000 thousand allocated to hedge the commercial paper issue program.

Retirement indemnities are accrued in accordance with the terms of in the collective labor agreements. The corresponding liabilities are calculated using the projected unit credit method, which includes assumptions on employee turnover, mortality and wage inflation. Commitments are valued, including social security charges, *pro-rata* to employees' years of service.

Principal actuarial assumptions are as follows:

- Discount rate: 1.25%;
- Wage inflation: 3.50%;
- Inflation rate: 1.75%.

## NOTE 10 COMPENSATION, WORKFORCE AND CICE (COMPETITIVENESS AND INCOME TAX CREDIT)

Compensation of executives <i>(in thousands of euros)</i>	Amount
Compensation allocated to:	
■ directors	294
■ executive management	1,701

Workforce	Average	December 31, 2016
Management	239	229
Supervisors, technicians, administrative employees	376	389
Blue-collar staff	245	240
<b>TOTAL COMPANY</b>	<b>860</b>	<b>858</b>
<i>Of which Paper Division</i>	163	162

**CICE (Crédit d'impôts pour la compétitivité et l'emploi – Competitiveness and Employment Tax Credit)**

In accordance with the recommendation of the *Autorité des normes comptables* (French Accounting Standards Authority), the CICE was booked in the individual financial statements in a dedicated credit account (subdivision of account 64). The amount receivable recorded as at December 31, 2016 comes to € 882 thousand.

Use of the CICE was allocated to the acquisition of fixed assets.



### Subsidiaries and affiliates

Company or group of companies 2016 <i>(in thousands of currency units: euros, USD, CFAF)</i>	Share capital	Reserves and retained earnings before appropriation of income	Ownership interests (in %)	Book value of shares owned		Loans & advances granted by the Company and not yet repaid	Guarantees granted by the Company	Sales ex. VAT for the financial year ended	Profit or Loss (-) for the financial year ended	Dividends received by Vicat during the year	Re-remarks
				Gross	Net						
Subsidiaries and affiliates whose gross value exceeds 1% of vicat's capital											
<b>1) Subsidiaries</b> <i>(at least 50% of the capital held by the Company)</i>											
<b>Béton Travaux</b> 38081 L'Isle d'Abeau Cedex	27,997	251,950	99.97	88,869	88,869	117,228		480	26,369	5,248	
<b>National Cement Company</b> Los Angeles USA	280,521 <sup>(1)</sup>	83,314 <sup>(1)</sup>	97.85	229,581	229,581	37,144		402,201 <sup>(1)</sup>	19,244 <sup>(1)</sup>		
<b>Parficim</b> 92095 Paris-La Défense	67,728	1,468,901	99.99	1,343,624	1,343,624	204,200			93,277	90,163	
<b>Satma</b> 38081 L'Isle d'Abeau Cedex	3,841	5,487	100.00	7,613	7,613			18,115	1,340	972	
<b>Cap Vrats</b> 13270 Fos Sur Mer	20,540	11,456	100.00	53,404	53,404			18,925	535		
<b>Sodicapei</b> 34560 Villeveyrac	169	894	58.47	10,990	10,990			1,885	(412)		
<b>2) Shareholdings</b> <i>(10 to 50% of the capital held by the Company)</i>											
<b>Société des Ciments d'Abidjan</b> Côte d'Ivoire	2,000,000 <sup>(2)</sup>	44,128,151 <sup>(2)</sup>	17.14	1,596	1,596			63,693,383 <sup>(2)</sup>	4,387,648 <sup>(2)</sup>	1,119	Sales 2015
<b>Other subsidiaries and affiliates</b>											
French subsidiaries (total)				2,149	2,085	797				861	
Foreign subsidiaries (total)				2,724	2,724	53,303					
<b>TOTAL</b>				<b>1,740,550</b>	<b>1,740,486</b>	<b>412,672</b>				<b>98,363</b>	

(1) Figures shown in USD.

(2) Figures shown in CFAF.

### 7.2.3. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

#### Year ended December 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us by the shareholders in General Meeting, we hereby report to you, for the year ended 31 December, 2016, on:

- the audit of the accompanying financial statements of Vicat SA;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

## I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

## II - Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

- The note « Accounting policies and measurement methods » discloses significant accounting principles applied in the preparation of the financial statements, and particularly relating to the assessment made by your Company on the investments in associated companies for the year ended 31 December 2016. As part of our assessment of the accounting rules and principles applied by your Company, we have assessed the appropriateness of the above-mentioned accounting principles and related disclosures.
- Your Company has recorded provisions for costs of quarry reinstatement obligation and repayment of income tax to subsidiaries in accordance with the Group tax sharing agreement as disclosed in the note 5.3 to the financial statements. We have made our assessment on the related approach determined by your Company, as disclosed in the financial statements, based on information available as of today, and performed appropriate testing to confirm, based on a sample, that these methods were correctly applied. As part of our assessment, we have assessed the reasonableness of the above-mentioned accounting estimates made by your Company.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

## III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders has been properly disclosed in the management report.

The statutory auditors

Paris La Défense February 27, 2017

**KPMG Audit**  
Département de KPMG S.A.  
Philippe Grandclerc  
Partner

Chamalières February 27, 2017

**Wolff & Associés S.A.S.**  
Patrick Wolff  
Partner

## 7.3. LEGAL AND ARBITRATION PROCEEDINGS

The Group is involved in certain disputes, legal, administrative or arbitration proceedings in the ordinary course of its business. The Group recognizes a provision each time a given risk presents a substantial probability of occurrence before the end of the fiscal year and when it is possible to estimate its financial consequences.

The principal disputes and administrative, legal or arbitration proceedings in progress involving the Group are detailed below.

### 7.3.1. ARBITRATION BETWEEN SOCOCIM INDUSTRIES/GOVERNMENT OF SENEGAL

The request for arbitration that the Vicat Group filed with the International Centre for Settlement of Investment Dispute (a part of the World Bank) was withdrawn putting an end to the dispute with the Government of Senegal.

The contact with authorities of the Government of Senegal led to assurances on the willingness of the Senegalese authorities to implement equitable treatment of investors operating in the sector and further to ensure supervision of the development of the cement sector. On that basis, it appeared opportune to ease relations with the Government.

### 7.3.2. LITIGATION TAX AUDIT OF SOCOCIM INDUSTRIES

Sococim Industries, a Senegalese subsidiary of the Group, was audited during the second half of 2016. The first conclusions were delivered at the end of the year and are currently being discussed by the company and the Senegal tax authorities.

### 7.3.3. LITIGATION IN INDIA

The Group's partner in Bharathi Cement, Y.S. Jaganmohan Reddy is the focus of an inquiry by the CBI (Central Bureau of Investigation) on 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 acts alleged refer to the period before Vicat acquired its equity interest in the company.

The proceedings continued and, in February 2015, led to a precautionary seizure by the Enforcement Directorate of 950 million rupees (approximately €13 million) from a Bharathi Cement bank account. Following this seizure, the amounts concerned were reclassified as other non-current assets.

A new precautionary seizure of 1,530 million rupees (approximately €21 million) was made on June 29, 2016 in the context of the minutes regarding the mining concession. Following this seizure, the amounts concerned were reclassified as other non-current assets.

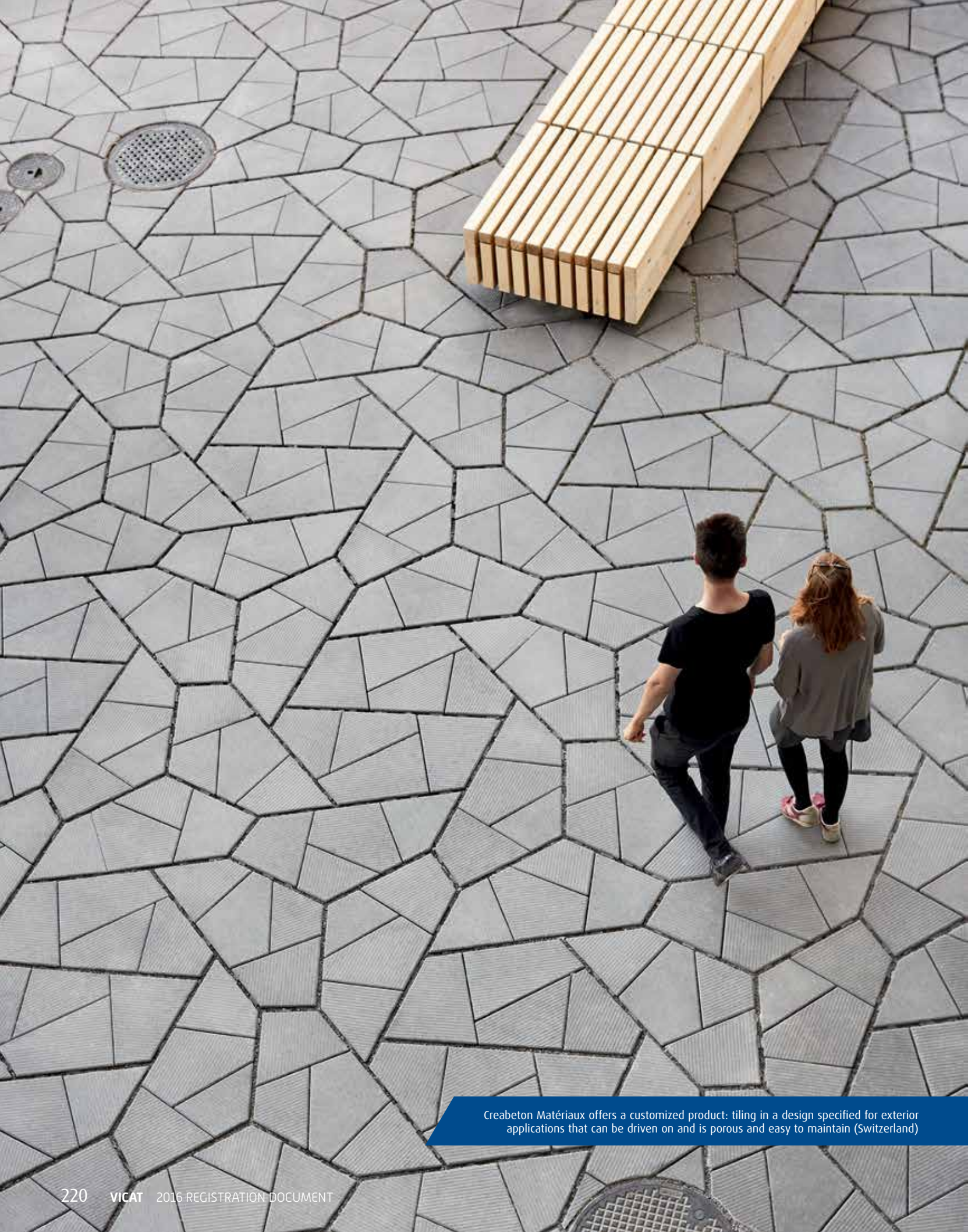
While this measure is not such as to hinder the Company's operations, the Company is appealing to the administrative and judicial authorities. A decision on the validity of these precautionary seizures is expected in the coming months. The precautionary seizures do not prejudice the merits of the case (CBI investigation) which is still under review and has not at this point led to a charge.

## 7.4. SIGNIFICANT CHANGES TO THE FINANCIAL OR COMMERCIAL POSITION

Complaints about the tax treatment of capital gains on disposals of securities by the Group's subsidiaries in 2014 were resolved favorably and resulted in tax rebates totaling €38.9 million which were cashed in January 2017. This tax restitution will be posted in the Group's consolidated equity in 2017, in the same way as the capital gains recorded upon the sale of these securities.

Other than the point mentioned above, to the best of the Company's knowledge, there have been no significant changes in the Company's financial or commercial position since December 31, 2016.





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# GENERAL MEETING

# 8

**8.1. AGENDA FOR THE COMBINED GENERAL MEETING OF APRIL 18, 2017**

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**8.2. DRAFT RESOLUTIONS FOR THE COMBINED GENERAL MEETING OF APRIL 18, 2017**

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## 8.1. AGENDA FOR THE COMBINED GENERAL MEETING OF APRIL 18, 2017

### 8.1.1. WITHIN THE POWERS OF THE ORDINARY GENERAL MEETING

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- Management report of the Board of Directors;
- Report of the Chairman and Chief Executive Officer on Corporate governance and internal control;
- General report of the statutory auditors on the financial statements for the year ended December 31, 2016;
- Report of the statutory auditors on the consolidated financial statements for the year ended December 31, 2016;
- Special report of the statutory auditors drawn up pursuant to Article L. 225-40 of the French Commercial Code;
- Approval of the financial statements and operations for the year ended December 31, 2016;
- Approval of the consolidated financial statements for the year ended December 31, 2016;
- Appropriation of earnings for the year ended December 31, 2016 and dividend;
- Discharge given to the directors for the performance of their duties;
- Approval of the regulated agreements specified in Article L. 225-38 *et seq.* of the French Commercial Code;
- Authorization to be granted to the Board of Directors to buy or sell the Company's own shares;
- Reappointment of Louis Merceron-Vicat as director;
- Reappointment of Jacques Le Mercier as director;
- Reappointment of Sophie Fégueux as director;
- Ratification of the appointment of Eléonore Sidos as Director;
- Setting the overall amount of the Directors' fees to be allocated to the Directors;
- Compensation components owed by the Company to Guy Sidos, Chairman and Chief Executive Officer;
- Compensation components owed by the Company to Didier Petetin, Chief Operating Officer;
- Powers to complete legal formalities;
- Other business;

### 8.1.2 WITHIN THE POWERS OF THE EXTRAORDINARY GENERAL MEETING

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- Report of the Board of Directors;
- Increases in share capital reserved for employees in accordance with the provisions of Article L. 225-129-6 of the French Commercial Code;
- Powers to complete legal formalities.



## 8.2. DRAFT RESOLUTIONS FOR THE COMBINED GENERAL MEETING OF APRIL 18, 2017

### I- RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

**First resolution** (*Approval of the financial statements and operations for the year ended December 31, 2016*)

Having acquainted itself with the Board of Directors' reports and the statutory auditors' general report on the financial statements for the financial year ended December 31, 2016, the Ordinary General Meeting approves the financial statements for the said financial year as presented thereto, including the operations specified and summarized therein.

The Meeting finalizes net income for this financial year at € 136,533,126.

**Second resolution** (*Approval of the consolidated financial statements for the year ended December 31, 2016*)

Having acquainted itself with the Board of Directors' report on the management of the Group and the statutory auditors' report on the consolidated financial statements for the financial year ended December 31, 2016, the Ordinary General Meeting approves the consolidated financial statements for the said financial year as presented thereto, including the operations specified and summarized therein.

The Meeting hereby finalizes the consolidated income of the Group for this financial year at € 164,805 thousand of which € 139,065 thousand was the Group's share of net income.

**Third resolution** (*Appropriation of earnings and setting of dividend*)

Further to recording the existence of distributable profits, the Ordinary General Meeting approves the appropriation and distribution thereof as proposed by the Board of Directors:

■ net income for 2016 financial year	€ 136,533,126
■ retained earnings carried forward	€ 221,062,702
<b>TOTAL</b>	<b>€ 357,595,828</b>

#### Appropriation:

■ dividend (based on the current share capital of 44,900,000 shares with a nominal value of € 4 each)	€ 67,350,000
■ allocation to other reserve accounts	€ 65,245,828
■ retained earnings	€ 225,000,000

and accordingly fixes the dividend to be distributed for the 2016 financial year at the gross amount of € 1.50 per share (excluding levies).

This dividend shall be released for payment as from May 5, 2017, at the registered office and by the banks, pursuant to the provisions relating to the dematerialization of transferable securities.

The Ordinary General Meeting records that the dividends paid out per share, for a comparable number of shares, in the three previous financial years were as follows:

Financial year	Dividend paid out
2013	€ 1.50
2014	€ 1.50
2015	€ 1.50

It is noted that the aforementioned dividend amounts take account of all existing shares. When released for payment, the dividends on treasury shares will be allocated to the "retained earnings" account.

The dividends are eligible for a tax allowance at the rates and on the conditions specified in Article 158-3 of the French General Tax Code.

**Fourth resolution** (*Discharge to be given to the Board of Directors for the performance of its duties*)

The General Meeting provides full and unconditional discharge to the members of the Board of Directors for the performance of their duties during this financial year.

**Fifth resolution** (*Approval of regulated agreements*)

Having acquainted itself with the special report issued by the statutory auditors relating to operations specified in Article L. 225-38 of the French Commercial Code, the Ordinary General Meeting formally acknowledges the conclusions of said report and approves the agreements referred to therein.

**Sixth resolution** (*Authorization to empower the Board of Directors to purchase, hold or transfer Company shares and approval of the share buy-back program*)

Having acquainted itself with the Board of Directors's special report and the description of the share buy-back program specified in the Registration Document, the Ordinary General Meeting hereby authorizes the Board of Directors to purchase, hold or transfer Company shares, with power to sub-delegate in compliance with the statutory provisions, and subject to compliance with currently prevailing legal and regulatory provisions, with particular reference to articles L. 225-209 *et seq.* of the French Commercial Code, European Regulation No. 2273/2003 of December 22, 2003 and the market practices permitted by the AMF (Financial Markets Authority), for the following purposes (without ranking of priority):

- (a) to allocate or sell shares to employees and/or officers of the Company and/or of companies which are related to it or will be related to it under the terms and conditions set out in the legislation, particularly for purposes of employee incentive schemes and profit-sharing;
- (b) to promote a market in the share through a liquidity agreement entered into with an underwriter conforming to the ethical Charter of the AMAFI as recognized by the AMF;
- (c) to retain the Company's shares and subsequently use them for the payment or exchange in the context of external growth transactions in compliance with market practice as permitted by the French financial regulator (AMF);
- (d) to cancel shares within the maximum statutory limit subject, in this last case, to a vote by an Extraordinary General Meeting on a resolution for the purpose.

The Ordinary General Meeting resolves that:

- the unit purchase price must not exceed € 100 per share (excluding acquisition expenses);
- the total shares held shall not exceed 10 % of the Company's share capital, this threshold of 10 % having to be calculated on the actual date when the buy-backs will be made. The said limit shall be equal to 5 % of share capital as regards the objective specified in (c) above. Taking into account the shares already held by the Company on January 1, 2017, the 10 % limit corresponds to a maximum number of 3,766,528 shares having a nominal value of € 4 each, representing a maximum amount of € 376,652,830.

Pursuant to this decision, within the limits permitted by the regulations in force, the shares may be purchased, sold, exchanged or transferred in one or more transactions, by all means, on all markets and over the counter, including by acquisition or sale of blocks, and by means including the use of derivatives and warrants.

The General Meeting resolves that the Board of Directors shall be entitled to implement this resolution at any time during a period not to exceed eighteen (18) months with effect from this

General Meeting, including during a public offer period, within the limits and subject to the terms and conditions and abstention periods specified by the law and AMF General Regulations. This authorization annuls and replaces the authorization granted by the General Meeting of April 29, 2016 with respect to the remaining period of validity.

The General Meeting grants all powers to the Board of Directors, with the option of sub-delegation under the terms and conditions of the law, for the purpose of:

- implementing this authorization and continuing to execute the share buy-back program, allocating or re-allocating the shares acquired for the various purposes in compliance with legal and regulatory provisions;
- undertaking adjustments of unit prices and the maximum number of shares to be acquired in proportion to the change in the number of shares, or the nominal value thereof, resulting from possible transactions relating to the Company's share capital;
- placing all Stock Market orders on all markets or undertaking transactions outside such markets;
- entering into all agreements, in particular for the purpose of keeping share purchase and sale registers, filing all declarations with the AMF and all other bodies;
- undertaking all declarations and other formalities, and generally undertaking all necessary operations.

The Board of Directors shall inform the General Meeting of operations undertaken in application of this authorization.

**Seventh resolution** (*Reappointment of Louis Merceron-Vicat as director*)

The Ordinary General Meeting resolves to reappoint Louis Merceron-Vicat as director for a period of six years expiring at the end of the Ordinary General Meeting to be held in 2023 to approve the financial statements for 2022.

**Eighth resolution** (*Reappointment of Mr. Jacques Le Mercier as director*)

The Ordinary General Meeting resolves to reappoint Mr. Jacques Le Mercier as director for a period of six years expiring at the end of the Ordinary General Meeting to be held in 2020 to approve the financial statements for 2019.

**Ninth resolution** (*Reappointment of Sophie Féguéux as director*)

The Ordinary General Meeting resolves to reappoint Ms. Sophie Féguéux as director for a period of three years expiring at the end of the Ordinary General Meeting to be held in 2020 to approve the financial statements for 2019.

**Tenth resolution** (*Ratification of the appointment of Eléonore Sidos as Director replacing Pierre Breuil*)

The Ordinary General Meeting resolves to ratify the appointment of Miss Eléonore Sidos as Director, replacing Pierre Breuil, for the remaining period of time of the term of office which will end after the 2018 Ordinary General Meeting called to approve the financial statements of 2017.

**Eleventh resolution** (*Fixing the overall amount of the Directors' Fees to be allocated to the Directors*)

The General Meeting, resolves to fix, from 2017 and until a future decision, the annual amount of Directors' fees to be allocated to the Directors at the overall sum of € 312,000.

Furthermore, the Board of Directors shall be authorized to reimburse the Directors in respect of their expenses for attending Board Meetings; as said expenses are incurred in the interest of the Company.

**Twelfth resolution** (*Compensation components owed by VICAT SA to Guy Sidos Chairman and Chief Executive Officer in relation to his corporate role*)

The General Meeting, having acquainted itself with the report provided for by Article L. 225-37-2 of the French Commercial Code approves the principles and criteria for determining the components of the total compensation and the benefits of all natures presented in the aforementioned report and attributable to the Chairman and Chief Executive Officer due to his corporate role.

**Thirteenth resolution** (*Compensation components owed by VICAT SA to Didier Petetin Chief Operating Officer in relation to his corporate role*)

The General Meeting, having acquainted itself with the report provided for by Article L. 225-37-2 of the French Commercial Code approves the principles and criteria for determining the components of the total compensation and the benefits of all natures presented in the aforementioned report and attributable to the Chief Operating Officer due to his corporate role.

**Fourteenth resolution** (*Powers*)

The Ordinary General Meeting hereby grants all powers to the bearer of a copy or extract of the minutes of this meeting for the purpose of performing all legal or administrative formalities, filings and publicity specified by current legislation.

**II- RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING****Fifteenth resolution** (*Proposal to increase the share capital reserved for the employees*)

The Extraordinary General Meeting, having acquainted itself with the Report of the Board of Directors:

- acknowledged that in accordance with the provisions of Article L. 225-129-6 of the French Commercial Code, an Extraordinary General Meeting must be convened every three years in order to decide on a draft resolution intended to increase the share capital in accordance with the conditions provided for by Article L. 3332-18 et seq. of French Labor Law;
- but considers that these very general provisions are not of great help as far as the Company is concerned due to the employee profit-sharing system in place for many years and the possibility for these employees to join the Group's savings plan.

However, in order to comply with the legal provisions, it will authorize the Board of Directors to increase the share capital in cash in accordance with the conditions provided for in Article L. (3332)18 et seq. of French Labor Law, either in one or two installments, and only on its own decisions, if it deems it necessary.

The total number of shares which may be subscribed shall not exceed 0.5 % of the share capital.

The General Meeting resolves to expressly waive the shareholders' preferential right to subscribe to the new shares to be issued for the benefit of the employees who belong to the Group's savings plan.

This authorization shall be valid for 36 months with effect from this day.

The General Meeting vests the Board of Directors with all powers in order to decide on all of the conditions or transactions to be made, and in particular, to set the issue price of the new shares; it vests the Board with all powers to report the capital increase or increases conducted in execution of this authorization, modify the by-laws accordingly and, generally take all necessary measures.

**Sixteenth resolution** (*Powers*)

The Extraordinary General Meeting hereby grants all powers to the bearer of a copy or extract of the minutes of this meeting for the purpose of performing all legal or administrative formalities, filings and publicity specified by current legislation.





Using Stylperf decorative concrete to create the promenade of Aix-les-Bains harbor in Savoie (France)



# ADDITIONAL INFORMATION

# 9

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## 9.1. INVESTOR RELATIONS AND DOCUMENTS AVAILABLE TO THE PUBLIC

Apart from meetings organized upon the publication of the Group's annual results and the General Meeting of the shareholders, the Company undertakes to keep its institutional and individual investors informed on a regular basis and in a timely manner. When the Company engages in personalized communication to meet the specific needs of various types of shareholders and of financial analysts, it does so with the utmost respect for principles of fairness and transparency. The Company's press releases and consolidated financial statements are available on the Company's website ([www.vicat.com](http://www.vicat.com)). Regulated information is submitted to the *Autorité des marchés financiers* (French financial regulator). Registration Documents are available on the AMF's website ([www.amf-france.org](http://www.amf-france.org)). Copies may be obtained from the Company's registered office: Tour Manhattan, 6 place de l'Iris, 92095 Paris-La Défense Cedex, France. The Company's by-laws and the minutes of General Meetings, the individual and consolidated financial statements, reports of the statutory auditors, and all other Company documents may be consulted in hard copy at the Company's registered office.

### 9.1.1. ROADSHOWS AND INVESTOR CONFERENCES

In 2016, the Company maintained its continued commitment to communication by facilitating contacts among investors, financial analysts and the Company. During 2016, Vicat organized more than ten roadshows in Europe, the United States and Canada, and took part in eight investor conferences organized by banks specializing in intermediation.

### 9.1.2. DOCUMENTS AVAILABLE TO THE PUBLIC

All of the Company's latest financial news, including the 2016 and 2017 financial calendar, all disclosure documents published by the Company, and share price information are always available in the "Investors" section of the Vicat website ([www.vicat.com](http://www.vicat.com)).

Legal documents may be consulted at the Company's registered office: Tour Manhattan, 6 place de l'Iris, 92095 Paris-La Défense Cedex, France. The Company disseminates regulated information in electronic form by enlisting the services of a primary information provider satisfying the requirements set out in the General Regulation of the *Autorité des marchés financiers* and makes available on its website all regulated information as soon as it is published, in both French and English. In 2016, upon the publication of its annual results, and in connection with its General Meeting (notice of meeting, report), Vicat also published financial notices in *Les Échos* and *Investir*. Lastly, the Group organizes a conference call to discuss each of its financial publications, which is open to all interested investors, and which provides access information on the Company's website ([www.vicat.com](http://www.vicat.com)) about a week before the event.

### 9.1.3. SHAREHOLDERS' CONTACT

**Stéphane Bisseuil**

**Director of Financial Communication and Investor Relations**

Tel.: +33 1 58 86 86 14

Fax: +33 1 58 86 87 88

E-mail: [relations.investisseurs@vicat.fr](mailto:relations.investisseurs@vicat.fr)

## 9.2. INFORMATION ON THE REGISTRATION DOCUMENT

### 9.2.1. GENERAL NOTE

Vicat, a French *Société Anonyme* (Public Company), with a share capital of € 179,600,000, whose registered office is Tour Manhattan, 6 place de l'Iris, 92095 Paris-La Défense, registered with the Trade and Companies Register of Nanterre under number 057 505 539, is referred to as the "Company" in this Registration Document. Unless expressly stated

otherwise, the "Group" refers to the Company and its subsidiaries and holdings as set forth in the organization chart in section 1.6 "Simplified organization chart" of this Registration Document.

Unless otherwise indicated, the figures used in this Registration Document, in particular in section 1.5 "Description of Business Lines" of this Registration Document, are extracted from the Group's consolidated financial statements, prepared in accordance with IFRS. As the figures



have been rounded, the total amounts featured in the tables and various sections of this Registration Document may not equal their overall arithmetic sum.

This Registration Document contains indications on the Group's prospects and development policies. These indications are sometimes identified by the use of the future and the conditional tenses, and forward-looking terms such as "consider", "intend", "think", "with the aim of", "expect", "plan", "should", "want", "estimate", "believe", "wish", "could" or, if necessary, the negative form of these terms, or any other alternative or similar terminology. This information is not historical data and must not be interpreted as an assurance that the facts and data stated will occur. This information is founded on data, assumptions and estimates considered as reasonable by the Group. They are likely to change or be modified due to uncertainties, related in particular to the economic, financial, competitive and regulatory environment. Moreover, the occurrence of certain risks described in Chapter 6 "Risk factors" of this Registration Document is likely to have an impact on the Group's activities, position, financial results and on its ability to achieve its objectives.

Forward-looking statements contained in this Registration Document also encompass the known and unknown risks, uncertainties and other factors which could, if they materialize, affect the Group's future results, performances and achievements. These factors can in particular include changes to the economic and commercial situation as well as the risk factors set out in section 6 "Risk factors" of this Registration Document.

Investors are invited to consider carefully the risk factors, described in order of importance, in Chapter 6 "Risk factors" of this Registration Document before making their investment decision. The materialization of all or some of these risks is likely to have an adverse effect on the Group's activities, financial position or financial results. Moreover, other risks, not yet identified or considered by the Group as not significant could have the same negative effect and investors could lose all or part of their investment.

This Registration Document contains information relating to the markets in which the Group operates. Note that this information comes from studies carried out by third parties. Given the changes which may affect the industry in which the Group operates in France and worldwide, this information may prove to be incorrect or no longer up to date. The Group's activities could consequently evolve differently from what is described in this Registration Document and the declarations or information contained herein could prove to be incorrect.

This Registration Document serves as the annual financial report and includes information required pursuant to article 222-3 of the General Regulations of the AMF. In order to facilitate the reading of the annual financial report, a cross-reference table is included in section 9.6 of this Registration Document.

### 9.2.2. HISTORICAL INFORMATION INCORPORATED BY REFERENCE

Pursuant to article 28 of Commission Regulation (EU) No. 809/2004 of April 29, 2004, the following information has been incorporated by reference into this 2016 Registration Document:

- the consolidated financial statements for the financial year ended December 31, 2015, prepared in accordance with IFRS and the statutory auditors' report thereon set out on page 190 of the 2015 Registration Document, submitted to the *Autorité des marchés financiers* (AMF – French financial regulator) on March 18, 2016 under number D.16.0163, in addition to the information taken from the 2015 management report included in pages 44 to 60 of this Registration Document.
- the consolidated financial statements for the financial year ended December 31, 2014, prepared in accordance with IFRS, and the statutory auditors' report thereon set out on page 190 of the 2014 Registration Document, submitted to the *Autorité des marchés financiers* on March 19, 2015 under number D.15.0177, in addition to the information taken from the 2014 management report included on pages 44 to 60 of this Registration Document.

### 9.2.3. PERSON RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE REGISTRATION DOCUMENT

Guy Sidos, Chairman and Chief Executive Officer.

#### 9.2.4. STATEMENT OF RESPONSIBILITY FOR THE REGISTRATION DOCUMENT

“Having taken all reasonable measures to this end, I declare that the information contained in this Registration Document is, to my knowledge, in keeping with the facts, and leaves out nothing that might impact its substance.

I declare that, to my knowledge, the financial statements have been drawn up in accordance with the accounting standards in force and give an accurate picture of the assets, financial position and results of the Company and of all consolidated firms, and that the management report (details of which can be found in the cross-reference table included in section 9.6 of this Registration Document) paints an accurate picture of the business development, results and financial position of the Company and of all consolidated firms, and describes the main risks and uncertainties facing all stakeholders.

Let me draw your attention to the restatement of the previous years' financial statements to comply with the new accounting method applied

by the Group, as recommended by the French accounting standards board, with respect to the recognition of the greenhouse gas emission rights described in paragraph 7.1.2 of this Registration Document and in Notes 1.1, 1.7 and 35, as well as to the observation made by the statutory auditors in their report, given in paragraph 7.1.3 of this Registration Document, about that change in accounting method.

The statutory auditors have given me their letter of consent, in which they confirm having verified the information regarding the financial position and the financial statements provided in this Registration Document, as well as having read this Registration Document in its entirety.

The consolidated financial statements presented in this Registration Document was covered by the statutory auditors' report appearing in section 7.1.3 of this Registration Document.”

March 6, 2017

**Guy Sidos**

Chairman and Chief Executive Officer

## 9.3. PERSONS RESPONSIBLE FOR THE AUDIT OF THE FINANCIAL STATEMENTS

### 9.3.1. INCUMBENT STATUTORY AUDITORS

#### KPMG Audit

Immeuble Le Palatin, 3 cours du Triangle, 92939 Paris-La Défense Cedex

Represented by Philippe Grandclerc.

Member of the Regional Company of Auditors of Versailles.

First appointed on the Ordinary General Meeting of November 25, 1983.

Appointment expires at the close of the Ordinary General Meeting called to approve the financial statements for the year ended December 31, 2019.

#### Wolff & Associés SAS

Centre Beaulieu, 19 boulevard Berthelot, 63400 Chamalières

Represented by Patrick Wolff.

Member of the Regional Company of Auditors of Riom.

First appointed on: the Ordinary General Meeting of Wednesday, May 16, 2007.

Appointment expires at the close of the Ordinary General Meeting called to approve the financial statements for the year ended December 31, 2018.

### 9.3.2. ALTERNATE STATUTORY AUDITORS

#### Constantin Associés

185 avenue Charles de Gaulle, 92200 Neuilly-sur-Seine

Represented by Jean-Paul Séguret.

Member of the Regional Company of Auditors of Paris.

First appointed on the Ordinary General Meeting of Tuesday, June 20, 1995.

Appointment expires at the close of the Ordinary General Meeting called to approve the financial statements for the year ended December 31, 2018.

#### Exponens Conseil et Expertise

11 avenue d'Eprémessnil, 78401 Chatou

Represented by Frédéric Lafay.

Member of the Regional Company of Auditors of Versailles.

First appointed on the Combined General Meeting called to approve the financial statements for the year ending December 31, 2007.

Appointment expires at the close of the Ordinary General Meeting called to approve the financial statements for the year ended December 31, 2019.

9.3.3. INFORMATION ON STATUTORY AUDITORS WHO RESIGNED, WERE DISMISSED OR NOT REAPPOINTED

Not applicable.

9.4. INFORMATION ON SUBSIDIARIES AND SHAREHOLDINGS

The Group's principal subsidiaries were determined on the basis of their contribution to financial indicators (sales by entity, share in the consolidated EBITDA, value of the intangible and tangible assets for each entity, consolidated equity – Group share) such that the aggregate of the indicators retained for these subsidiaries represents almost 90% of the Group's consolidated total. The Group's main holding companies were added to this list.

The Group's consolidated subsidiaries are distributed across various countries as follows as at December 31, 2016:

Country	Number of companies
France	47
Switzerland	33
Italy	1
USA	17
Egypt	13
Senegal	8
Mali	1
Mauritania	1
Turkey	8
Kazakhstan	2
India	5
<b>TOTAL</b>	<b>136</b>

The main subsidiaries are described below.

HOLDING COMPANIES

Parficim

Incorporated on June 7, 1974, Parficim is a French simplified joint-stock corporation with a share capital of € 67,728,368 with its registered office at Tour Manhattan, 6 place de l'Iris, 92095 Paris-La Défense Cedex, registered in the Trade and Companies Register of Nanterre

under number 304828379. The corporate purpose of Parficim, a holding company, is the acquisition and management of transferable securities, shares in interests, and tangible and intangible assets.

As at December 31, 2016, the Company held 100% of Parficim's share capital.

Béton Travaux

Incorporated on March 27, 1965, Béton Travaux is a French Public Company with a share capital of € 27,996,544, with its registered office at Tour Manhattan, 6 place de l'Iris, 92095 Paris-La Défense Cedex, registered in the Trade and Companies Register of Nanterre under number 070503198. Béton Travaux's corporate purpose is the shareholding and management of manufacturing, transport and ready-mixed concrete companies and of all materials or equipment relating to their manufacture.

As at December 31, 2016, the Company held 99.98% of Béton Travaux's share capital (others: 0.02%).

National Cement Company, Inc.

Incorporated on April 17, 1974, National Cement Company, Inc. is a Limited Liability Company under US law with a share capital of US\$280,520,000, with its registered office at 15821 Ventura Blvd, Suite 475, Encino, CA 91436-4778 (United States), registered in the State of Delaware under number 63-0664316. National Cement Company's corporate purpose is the acquisition, administration and financing of holdings in companies, in particular in the cement and ready-mixed concrete sectors.

As at December 31, 2016, the Company held 97.85% of the share capital of National Cement Company, Inc. and Parficim held 2.15%.

Vigier Holding

Incorporated on August 25, 1884, Vigier Holding is a Swiss Public Company (*Société Anonyme*), with a share capital of CHF 1,452,000, whose registered office is located at Wylilhof 1, Deitingen, 4542 Luterbach,

Switzerland, registered in Solothurn under number CH-251.3.000.003. Vigier Holding's corporate purpose is the acquisition, administration and financing of holdings in firms, commercial acts and sectors of industrial services of all types, in particular in the cement and ready-mixed concrete branch. The Company may acquire shareholdings in other companies and acquire, buy and sell land.

As at December 31, 2016, Parficim held 100% of Vigier Holding's share capital.

## MAIN FRENCH SUBSIDIARIES

### Béton Vicat

Incorporated on January 7, 1977, Béton Vicat, formerly Béton Rhône-Alpes, is a French Public Company with a share capital of € 8,455,072 whose registered office is located at Les Trois Vallons, 4 rue Aristide Bergès, 38080 L'Isle d'Abeau, registered in the Trade and Companies Register of Vienna under number 309918464. Béton Vicat's corporate purpose is the production, transport and marketing of ready-mixed concrete and all materials or all equipment relating to its manufacture. Béton Vicat absorbed BGIE in 2013.

As at December 31, 2016, Béton Travaux held 98.80% of the share capital of Béton Vicat, and Granulats Vicat held 1.17% (other: 0.03%).

### Granulats Vicat

Incorporated on January 1, 1942, Granulats Vicat, formerly Granulats Rhône-Alpes, is a French simplified joint-stock corporation with a share capital of € 5,601,488 with its registered office at Les Trois Vallons, 4 rue Aristide Bergès, 38080 L'Isle d'Abeau, registered in the Trade and Companies Register of Vienna under number 768200255. Granulats Vicat's corporate purpose is the operation of all businesses relating to the sale of construction material, the public transport of goods and the rental of land, air, sea and river vehicles.

As at December 31, 2016, Béton Travaux held 87.24% of the share capital of Granulats Vicat, BCCA held 3.59% and Béton Vicat held 9.16%.

### SATM

Incorporated on November 16, 2015 (by taking over the business of the historical Company SATM created in 1958), SATM is a French simplified joint-stock corporation with a share capital of € 1,255,680 with its registered office at 1327 avenue de la Houille-Blanche, 73000 Chambéry, registered in the Trade and Companies Register of Chambéry under number 814723441. The corporate purpose of SATM is the purchase, sale, use, rental and operation of all transport and other types of equipment, and all transport and freight-forwarding activities, in particular: road transport, public transport, shipping to all countries

and regions, LCL shipping, truck rental, and all commercial, financial or capital transactions directly or indirectly related to the above activities, or which could facilitate their expansion or growth.

As at December 31, 2016, Béton Travaux held 100% of the share capital of SATM.

### Vicat Produits Industriels – VPI

Incorporated on May 1, 1957, VPI is a French simplified joint-stock corporation with a share capital of € 3,221,776 with its registered office at Les Trois Vallons, 4 rue Aristide Bergès, 38080 L'Isle d'Abeau, registered in the Trade and Companies Register of Vienna under number 655780559. The corporate purpose of VPI is to manufacture and install all covering, sealant and insulating products and articles and all additives etc. as well as any operations as an agent or brokerage connected with these products or this work.

As at December 31, 2016, Béton Travaux held 100% of VPI's share capital.

## MAIN FOREIGN SUBSIDIARIES

### Bastas Baskent Cimento Sanayi Ve Ticaret A.S.

Incorporated on July 26, 1967, Bastas Baskent Cimento Sanayi Ve Ticaret A.S. is a Turkish Public Company with a share capital of YTL 131,559,120, with its registered office at Ankara Samsun Yolu 35 km, 06780 Elmadag, Ankara (Turkey), registered in the Trade Register of Ankara under number 16577 and whose corporate purpose is the production and sale of cement and limestone.

As at December 31, 2016, Parficim held 87.90% of the share capital of Bastas Baskent Cimento Sanayi Ve Ticaret A.S. and Tamtas Yapi Malzemeleri Sanayi Ve Ticaret A.S. held 3.7% (other: 8.4%).

### Konya Cimento Sanayi A.S.

Incorporated on December 11, 1954, Konya is a Turkish Public Company with a share capital of YTL 4,873,440, whose registered office is located at Horozluhan Mahallesi Ankara Caddesi no. 195, 42300 Selçuklu, Konya (Turkey), registered in the Trade Register of Konya under number 2317 and whose corporate purpose is the production and marketing of various types of cements and concretes. The company's shares are listed on the Istanbul Stock Exchange (IMBK).

As at December 31, 2016, Parficim held 77.92% of Konya's share capital, Béton Travaux held 0.99%, SATM held 0.99%, SATMA held 0.99%, Noramco held 0.99% and Konya Cimento Ticaret held 1.46%. The remaining shares, representing 16.66% of the share capital, are held by approximately 2,500 shareholders, with no shareholder holding more than 1% of the Company's share capital.

### Bastas Hazir Beton Sanayi Ve Ticaret A.S.

Incorporated on December 20, 1990, Bastas Hazir Beton Sanayi Ve Ticaret A.S. is a Turkish Public Company with a share capital of YTL 19,425,000, whose registered office is located at Ankara-Samsun Yolu 35km, 06780 Elmadag, Ankara (Turkey), registered in the Trade Register of Elmadag under number 488 and whose corporate purpose is the production and marketing of ready-mixed concrete.

As at December 31, 2016, Bastas Baskent Cimento Sanayi Ve Ticaret A.S. held 99.99% of the share capital of Bastas Hazir Beton Sanayi Ve Ticaret A.S. (other: 0.01%).

### Sococim Industries

Incorporated on August 7, 1978, Sococim Industries is a Senegalese Public Company with a share capital of HXOF 4,666,552,110, with its registered office at 33 km, Ancienne Route de Thiès, Dakar (Senegal), registered in Dakar under number 78 B 104 and whose corporate purpose is the manufacture, import, marketing and export of limes, cements and sometimes hydraulic products and generally, of all products, materials, goods, articles and services related to construction.

As at December 31, 2016, Postoudiokoul held 55.56% of the share capital of Sococim Industries and Parficim held 44.33% (other: 0.11%). Furthermore, Parficim held 100% of Postoudiokoul.

### Sinaï Cement Company

Incorporated on December 27, 1997, Sinaï Cement Company is an Egyptian Public Company with a share capital of EGP 700 million, with its registered office at 29A Sama Tower, Ring Road Katameya, 11439 Cairo (Egypt), registered in Giza under number 118456 and whose corporate purpose is the manufacture, import, marketing and export of bags of cement and construction materials.

### Cementi Centro Sud

Incorporated on September 5, 2001, Cementi Centro Sud S.p.a., is an Italian Public Company with a share capital of € 3,434,013, with its registered office at Corte Lambruschini – Torre A, Piazza Borgo Pila, 40/57 F – G – 16129, Genoa (Italy), registered in Genoa under number 02154090985 and whose corporate purpose is the management of harbor terminals and the production, import and export of construction materials.

As at December 31, 2016, Parficim held 100% of the share capital of Cementi Centro Sud S.p.a.

### Bharathi Cement Corporation Private Limited

Incorporated on May 12, 1999, Bharathi Cement Corporation Private Limited is an Indian Company with a share capital of INR 792,000,000 with its registered office at Reliance Majestic Building, door No. 8-2-626, road No. 10, Banjara Hills, Hyderabad – 500034, Andhra Pradesh, India, registered in the Trade and Companies Register of Andhra Pradesh under number U26942AP1999PTC031682, and whose corporate purpose is the operation of quarries and the manufacture of cement.

As at December 31, 2016, Parficim held 51.02% of the share capital.

### Mynaral Tas Company LLP

Incorporated on March 27, 2007, Mynaral Tas Company LLP is a Kazakhstan Company with a share capital of KZT 20,258,454,800, whose registered office is located at Mynaral village, Reserved lands “Betpakdala”, Moyinkum District, Zhambyl Oblast, 080618 Republic of Kazakhstan, registered with the Ministry of Justice of the Republic of Kazakhstan under number 84559-1919-TOO, and whose corporate purpose is the working of a quarry.

As at December 31, 2016, the Company (through Parficim and Vigier Holding) held 90% of the share capital (10% is held by International Finance Company).

### Jambyl Cement Production Company LLP

Incorporated on August 5, 2008, Jambyl Cement Production Company LLP is a Kazakhstan Company with a share capital of KZT16,729,195,512, whose registered office is located at Cement plant, Reserved lands “Betpakdala”, Moyinkum District, Zhambyl Oblast, 080618 Republic of Kazakhstan, registered with the Ministry of Justice of the Republic of Kazakhstan under number 10544-1919-TOO. Its corporate purpose is to run a cement factory.

As at December 31, 2016, the Company (through Parficim, Vigier Holding and Mynaral Tas) held 100% of the share capital.

### Kalburgi Limited

Incorporated on July 22, 2008, Kalburgi Limited (formerly Vicat Sagar Cement Private Limited) is an Indian Company with a share capital of 5,459 million rupees, whose registered office is located at Reliance Majestic Building, road no. 10, Banjara Hills, Hyderabad 500034, Telengana, India, registered in the State of Andhra Pradesh under number U26941TG2008FTC060595. Its corporate purpose is to operate quarries and manufacture cement.

As at December 31, 2016, Parficim held 99.98% of the share capital.

## 9.5. CROSS-REFERENCE TABLE OF THIS REGISTRATION DOCUMENT WITH EUROPEAN REGULATION 809/2004

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<b>18. Principal shareholders</b>		
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<b>22. Significant contracts</b>	Not applicable	
<b>23. Information coming from third parties</b>	Not applicable	
<b>24. Documents available to the public</b>	9.1.2. Documents available to the public	228
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## 9.6. CROSS-REFERENCE TABLE OF THE ANNUAL FINANCIAL REPORT AND MANAGEMENT COMMENTARY

For greater ease of reading, the following cross-reference table outlines the main information that must appear in the financial report and management commentary.

Sections of the annual financial report	Section
Declaration of the person responsible	Section 9.2.
Individual financial statements	Section 7.2.
Statutory auditors' report on the individual financial statements	Section 7.2.3.
Consolidated financial statements	Section 7.1.
Statutory auditors' report on the consolidated financial statements	Section 7.1.3.
Management report	
<ul style="list-style-type: none"> <li>■ Analysis of activity, financial position and earnings of the Company and the Group</li> </ul>	Sections 2.2.2. and 2.3.
<ul style="list-style-type: none"> <li>■ Description of the main risks and uncertainties</li> </ul>	Chapter 6
<ul style="list-style-type: none"> <li>■ Information on environmental issues</li> </ul>	Chapter 3
<ul style="list-style-type: none"> <li>■ Information relating to societal commitments to sustainable development</li> </ul>	Chapter 3
<ul style="list-style-type: none"> <li>■ Information relating to research and development activities</li> </ul>	Section 1.8.
<ul style="list-style-type: none"> <li>■ Information on employee-related issues</li> </ul>	Section 3.3.
<ul style="list-style-type: none"> <li>■ Information on share buy-back programs</li> </ul>	Section 5.2.7.
<ul style="list-style-type: none"> <li>■ Company share ownership</li> </ul>	Section 5.3.1.
<ul style="list-style-type: none"> <li>■ Information on the crossing of shareholding thresholds and distribution of share capital</li> </ul>	Section 5.3.
<ul style="list-style-type: none"> <li>■ Trends and objectives</li> </ul>	Section 2.5.
<ul style="list-style-type: none"> <li>■ Employee shareholding</li> </ul>	Sections 7.2.2. and 5.3.1.
<ul style="list-style-type: none"> <li>■ Details of the compensation and benefits for Corporate Officers</li> </ul>	Section 4.3.2.
<ul style="list-style-type: none"> <li>■ Dividends distributed in the last three years</li> </ul>	Section 5.3.6.
<ul style="list-style-type: none"> <li>■ Term of office and functions performed by each of the Company's executive officers</li> </ul>	Section 4.2.1.
<ul style="list-style-type: none"> <li>■ Summary of transactions conducted by the management on the Company's stock</li> </ul>	Section 4.4.
<ul style="list-style-type: none"> <li>■ Expenses written back pursuant to article 39.4 (surplus depreciation)</li> </ul>	Section 7.2.2.
<ul style="list-style-type: none"> <li>■ Suppliers' payment time</li> </ul>	Section 7.2.2.
<ul style="list-style-type: none"> <li>■ Corporate Social Responsibility (CSR) report</li> </ul>	Chapter 3
Auditors' fees	Section 7.1.2.
Report from the Chairman of the Board on the preparation and organization of the work of the Board and the internal control procedures established by the Company	Section 4.5.1.
Statutory auditors' report on the Chairman of the Board's report	Section 4.5.2.

## 9.7. CROSS-REFERENCE TABLE OF WORKFORCE-RELATED, ENVIRONMENTAL AND SOCIAL INFORMATION

Between Decree No. 2012-557 of April 24, 2012 regarding companies' social and environmental transparency obligations and the information in the Registration Document.

### Social information

N°	Information required by Decree No 2012-557 of April 24, 2012	Corresponding section of the Registration Document
1	Total workforce and breakdown by gender, age and geographical area	3.2.2.1.
2	Recruitment and lay-offs	3.2.2.1.
3	Remuneration and pattern of change	3.2.2.1.
4	Organization of working hours	3.3.2.1.
5	Absenteeism	3.2.1.2.
6	Procedures for informing and consulting employees and negotiating with them	3.2.1.2.
7	Review of collective agreements	3.2.1.2.
8	Health and safety conditions at work	3.2.2.2.
9	Agreements signed with unions or staff representatives concerning workplace health and safety	3.2.2.2.
10	Frequency and severity of workplace accidents and occupational illnesses	3.2.2.2.
11	Training policy	3.2.2.3.
12	Total number of hours of training	3.2.2.3.
13	Measures to promote gender equality	3.2.2.4.
14	Measures to promote the employment and integration of the disabled	3.2.2.4.
15	Policy on the elimination of discrimination	3.3.1.3.
16	Freedom of association and the right to collective bargaining	3.2.1.2.
17	Elimination of discrimination in respect of employment and occupation	3.3.1.3.
18	Elimination of all forms of forced or compulsory labor	3.3.1.3.
19	Effective abolition of child labor	3.3.1.3.

**Environmental information**

N°	Information required by Decree No. 2012-557 of April 24, 2012	Corresponding section of the Registration Document
20	Organization within the Group that takes into account and assesses environmental issues or that handles environmental certification	3.1.1.
21	Training and information provided to employees with regard to the environment	3.1.1.
22	Resources devoted to the prevention of environmental risks and pollution	3.1.1.
23	The amount allocated to provisions and guarantees in respect of environmental risks	3.1.1.
24	Prevention, reduction or clean-up measures: Air/Soil/Water	3.1.2.
25	Measures to prevent, recycle and eliminate waste products	3.1.2.
26	Consideration of noise pollution and all other forms of pollution specific to an activity	3.1.2.
27	Water consumption and supply in accordance with local constraints	3.1.2.
28	Consumption of raw materials and measures taken to improve the efficiency of their use	3.1.2.
29	Energy consumption and measures taken to improve energy efficiency and use of renewable energy sources	3.1.2.
30	Land use	3.1.2.
31	Discharges of greenhouse gases	3.1.2.
32	Adaptation to the consequences of climate change	3.1.2.
33	Measures taken to preserve or increase biodiversity	3.1.2.

**Societal information**

N°	Information required by Decree No. 2012-557 of April 24, 2012	Corresponding section of the Registration Document
34	Impact in terms of employment and regional development	3.2.1.
35	Impact on neighborhood or local populations	3.2.2.
36	Terms of dialogue with stakeholders	3.2.2.
37	Partnership or charity actions in general	3.3.2.
38	Consideration of social and environmental issues in the procurement policy with subcontractors and suppliers	3.3.1.
39	Level of subcontracting	3.3.1.
40	Actions taken to prevent corruption	3.3.1.
41	Measures taken in favor of consumer health and safety	3.3.1.
42	Other actions taken in favor of human rights	3.3.1.

# GLOSSARY

<b>Additive</b>	All products incorporated into concrete that are not cements, aggregates, adjuvants, mixing water or additives (for example fibers, color pigments, etc.).
<b>Adjuvant</b>	Chemical product incorporated in low doses (less than 5% of the mass of cement) in concrete or mortar in order to modify some of its properties. It is incorporated either before or during blending, or during the mixing operation.
<b>Agglomerate ore product</b>	Fragment, usually of rock, used as an aggregate in concrete or mortar. The term aggregate is more appropriate. See "Aggregate".
<b>Aggregate</b>	Component of concrete. All mineral fragments known, depending on the grain size in the range 0 to 125 mm (the dimension is the length on the side of the square mesh of the sieve through which the grain can pass): fillers, fine sands, sands or fine gravels. A distinction is made between natural aggregates resulting from loose or solid rock when not subjected to any treatment other than mechanical, and artificial aggregates created by the thermal or mechanical transformation of rocks or ores. Natural aggregates can be rolled, have a round shape of alluvial origin or a crushed, angular shape produced from quarry rock. The type of the links between the aggregates and the cement paste strongly influences the strength of the concrete.
<b>Alternative fuel</b>	Combustible by-product or waste product used as a fuel to produce heat as a replacement for a "premium" fuel (fuel oil, coal, petroleum coke). Also known as a "secondary fuel".
<b>Bagging machine</b>	Automated bagging system. In a cement factory, its capacity can reach 5,000 bags/hour. The rotating unit has a number of nozzles (8 to 16) and is fed with empty bags by arms or by projection from one or two peripheral stations. The central silo feeds the nozzles mounted on the weighing scales. The bags are automatically removed during rotation and placed on a conveyor belt that feeds the palletization equipment.
<b>Binder</b>	Material able to pass – under certain conditions (in the presence of mixing water in the case of hydraulic binders) – from a plastic state to a solid state; it is thus used to combine inert materials. Component of concrete which, following the setting process ensures cohesion of the aggregates.
<b>Calcination</b>	Conversion of a limestone into lime by firing at high temperature.
<b>CEM</b>	This designation applies to cements complying with European standard EN 197-1. "CEM" cements consist of various materials and are of statistically homogeneous composition.
<b>CEM I</b>	This designation applies pursuant to standard EN 197-1 to cement of the "Portland Cement" type, i.e. a cement comprising at least 95% clinker. Certain CEM I cements are recognized as resistant to sulfates, under EC labeling, since standard NF EN 197-1: 2012 entered into force on 07/01/2013. There are three separate categories: <ul style="list-style-type: none"> <li>■ CEM I SR0: cement where the clinker's C3A content = 0%</li> <li>■ CEM I SR3: cement where the clinker's C3A content ≤ 3%</li> <li>■ CEM I SR5: cement of which the clinker's C3A content ≤ 5%</li> </ul>
<b>CEM II</b>	This designation applies pursuant to standard NF EN 197-1 to cements, the most common types of which are "Portland composite cement" (the letter "M" is then added to the designation), "Portland limestone cement" (the letter "L" is then added to the designation), "Portland slag cement" (the letter "S" is then added to the designation) and "Portland silica fume cement" (the letter "D" is then added to the designation). A CEM II cement has a clinker content ranging: either from 80 to 94%; this cement is then designated "CEM II/A"; or from 65 to 79%; this cement is then designated "CEM II/B".
<b>CEM III</b>	This designation applies pursuant to standard NF EN 197-1 to "Blast furnace cement" comprising blast furnace clinker and slag in the following possible combinations: <ul style="list-style-type: none"> <li>■ 35% to 64% clinker and 36% to 65% slag: this cement is then designated "CEM III/A";</li> <li>■ 20% to 34% clinker and 66% to 80% slag: this cement is then designated "CEM III/B";</li> <li>■ 5% to 19% clinker and 81% to 95% slag: this cement is then designated "CEM III/C".</li> </ul> CEM III/B and CEM III/C cements are recognized as resistant to sulfates, at the level of EC labeling, since standard NF EN 197-1: 2012 entered into force on 07/01/2013. They are labeled CEM III/B-SR or CEM III/C-SR.
<b>CEM IV</b>	Refers to "Pozzolana cement".
<b>CEM V</b>	Refers to "composite cement".



<b>Cement</b>	Hydraulic binder, <i>i.e.</i> a fine powder which, when mixed with water, forms a paste which sets and then hardens following reaction with the water. After hardening, this paste retains its strength and stability even under water.
<b>Cement type</b>	Means of classification standardized according to the nature of the cement components. There are five types. See “CEM I”, “CEM II”, “CEM III”, “CEM IV” and “CEM V”. This classification is associated with its regular strength class: 52.5; 42.5; 32.5, as well as its short-term strength class: R; N; L.
<b>Clay</b>	compact and impermeable sediment, becoming plastic, malleable, and more or less thixotropic in the presence of water. It has different physicochemical characteristics depending on its smoothness. Composed of silicoaluminates, clay is present in the raw materials for manufacturing cements and hydraulic lime. It is present to a greater or lesser extent in marls. See “Marl”.
<b>clinker for natural quick-setting cement</b>	The clinker for natural quick-setting cement results exclusively from the moderate-temperature firing (1,000°C to 1,200°C) of regular bedded argillaceous limestone, extracted from uniform rock strata.
<b>clinkerization</b>	Conversion of raw materials (limestone, silica, alumina and iron oxide) into clinker, occurring at a temperature of 1,450°C for a Portland clinker.
<b>Concrete</b>	Building material produced from a mixture of cement, aggregates and water, possibly supplemented by adjuvants, admixtures and additives. This mixture, made on the building site or in a factory, is in the plastic state. It is able to take the shape of the mold and then hardens gradually to eventually form a monolith. Depending on the formulation, use and surface treatment, it can vary considerably in performance and appearance.
<b>Concrete batching plant</b>	Stationary equipment for the industrial production of ready-mixed concrete.
<b>Cooler</b>	Unit located at exit from a clinker kiln intended to cool clinker at 1,400°C to an ambient temperature. Grid coolers and perforated plate coolers are the most common types; traditional coolers consist of a series of mobile rows of plates that push the clinker towards the discharge point (arranged in a bed of material from 60 to 90 cm in thickness). Air blown upwards through the plates provides cooling: at the output from the clinker bed, some of the hottest air (secondary air) goes back up into the kiln to feed combustion. Excess air is discharged at the back of the unit. In modern coolers, all the plates are fixed. They are protected from the hot clinker by a bed of cold clinker. The clinker is moved towards the discharge point by various “rake” or “walking floor” devices.
<b>Crushed aggregate</b>	Aggregate produced by crushing rocks.
<b>Crusher</b>	Crushing machine, used especially in a quarry. Crushers operate with jaws (with reciprocating motion, nut-cracker principle), with hammers for softer or more mobile materials or by grinding between inverted vertical cones (fine gravels).
<b>Crushing</b>	Breaking rocks into small pieces by grinding or pounding.
<b>Decarbonation</b>	Reaction releasing the CO <sub>2</sub> contained in the limestone raw materials under the action of heat (850 to 950°C). The remaining lime (CaO) then combines with silicates and aluminates to form the clinker. This reaction absorbs a great deal of heat and constitutes the main heat consumption of the kiln.
<b>Energy recovery</b>	Introduction into the production process of by-products, waste or fuels otherwise of no use, in order to use the calorific content for the production of heat. These products replace, in whole or in part, primary fuels such as coal, fuel or gas. Their use makes it possible to save primary energy resources in energy and prevent them from being consumed and causing pollution when discharged into the natural environment. For example, in a cement works, tires or waste solvents are used as fuel for the kiln.
<b>Fine gravel</b>	Aggregate having a diameter between 1 and 63 mm.
<b>Fly ash</b>	By-product of the combustion of coal in power stations used as a source of silica and alumina in the manufacture of clinker, or to replace part of this in the manufacture of Portland composite cement.
<b>Formulation</b>	Operation consisting of defining the proportions – by weight rather than volume – of various components of a concrete, in order to meet the desired strength and appearance requirements.
<b>Fresh concrete</b>	Concrete as it exists in the phase after mixing and before setting, in other words, in a plastic state which allows its transportation and installation. The workability of a concrete is assessed during this phase of its manufacture, by subjecting a sample to a slump test on the Abrams cone.
<b>Granulometry</b>	a) Measurement of the granularity of an aggregate, <i>i.e.</i> of the range of particle sizes it contains, by passage through a series of square mesh sieves of standardized dimensions. b) Granulometry or granulometric analysis: the measurement of the proportion of the various granular sizes of the grains of a powder, sand or aggregate.
<b>Greenfield</b>	A greenfield plant construction project is a project where the Group undertakes the construction of a cement works on a site where there was no previous cement business. After checking the existence and accessibility of reserves of natural resources of sufficient quality and quantity for cement manufacture, the project generally involves designing and establishing the various components of the industrial and commercial process. A brownfield project, on the other hand, is one where there was already a cement business on the site.

<b>Grinding</b>	Reduction to powder or very fine particles. Grinding can be performed by pounding (minerals), by crushing (dyes, cement) or by crumbling (refuse). In a cement factory, the grinding plants generally comprise a grinding mill, a separator that returns oversize particles to the mill and a ventilation and dust extraction system.
<b>Gypsum</b>	Natural calcium sulfate or a by-product from industries manufacturing phosphoric acid or citric acid. It is added to cement as a setting regulator.
<b>Handleability</b>	Condition defining the ability of a mortar or a concrete to be transported, handled and used; it is characterized by the consistency and the plasticity of material. See "Workability".
<b>Heat balance</b>	Expression of the heat exchange between a closed environment and the outside. More specifically for cement kilns, the heat balance evaluates the heat inputs and compares these with the requirements of physicochemical processes and heat losses.
<b>Homogenization</b>	Operation carried out in cement works to obtain a homogeneous mixture of the components of the raw meal before firing. It can be carried out discontinuously by batch or in a continuous process. Mechanical and/or pneumatic mixing means may be used.
<b>Hopper</b>	Bulk materials (sand, aggregates, cement) storage unit in the shape of a truncated cone made from steel or concrete. At the bottom of a hopper is a system for discharging the material by gravity.
<b>HPC</b>	Abbreviation for "high-performance concrete". The formulation of this concrete makes it particularly compact and therefore of low porosity. Its mechanical strength is in excess of 50 MPa and it has much higher durability than standard concretes.
<b>Hydration (of cements)</b>	Chemical phenomenon by which cement fixes mixing water and triggers the processes of setting and then hardening. This reaction is accompanied by a release of heat, the amount of which depends on the type of cement.
<b>Lime</b>	Binder obtained by the calcination of more or less siliceous limestone. A distinction is made between air limes, which harden under the action of carbon dioxide in the air, and hydraulic limes, which set by mixing with water.
<b>Limestone</b>	Sedimentary rock containing primarily calcium carbonate (CaCO <sub>3</sub> ). Calcite is the most stable and most common crystalline form. Dolomites constitute a separate class: they are mixed carbonates (calcium and magnesium). Limestone is one of the basic components of clinker; it contributes the lime necessary for the formation of silicates and aluminates. The magnesia content of the limestone used must be no more than a few percent in order to prevent the formation of non-combined magnesia on firing and likely to cause expansion of the concrete in the medium or long term.
<b>Marl</b>	Natural mixture of clay and limestone in various proportions. If the amount of limestone is less than 10%, the marl is known as argillaceous. Marl with higher proportions is referred to as marly limestone. It is generally characterized by its carbonate content (lime and magnesia in a lesser proportion). It is one of the raw materials essential for the manufacture of cement; it provides the argillaceous fraction rich in iron and aluminosilicates.
<b>Material recovery</b>	Introduction into the production process of by-products or waste products in order to use their chemical properties. These products replace in whole or in part products extracted from quarries. Their use makes it possible to save natural mineral resources and prevent them from being consumed and causing pollution when discharged into the natural environment. For example, in a cement works, foundry sands are incorporated into the raw material to provide silica in place of natural sand and synthetic gypsums (inter alia from the desulfurization of fumes from heat generator unit) and are used to replace, completely or partially, natural gypsum or anhydrite in cement to control the setting time.
<b>Meal feed</b>	Name given to the cement kiln raw material after grinding (the size of the grains corresponds to that of flour).
<b>Mixer truck</b>	Vehicle used to transport fresh concrete from the production location to the construction site. Also known as a transit mixer truck or truck mixer.
<b>Mortar</b>	Mix of cement, sand and water, possibly supplemented by adjuvants and admixtures. It differs from concrete in that it does not contain fine gravels. Prepared on the building site – starting from pre-dosed dry industrial mortar or by proportioning and mixing all the components – or delivered to the site from a batching plant, mortars are used for joints, coatings, screeds and for various sealing, reshaping and filling purposes.
<b>Natural quick-setting cement</b>	Quick-setting cement comprised of the clinker for natural quick-setting cement only, grounded, and not requiring a setting regulator.
<b>Plaster</b>	Surface coating (approximately 2 cm for traditional coatings) comprising a cement mortar and/or hydraulic lime, intended to cover a wall, in order to homogenize its surface and waterproof it. A distinction is made between traditional plasters (which require three layers), double-layer plasters and single-layer plasters (based on industrial mortars and applied in two passes).
<b>Portland cement</b>	CEM I, CEM II, CEM III, CEM IV, CEM V-type cements, manufactured from Portland clinker and a setting regulator, and other components. Cement complying with standard NF EN 197-1.
<b>Portland clinker</b>	Basic component of a Portland cement, comprising four major mineral elements: limestone, silica, alumina and iron oxide. It is obtained by firing at a high temperature in a cement kiln (1,450°C).

<b>Pozzolana</b>	Product of volcanic origin composed of silica, alumina and iron oxide which, in the form of fine powder, is suitable for combining with lime to form stable compounds with hydraulic properties (hardening under water). By extension refers to natural or artificial materials having the same property. Pozzolanas are components of certain types of cement.
<b>Precalcination</b>	System enabling combustion to be started before entry into the kiln and thus reducing the quantity of energy required in the kiln.
<b>Precalciner</b>	Combustion chamber at the base of the preheater tower, fed with all fuel types and hot air for combustion (750 to 900°C) coming from the cooling of the clinker. The precalcinator can contribute up to 55% of the heat necessary for satisfactory operation of the kiln. See "Preheater".
<b>Precast concrete products</b>	Production of construction components away from their final site, in a factory or at a nearby location. Many concrete structural components can be prefabricated: posts, beams, load-bearing or insulation panels, façade panels, cladding, as well as standardized elements blocks, joists, shuttering slabs, honeycomb slabs, tiles, components of roadway or drainage systems, drainage systems or street furniture.
<b>Preheater</b>	Tower comprising a succession of cyclone stages. At each stage, the cooler meal from the stage above is heated on contact with the warmer gas coming from the stage below. The gas/meal mixture is then decanted into the cyclone. The heated meal then drops down to the stage below to be further heated. The cooled gases go up to the stage above to continue heating the meal. At the bottom of the preheater, the meal enters the rotary kiln. Preheaters can also include a precalcinator.
<b>Prehomogenization</b>	Process carried out in a cement factory to obtain a premix of crushed raw materials before grinding. It can be carried out discontinuously by batch (constitution of a heap during a few days while a second one is used) or continuously in circular workshops (simultaneous eccentric rotation and discharge on the heap and one in use).
<b>Pumping</b>	Process of conveying the concrete from a feed hopper to the pouring site via tubes. It can carry the concrete to horizontal distances of up to 400 m (or even 1.5 km) and vertical distances of 100 m (or even 300 m).
<b>Quarry</b>	Materials extraction site subject to the provisions governing "Installations Classées pour la Protection de l'environnement" (sites subject to environmental protection regulations). These sites are generally open-air, except for the Chartreuse underground quarries where stone fired to make quick-setting cement is extracted. Quarries produce the natural raw materials required to make cement or for the production of aggregates used in ready-mixed concrete or earthworks. Quarries are generally worked by blasting in the case of solid rock seams. Loose and alluvial materials, in or out of water, are extracted by machine. Quarries are operated under strict environmental controls in compliance with a prefectural order implementing an administrative instruction based on a large number of studies, including an impact assessment. As far as possible, reinstatement agreed with the local authority and local community is part of the operation and is carried out as the faces advance.
<b>Raw material</b>	Name given to the raw material processed in the cement kiln.
<b>Raw mill</b>	Grinding plant. In a cement works, this may be a ball mill, roller mill or vertical mill.
<b>Ready-mixed concrete</b>	Concrete made in a plant remote from the construction site or on the site, mixed in a stationary mixer, delivered by the manufacturer to the user in a fresh state and ready to use.
<b>Roller aggregate</b>	Aggregate of alluvial origin made up of round-shaped grains.
<b>Sand</b>	Aggregate of diameter < 6.3 mm.
<b>Screed</b>	Thin layer of cement mortar (3 to 5 cm) poured on to a concrete floor in order to render it flat.
<b>Setting</b>	Start of the development of the strength of the concrete, mortar or the cement paste. It is assessed by the setting test (NF P 15-431, NF EN 196-3).
<b>Setting regulator</b>	Cement component intended to slow down the hydration reactions. Gypsum and calcium sulfate are most commonly used.
<b>Setting time</b>	The setting time for cements is determined by observing the penetration of a needle into a cement paste of standardized consistency ("standard" paste) up to a specified depth (NF EN 196-3). The device, known as "Vicat apparatus", makes it possible to measure the interval between the start of water/cement contact and the start of setting (penetration of the Vicat needle up to 4 mm from the bottom), as well as the end of setting (virtually no penetration).
<b>Silica fume</b>	Silica fume is a by-product of the production of silicon and its alloys. It is obtained by condensation of SiO gas or by oxidation of Si metal on the surface of the electrometallurgy furnaces, the fumes of which are collected and filtered. This microsilica is generally condensed in order to facilitate storage and handling. Silica fume appears as spherical elementary amorphous silica balls (SiO <sub>2</sub> ) of a diameter between 0.1 and 0.5 µm. Their silica content varies from 70 to 98% depending on the manufacturing plant and the alloy produced. In concretes, silica fume acts according to two mechanisms: <ul style="list-style-type: none"> <li>■ by a granular effect related to the shape and the extreme fineness of the powder;</li> <li>■ by pozzolanic reaction due to the high amorphous silica content.</li> </ul>

<b>Silo</b>	High-capacity tank, generally cylindrical, intended for dry materials (sands, cements, etc.). Made of steel or concrete, loaded from above and unloaded from below, it is equipped with various types of extraction devices. See "Hopper".
<b>Slag</b>	By-product of the manufacture of cast iron from metal industry blast furnaces. It has hydraulic characteristics similar to that of clinker, and is, therefore, used as a component of certain cements.
<b>Standard</b>	Document specifying a set of technical or other specifications, drafted in collaboration with the parties concerned (representatives of manufacturers, users, consumers, authorities, and specialist organizations such as the CSTB). Standards require ministerial decrees to make them mandatory. There are various types: test, performance, safety and terminology standards. An ISO standard is a standard drafted and/or adopted by the International Standardization Organization. An EN standard is a standard adopted by the European Committee for Standardization. A referenced standard NF EN ISO + No. reproduces in full the European standard, which in turn reproduces the international standard with the same number.
<b>Strength of a concrete</b>	All behavioral characteristics under compression, traction and bending stresses. In France, the strength of concrete structures is conventionally checked 28 days after their installation. In the United States, the period is 56 days.
<b>Sulfoaluminous clinker</b>	Basic component of a sulfoaluminous cement, comprised of raw materials that essentially contain the following oxides: CaO, Al <sub>2</sub> O <sub>3</sub> , SiO <sub>2</sub> , Fe <sub>2</sub> O <sub>3</sub> , SO <sub>3</sub> , and other minor elements. This clinker is obtained by firing at a temperature of around 1,300°C.
<b>Therm (th)</b>	Unit of heat energy. 1 therm = 1,000 kilocalories = 1,000,000 calories. This unit is replaced by the energy unit, the joule (J): 1 thermie = 4.1855 MJ (4,185,500 J). The specific consumption of the cement kiln is measured: in therms per tonne of clinker (old units); or in gigajoules per tonne of clinker (new units). Example: a kiln consumes 850 therms per tonne of clinker, which is the equivalent of 3,558 megajoules per tonne produced.
<b>Truck mixer</b>	See "Mixer truck".
<b>Ultra-High-Performance Fiber-Reinforced concrete (UHPC)</b>	The addition of metallic fibers increases this concrete's tensile capacity under bending and shear stress. Differing from high-performance concrete (HPC) through its ability to avoid the use of traditional steel reinforcement, compressive strength greater than 130 MPa, and direct tensile strength greater than 10 MPa.
<b>X-ray diffraction (analysis)</b>	This technique is used to determine the mineral composition of cement, clinker or raw meal. It allows for rapid and very precise controls at various stages of the cement manufacturing process. For this analysis, which takes only a few minutes, samples in the form of pressed powder pellets or diluted in a glass bead medium are exposed to an X-ray beam. The beam emitted by a powerful X-ray tube interacts with the sample, provoking the dispersion of the beam in a range of directions. The analysis of the resulting X-ray diffraction pattern – or "diffractogram" – allows for the determination of the minerals contained in the sample and their concentrations.
<b>X-ray fluorescence (analysis)</b>	This technique is used to determine the chemical composition of cement or raw meal. It allows for rapid and very precise controls at various stages of the cement manufacturing process. For this analysis, which takes only a few minutes, samples in the form of pressed powder pellets or diluted in a glass bead medium are exposed to an X-ray beam. The beam emitted by a powerful X-ray tube excites the elements contained in the sample. When using X-ray fluorescence, the excited atoms in turn emit X-rays along a spectrum of wavelengths characteristic of the types of atoms present in the sample. By measuring their intensity, the concentration of each chemical element can be obtained.

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