REGISTRATION DOCUMENT

AND ANNUAL FINANCIAL REPORT

2017

VICAT

THE ANNUAL FINANCIAL DATE ARE CLEARLY IDENTIFIED IN THE TABLE OF CONTENTS VIA THE AFR PICTOGRAM

2017 REGISTRATION DOCUMENT

including the annual financial report

BICENTENARY OF THE INVENTION OF
ARTIFICIAL CEMENT BY LOUIS VICAT

PROFILE

The VICAT Group in 2017

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.

Vicat recorded a satisfactory performance in 2017 in an extremely mixed environment. The dynamic work of the Group's commercial teams, combined with good cost control, provided a buffer against the challenging meteorological, monetary and geopolitical conditions in some of its markets. The Group has an organic growth reserve in several of its key markets which corresponds to roughly a quarter of its installed cement production capacity.

Given its strong financial position, the Vicat Group is now well positioned to capitalize on development opportunities and pursue its profitable growth strategy.

Message
From the Chairman and CEO

In 2017 Vicat consolidated its positions.

In 2017 Vicat consolidated its positions and reduced debt, despite a tough environment at the start of the year due to some inclement weather and turmoil in Egypt following devaluation of its currency. Group operating profitability improved in France, Asia and the USA. The second half brought a dynamic upturn in Group activity and a progression in earnings.

This performance is due to the commitment and tenacity of the Group's 8,400 employees in the eleven countries where Vicat operates. I take this opportunity to offer them our warmest thanks.

2017 also marked the bicentenary of the invention of artificial cement by Louis Vicat. This illustrates both the company's place in history and its modernity, as shown by our modern manufacturing processes and new applications for cements and concretes.

Enhanced cement performance and new functionalities from concretes developed in our laboratories have been demonstrated on several remarkable projects. The Thouaré-sur-Loire bridge, for example, was brought quickly back into service and was slimmed down to half its previous weight thanks to SMART'UP concrete; another example is the work to re-surface runways which limited air traffic interruption to just six hours, thanks to the technical qualities of ALPENAT cement.

The Group's actions in 2018 will be driven by the same targets: reduction in costs, gradual elimination of fossil fuels, streamlining of processes, improvement of commercial interfaces and optimization of logistics through integration of digital technologies.

Finally, the reduction of the Group's financial debt enables it to envisage new developments and to return, in the years to come, to its external growth strategy.

Guy Sidos

The reduction of the Group's financial debt enables it to envisage new developments and to return, in the years to come, to its external growth strategy.

Bharathi Cement factory in the State of Andhra Pradesh, India

PRESENTATION OF THE GROUP

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1.1. Profile

The Vicat Group has real know-how in cement, ready-mixed Concrete & Aggregates businesses, and was born with the invention of artificial cement by Louis Vicat in 1817. This tradition of innovation and technical excellence has continued over two centuries through research, discoveries and participation in countless buildings and complex civil engineering structures.

Cement is the 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 49% of the Vicat Group's consolidated sales revenues in 2017.

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 operating 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 revenues generated outside France has risen steadily and rapidly, from 43% in 2000 to 65% in 2017 (including 34% in emerging countries).

Wherever justified by market conditions, the Group pursues a policy of vertical integration into Ready-mixed Concrete & Aggregates, which accounted for 39% of consolidated sales revenues in 2017.

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.

€2,563 M
in sales

8,346
employees

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

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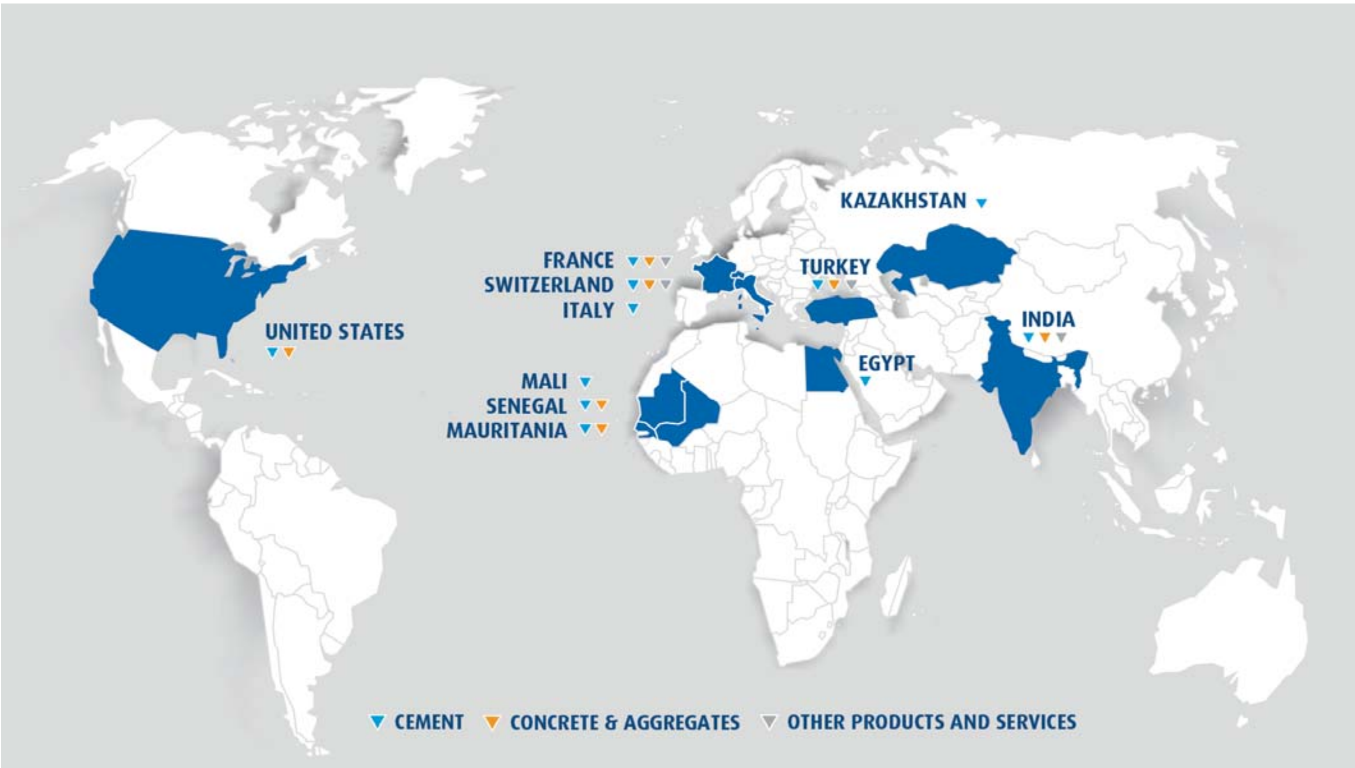


11 operating **countries**

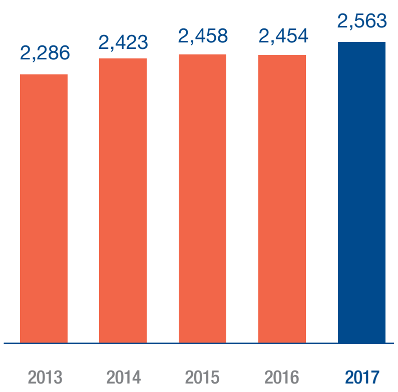
22.9 million tonnes of **cement**

9.7 million m^3 of **concrete**

24.4 million tonnes of **aggregates**

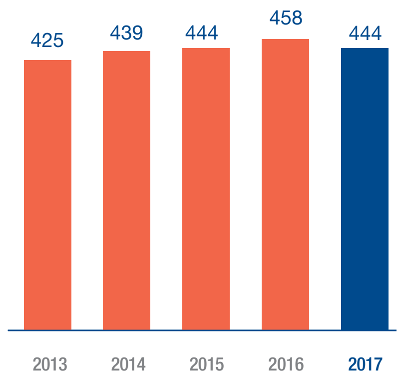
1.2. Key figures

CONSOLIDATED SALES REVENUES
(in millions of euros)



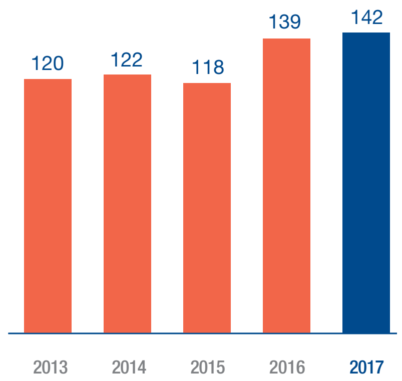
Consolidated sales revenues for 2017 were € 2,563 million, up 4.5% and 6.4% at constant consolidation scope and exchange rates compared with 2016.

EBITDA*(1)
(in millions of euros)



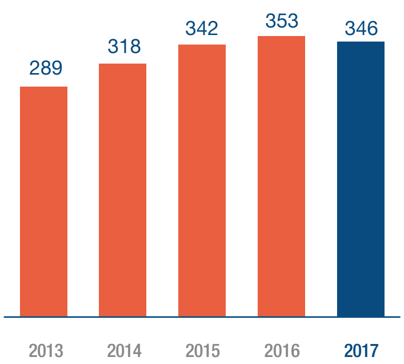
Group consolidated EBITDA, at € 444 million, was down 3.0% compared with 2016 and down 3.4% at constant consolidation scope and exchange rates.

NET INCOME, GROUP SHARE*
(in millions of euros)



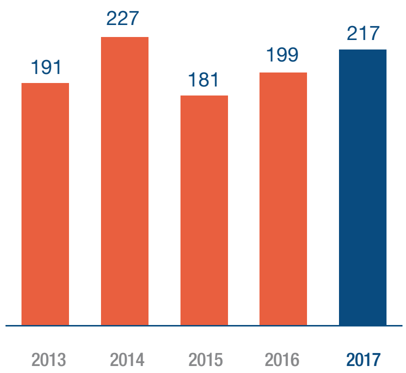
Consolidated net income, group share was € 142 million, up 2.2% compared with the 2016 result at constant consolidation scope and exchange rates.

OPERATING CASH FLOW*
(in millions of euros)



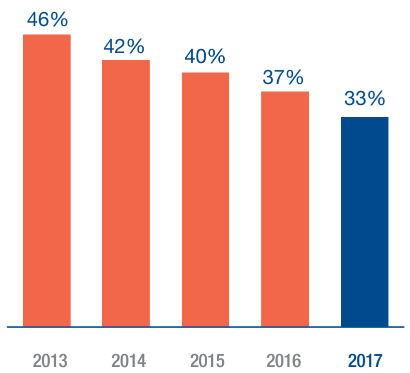
Cash flows from operations amounted to € 346 million, generating free cash flow of € 179 million in 2017.

TOTAL INVESTMENTS*
(in millions of euros)



Investments in 2017 amounted to € 217 million, following the same trend as the past four years, in accordance with the Group's strategy.

NET DEBT/EQUITY
(in %)



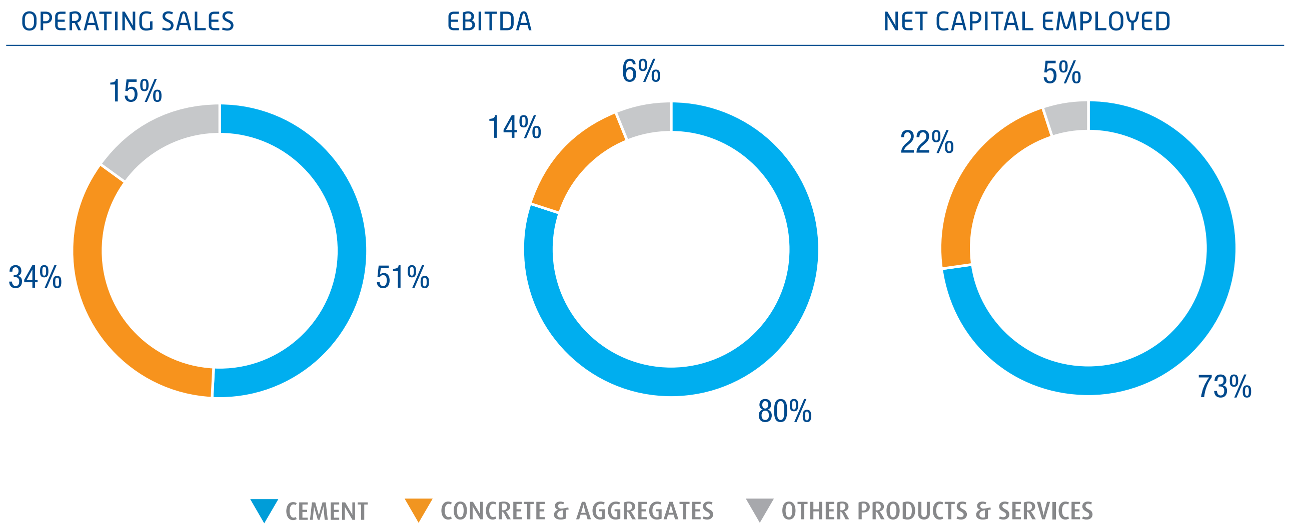
On the basis of consolidated shareholders' equity, the gearing (2) ratio was 32.7% as at December 31, 2017, compared with 36.9% as at December 31, 2016.

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

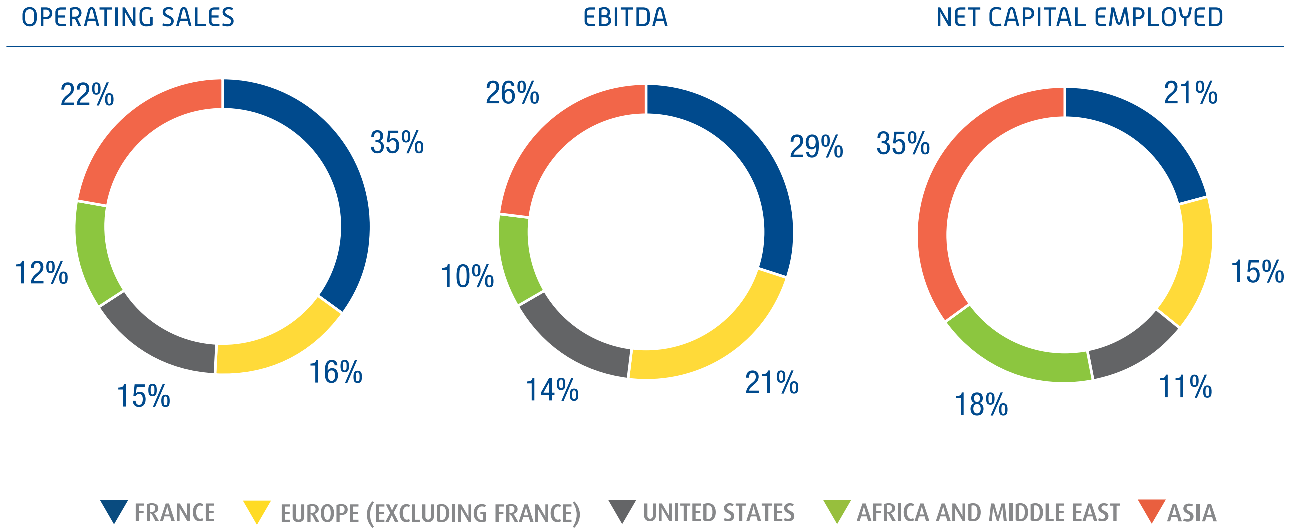
(2) Gearing is a ratio concerning the financial structure and is equal to net debt over consolidated shareholders' equity.

** Figures for 2013 to 2015 have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of these restatements is explained in note 1.7 to the consolidated financial statements*

BY BUSINESS SEGMENT (2017)



BY GEOGRAPHICAL AREA (2017)



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 departement 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 Île-de-France, Centre, Rhône-Alpes and Provence-Alpes-Côte d'Azur (PACA) regions.

1987

Acquisition of the Lebec factory (California, United States)

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 businessesCement, Concrete, Aggregates, Precast Concretethe 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.

2003

Acquisition of Sinaï Cement Company in Egypt

Vicat Group has acquired an interest in the capital of Sinaï Cement Company as part of a majority partnership in which the Group owns the majority. Today, the El Arish cement factory located in the northern Sinaï Peninsula has a cement production capacity of 3.6 million tonnes.

2004

Establishment in Mali

Construction of a cement distribution station in Bamako.

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

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.

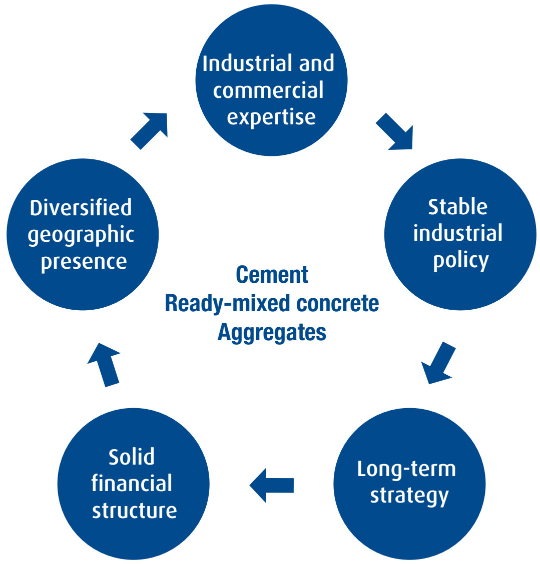
2017

Bicentenary of the invention of artificial cement and creation of the Louis Vicat Foundation

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 & Aggregates markets by vertical integration, in order to secure its access to the cement-consuming markets. It also benefits from synergies with complementary activities, 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 Company 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 vigorously respond 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 the construction of greenfield plants.

The Group's production facilities are described in section 1.5 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 40 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 34.7% of its consolidated sales revenues in France, 16.0% in Europe (excluding France), 15.3% in the United States, and 34.0% 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.

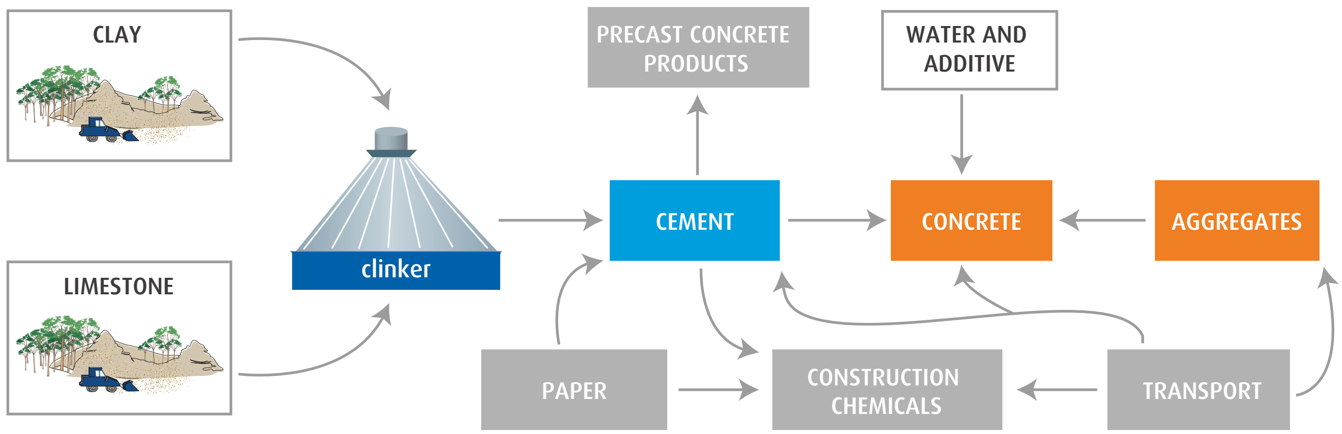
1.5. Description of businesses

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: the 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. The importance of products from the recovery and recycling of deconstruction waste is increasing year on year, a consequence of the Group's desire to help the environment and be part of the circular economy.

Other products and 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, 2017, the Group employed 8,460 people worldwide, and recorded 65% of its consolidated sales revenues 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	▼		
United States	▼	▼	
Egypt	▼		
Senegal	▼	▼	
Mali	▼		
Mauritania	▼	▼	
Turkey	▼	▼	▼
India	▼	▼	▼
Kazakhstan	▼		

Consolidated sales revenues by business segment in 2017

(in millions of euros)	2017	%
Cement	1,245	48.6
Concrete & Aggregates	988	38.5
Other Products & Services	330	12.9
TOTAL	**2,563**	**100.0**

The share of the Group's core business contributed by Cement, Concrete & Aggregates remained fairly stable in 2017 at over 87% of consolidated sales revenues.

EBITDA by business segment in 2017

(in millions of euros)	2017	%
Cement	353	79.6
Concrete & Aggregates	65	14.5
Other Products & Services	26	5.9
TOTAL	**444**	**100.0**

This breakdown must be understood by referring to the relative significance of the capital employed in each activity, see section 1.2 "Key figures" of this Registration Document.

See section 2.2 of the Registration Document for the examination of the financial position and results.

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, 2017, the Group's worldwide Cement business comprised 15 cement plants and 5 Clinker grinding plants. In France, the Group also operates two factories specializing in natural fast-setting cement. The Group's cement volume sales in 2017 (before intra-group eliminations) amounted to 22.9 million tonnes (compared with 21.9 million tonnes in 2016 and 19.8 million tonnes in 2015). In 2017, this segment thus accounted for 48.6% of the Group's consolidated sales revenues (50.7% in 2016 and 51.1% in 2015) and 79.6% of the Group's EBITDA (83.1% in 2016 and 80.7% in 2015).

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 cement	The most frequently used cements in residential construction, for classic reinforced concrete structures
CEM II	Portland composite cements	
CEM III	Blast furnace cement	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 V	Slag cements	
CEM IV	Pozzolan cements	Conventional cements using mineral products of volcanic origin with hydraulic properties.

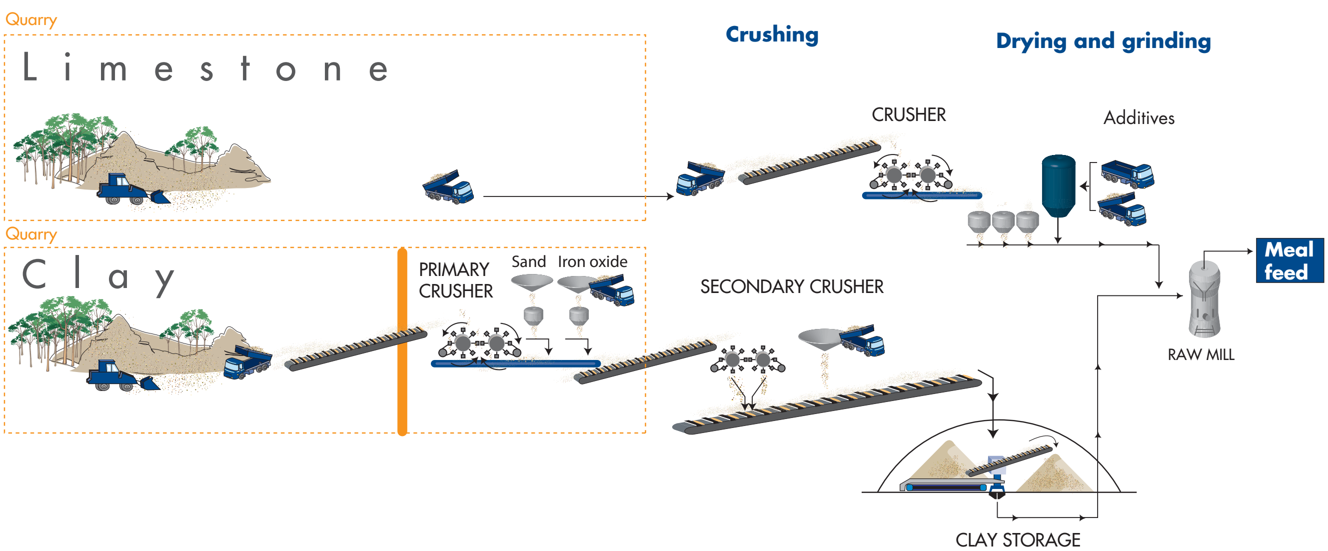
Natural quick-setting cement has been added to these categories: a special quick-hardening cement, whose strength is immediately superior and increases gradually over time. For 160 years, the Group has produced its quick-setting cement from a natural alpine stone, with an exceptional performance offering 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 & development programs on its products and their applications, advancing the knowledge of these products and optimizing their use (see section 1.8 "Research & development" of this Registration Document).

1.5.1.2. Manufacturing methods

Cement is manufactured, in the dry process, 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;
- preparation of the raw material: the materials extracted from the quarries (limestone and clay) are finely crushed until rock meals 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 homogeneousness of the material on entry to the kiln, and its regularity over time, are fundamental elements in controlling the production process;



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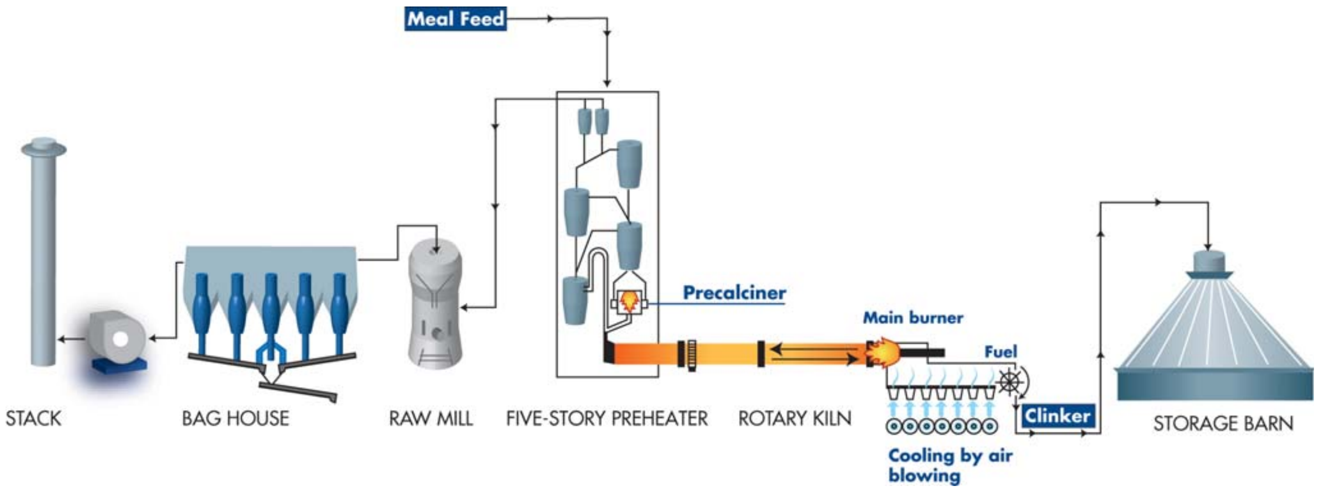
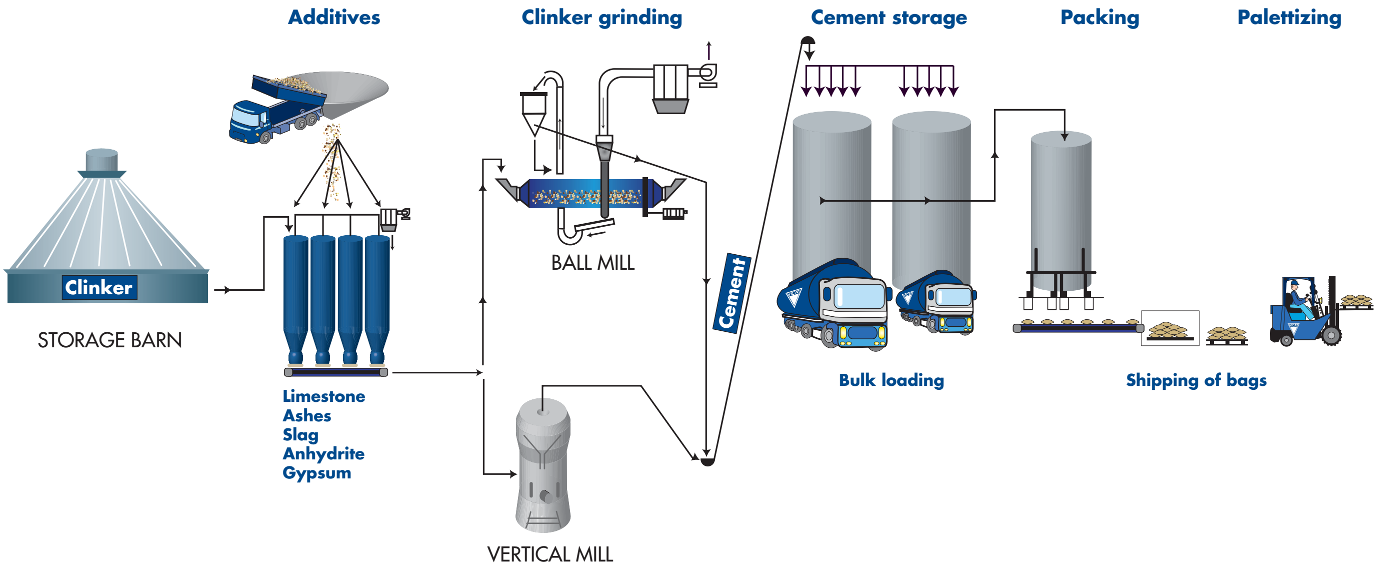
- the kiln system includes a heat exchanger cyclone tower, where the raw meal is introduced after being heated by the exhaust fumes from the revolving kiln (pre-calcination phase). The raw meal undergoes complex chemical reactions during this firing: first, limestone is decarbonated under the action 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 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 over 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 2017, 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 2017, the share of alternative fuels in the Group's Cement Manufacturing business was 25.2% on average (compared with 24.6% in 2016 and in 2015), with significant variations (from 0% to 90%) depending on the availability of fuels in the countries where Vicat operates.

For further information on alternative fuels, see section 1.8 "Research & development" and section 3.2.3.3 "Increasing the rate of replacement of fossil fuels by alternative fuels and the share of renewable energies" 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. You may also refer to section 3.2.2.1 "A sustainable management of natural resources" in the Corporate Social Responsibility report included in this Registration Document.

1.5.1.3. Operations and production facilities

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 the country, and particularly in the southeastern quarter of the country. 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. 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
France	**4.6 million tonnes**	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.
United States	**2.6 million tonnes**	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.

Country	Production capacities	Sites	Key dates
Turkey	**4.8 million tonnes**	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.
Senegal	**3.5 million tonnes**	Rufisque (3 dry process kilns)	In 1999, the Group took over Sococim Industries, which operates a cement factory near the capital, Dakar.
Switzerland	**0.9 million tonnes**	Reuchenette (1 dry process kiln)	The acquisition of Vigier in 2001 allowed the Group to expand its presence in Europe.
Egypt	**3.6 million tonnes**	El Arish (2 dry process kilns)	At the beginning of 2003, the Group took a strategic holding in the Sinaï Cement Company, owner of a cement factory built in 2001, located 40 km from El Arish harbor.
Italy	**0.5 million tonnes**	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).
Mali		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.
Kazakhstan	**1.4 million tonnes**	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.
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)	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.
		Kadapa (2 dry process kilns)	In April 2010, the Group acquired 51% of the company Bharathi Cement. This company had a plant with 2.5 million tonnes of capacity, 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 48 years remaining. In addition, except for some vehicles (such as loaders, trucks and wagons), 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 [1] cement industry remains fragmented: in 2016, the world leader had a global market share of less than 7%.

(1) Source: Global cement report.

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). 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.

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. 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 countries where Vicat operates 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 248 concrete batching plants distributed over five countries as at December 31, 2017, and its companies sold more than 9.7 million m^3 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 concretes, developed for specific applications by its research and development laboratory, thus meeting its customers' needs and constraints; the Group markets the following concretes in France:

Flexiperf	Fluid concretes and mortars	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 concretes	*The Stylperf range offers a variety of textures, appearances and colors so that our clients can let their creativity develop*
Defiperf	Specific concretes	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	Specific properties and prescribed composition concrete paving	*BVperf guarantees works are carried out in accordance with good practices and environmental requirements.*

The Group's research & development laboratories design innovative concrete for new applications or ease of use. See section 1.8 "Research & 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. In the United States the mixing of the concrete usually takes place in the mixer truck, unlike in other countries where this operation occurs at the plant, before it is dispatched.

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 costs of concrete delivered. 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. Operations and production facilities

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, 2017, the Group operated 248 concrete batching plants, located near its principal cement production sites, forming regional networks in order to supply construction sites and urban centers:

- France: 151 concrete batching plants;
- Switzerland: 18 concrete batching plants;
- United States: 43 concrete batching plants;
- Turkey: 35 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 concrete 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 24.4 million tonnes of aggregates in 2017, produced by its 70 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, the share of which is growing every year in order to save natural resources.

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. These materials are mainly intended for earthworks, for the manufacture of bituminous mix, blocks or breeze blocks, and increasingly for manufacturing ready-mixed concrete. 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. 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. Operations and production facilities

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, 2017, the Group operated 70 quarries:

- France: 40 quarries;
- Switzerland: 20 quarries;
- Turkey: 7 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 paragraph 3.2.2.1, "Sustainable management of natural resources" 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 and reduces transport costs.

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 and 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

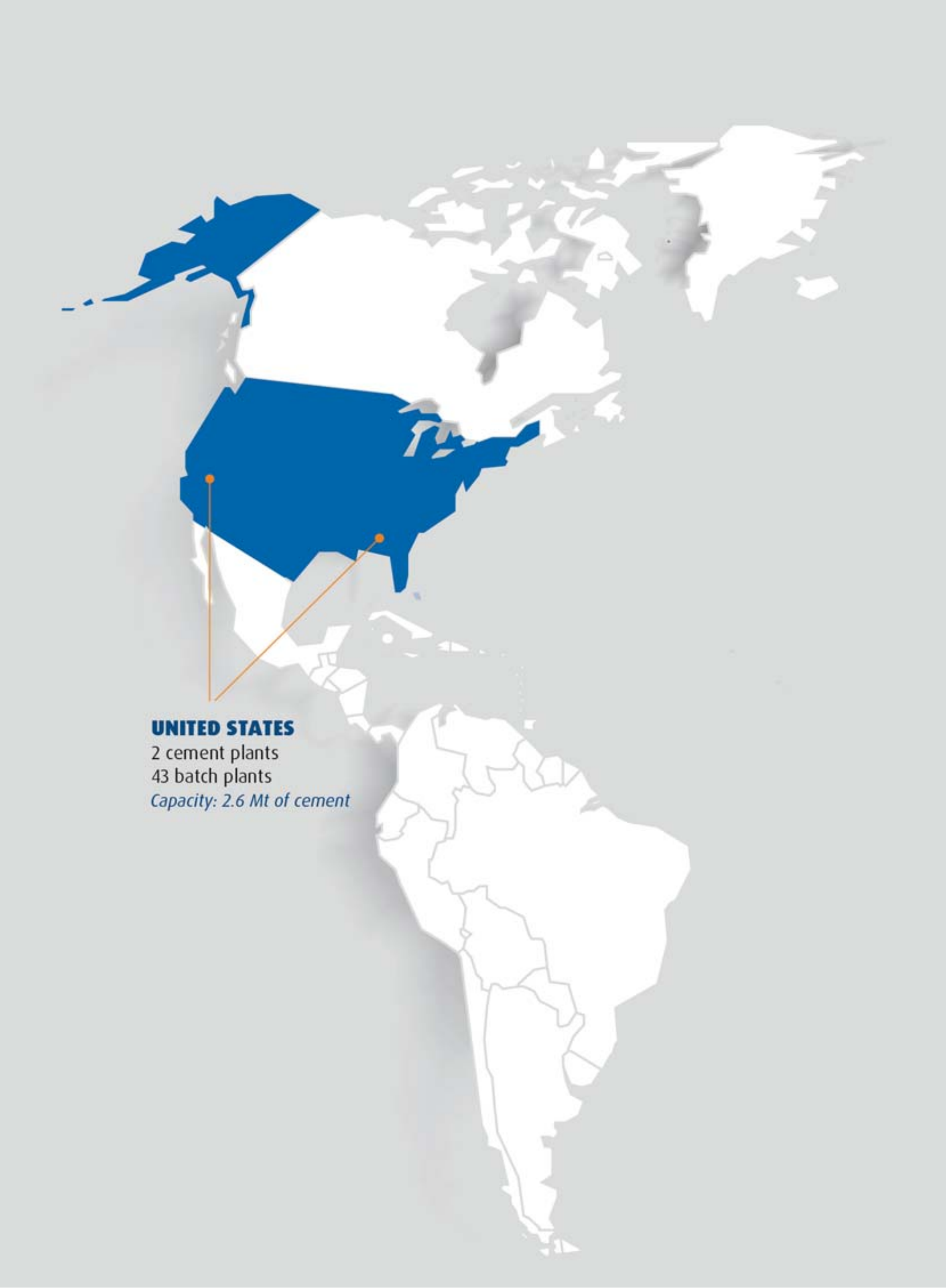
15
Cement plants

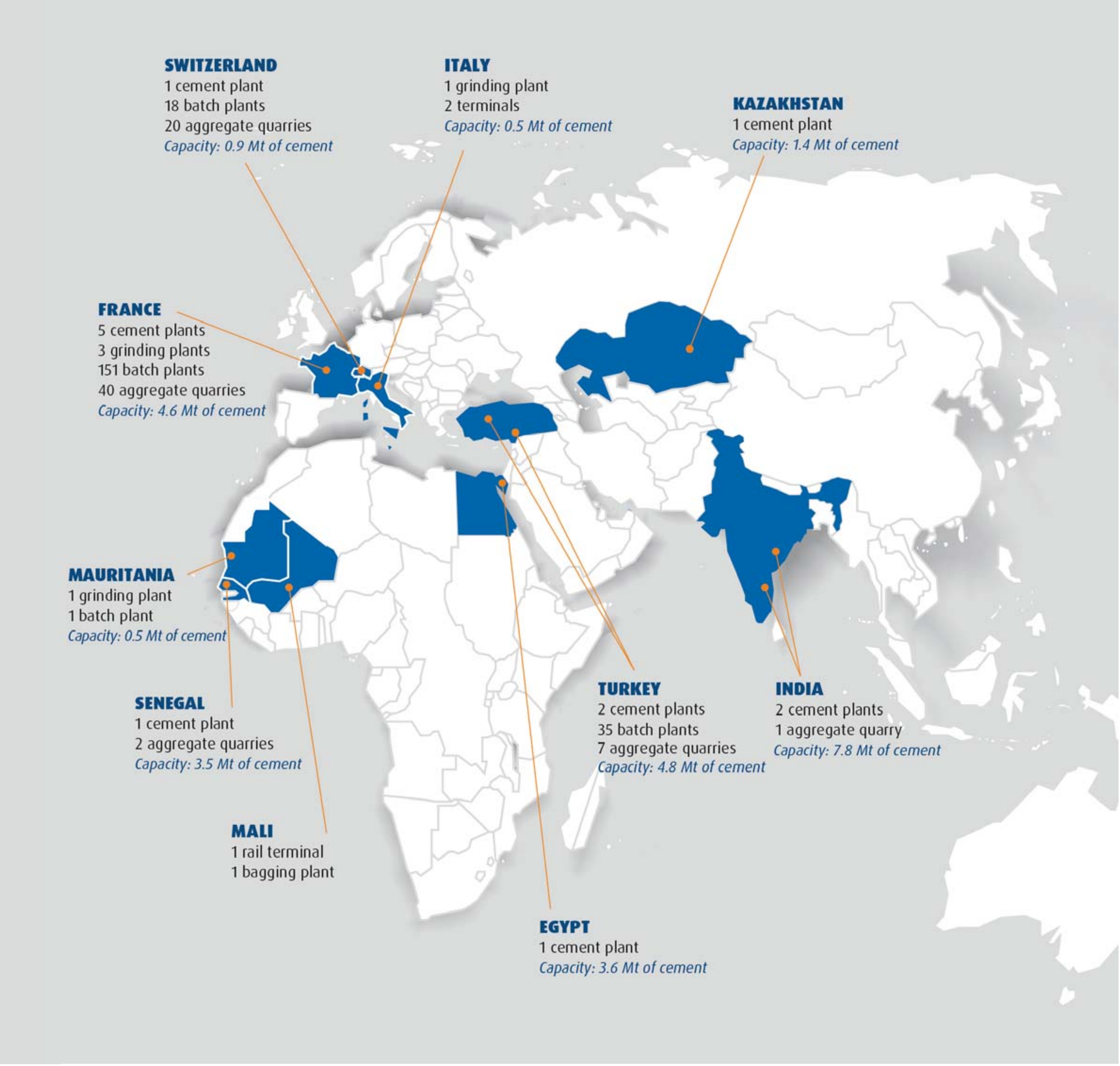
5
Grinding plants

30.2
million tonnes of cement capacity

248
Concrete batching plants

70
Aggregate quarries

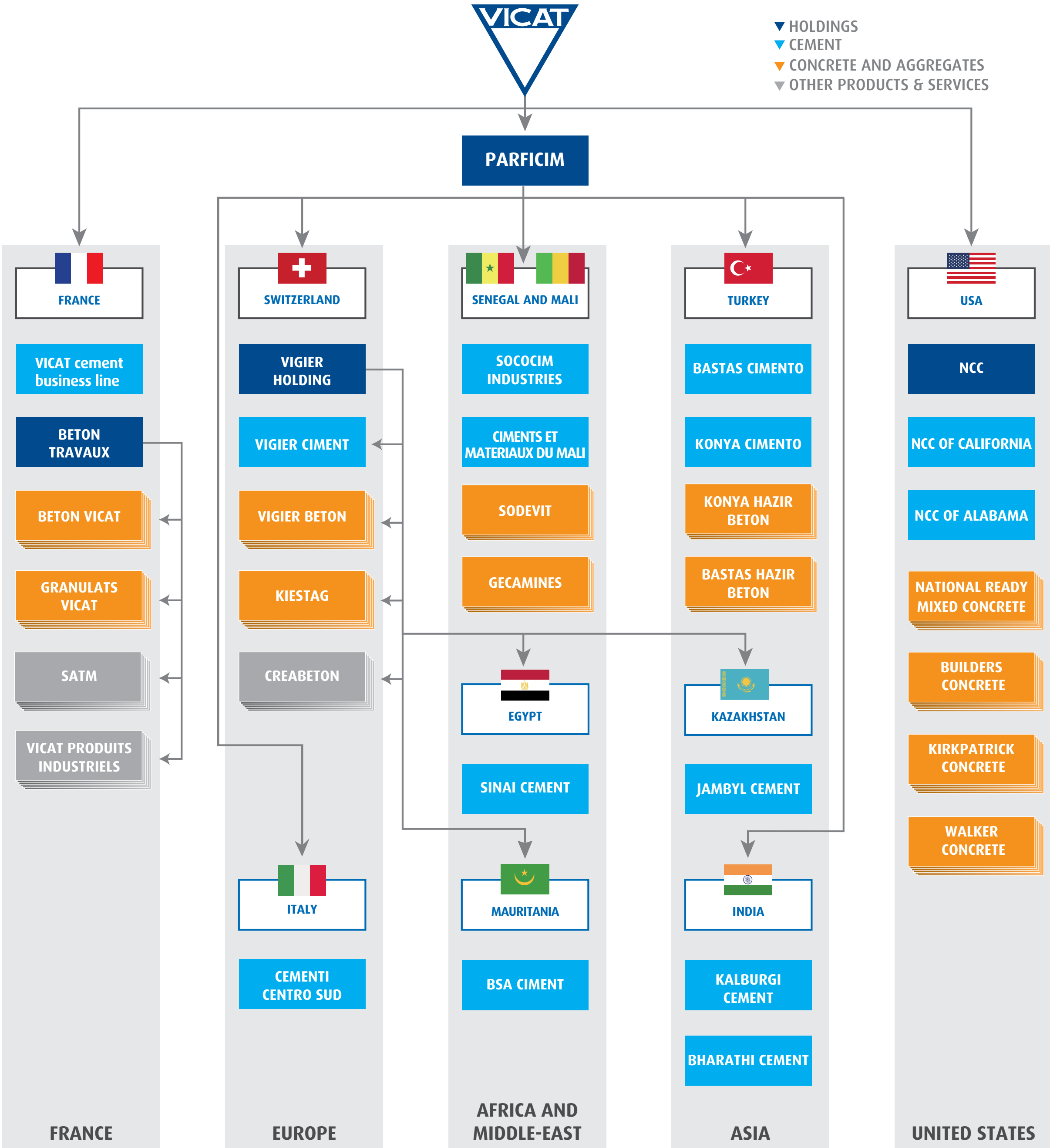



SWITZERLAND
1 cement plant
18 batch plants
20 aggregate quarries
Capacity: 0.9 Mt of cement
ITALY
1 grinding plant
2 terminals
Capacity: 0.5 Mt of cement
KAZAKHSTAN
1 cement plant
Capacity: 1.4 Mt of cement
FRANCE
5 cement plants
3 grinding plants
151 batch plants
40 aggregate quarries
Capacity: 4.6 Mt of cement
MAURITANIA
1 grinding plant
1 batch plant
Capacity: 0.5 Mt of cement
SENEGAL
1 cement plant
2 aggregate quarries
Capacity: 3.5 Mt of cement
MALI
1 rail terminal
1 bagging plant
TURKEY
2 cement plants
35 batch plants
7 aggregate quarries
Capacity: 4.8 Mt of cement
INDIA
2 cement plants
1 aggregate quarry
Capacity: 7.8 Mt of cement
EGYPT
1 cement plant
Capacity: 3.6 Mt of cement

1.6. Simplified organization chart

The organization chart below summarizes the principal links between the Group's companies (132 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.



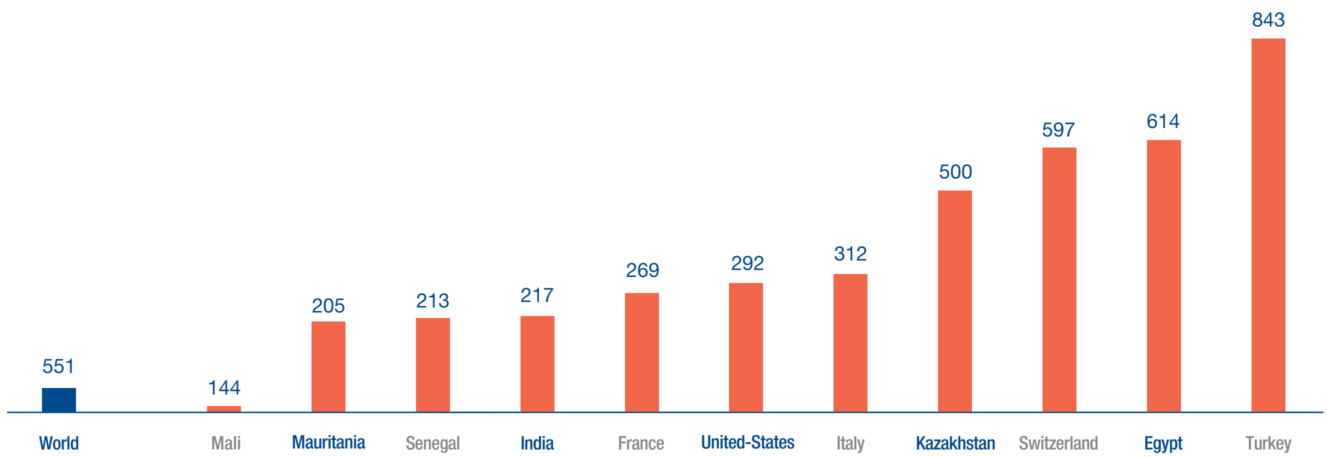
Some of the subsidiaries directly and indirectly controlled by the Group have minority shareholders who may be industrial or financial partners, or historical shareholders in the subsidiary in question before it was acquired by the Group. The presence of these minority shareholders may lead to the signing 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, 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 8.4 "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 2016 (KG PER CAPITA)

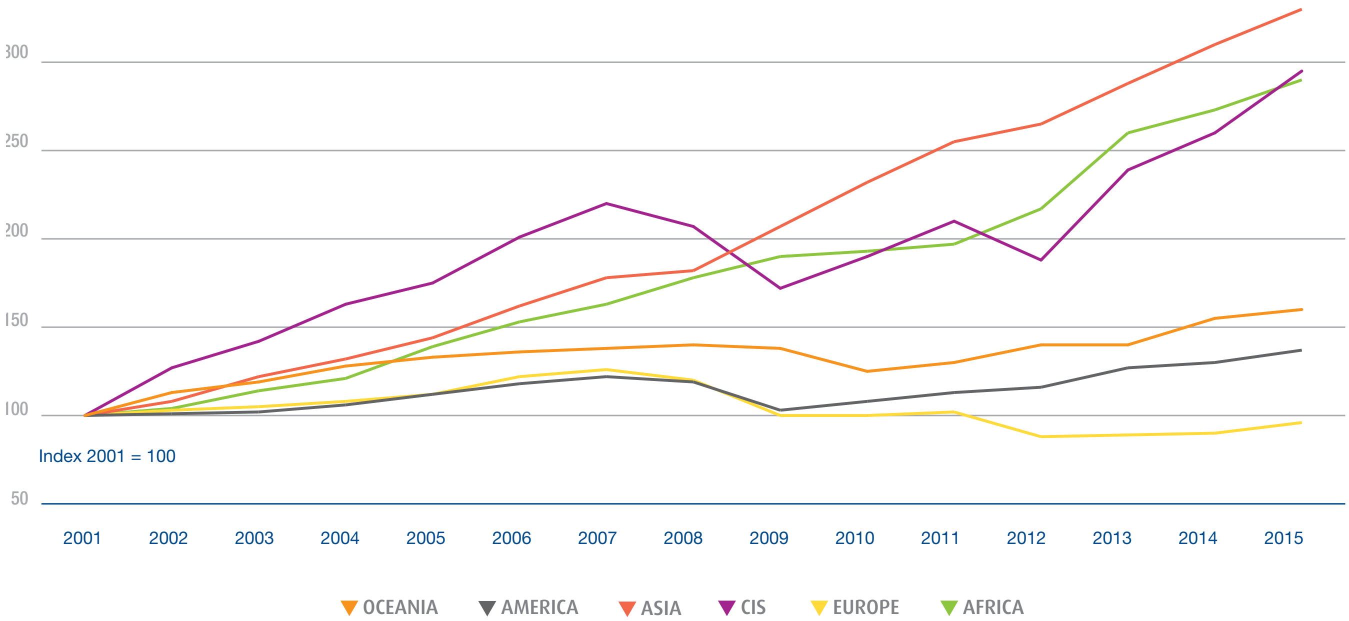


Sources: Global cement report, Infociments for France, internal sources.

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 revenues by geographic area in 2017

(in millions of euros)	2017	%
France	890	34.7
Europe (excluding France)	410	16.0
United States	393	15.3
Africa & Middle East	291	11.4
Asia	579	22.6
TOTAL	**2,563**	**100.0**

Due to the Group's significant geographic diversification efforts in recent years, the portion of sales revenues generated in emerging countries with strong economic growth reached 34% of the Group's consolidated sales revenues in 2017.

CEMENT SALES VOLUMES

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

(in thousands of tonnes) [(1)]	2017	2016	2015
France	2,970	2,953	2,786
Switzerland	936	924	899
Italy	166	182	175
United States	2,165	2,005	1,933
Senegal/Mali/Mauritania	2,834	2,955	2,874
Egypt	2,407	2,624	2,058
Turkey	4,648	4,034	3,686
India	5,472	4,835	4,045
Kazakhstan	1,345	1,363	1,336
TOTAL	**22,943**	**21,875**	**19,792**

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

Intra-group cement sales accounted for 17.5% of this business in the Group, with a significant disparity, ranging from 0% to 34% depending on the operating regions.

CONCRETE VOLUMES SOLD

The Group operates 248 concrete batching plants which produced and sold 9.7 million m^3 of concrete in 2017.

(in thousands of m^3)	2017	2016	2015
France	3,336	2,888	2,777
Switzerland	703	741	744
United States	2,215	2,054	2,152
Turkey	3,429	3,140	2,860
Mauritania	2	5	2
TOTAL	**9,686**	**8,828**	**8,535**

AGGREGATES SALES VOLUMES

The 70 quarries operated by the Group's Aggregates business sold 24.4 million tonnes of aggregates in 2017.

(in thousands of tons)	2017	2016	2015
France	9,842	8,967	8,995
Switzerland	2,732	2,971	3,147
Senegal	3,554	2,862	2,401
Turkey	7,864	6,578	5,592
India	415	727	810
TOTAL	**24,407**	**22,105**	**20,945**

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

	2017	2016	Change
Cement *(in thousands of tonnes)*	2,970	2,953	+0.6%
Concrete *(in thousands of m³)*	3,336	2,888	+15.5%
Aggregates *(in thousands of tonnes)*	9,842	8,967	+9.8%

The French economy registered a marked upturn in 2017. GDP growth is expected to be in the region of 1.9% in 2017. The euro zone is benefiting from a buoyant environment, notably in the context of an upturn of the global economy.

A total of 418,900 new homes were built in 2017, an increase of 15.7% compared with 2016. 497,000 homes were authorized in 2017, up 8.2% compared with 2016 [1].

Public works projects increased by 0.8% compared with 2016 [2]. New Orders backlog is favorable (+5.5%), which is a good sign for the development of activity over the next few months. The level of activity is still well below that of 2008 following the slump of recent years.

1.7.1.1. Cement

The French cement market is mature, with consumption of around 18 million tonnes in 2017. 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.

Between 2007 and 2015, market volumes have fallen by more than 30%, an average annual decrease of 3.3% over the period. 2016 marked the end of this contraction with a slight upturn of 1.5% and an estimate of almost +3.5% in 2017 [3].

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

In 2017 Vicat's sales were stable in terms of volume compared with 2016, with slight growth on the domestic market offsetting a significant fall in exports. Average selling prices have been negatively affected by an unfavorable mix in terms of geography, products and packaging.

It is worth noting the ongoing progression in the use of alternative fuels (used tires, oils, solvents etc.) enabling a reduction in the use of fossil fuels. The rate of use of these alternative fuels rose 4 points in 2017, to 53% for Vicat in France.

1.7.1.2. Ready-mixed Concrete & Aggregates

In 2017, the ready-mixed concrete market in France is expected to reach over 38 million m³ of concrete [4], i.e. a progression of about 5.6% compared with 2016. There are nearly 1,900 concrete batching plants and more than 500 companies throughout France.

The Group's 151 concrete batching plants cover 10 of the 19 French regions, which are located mainly in eastern France, and sold nearly 3.3 million m³ in 2017, accounting for approximately 8% of the national market. After years of falls, prices started to rise in 2017.

The French aggregates market rose to about 310 million tonnes in 2017 [4] (excluding recycled materials), a progression of about 3.5% compared with 2016. 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 some 50 sites, including 40 quarries, which enabled it to produce and market 9.8 million tonnes of aggregates in 2017, corresponding to around 3% of the national market. Sales volumes in 2017 were rose 9.8% compared with 2016.

1.7.1.3. Other Products and 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 and Bags business with Papeteries de Vizille.

(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

(in millions of euros)	2017	2016	Change
Transport and Major Projects	111.6	103.3	+8.1%
Vicat Produits Industriels	70.1	67.1	+4.5%
Paper	38.2	38.5	-0.8%

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.

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 revenues in this business rose by 5.3% during 2017.

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 2017, sales revenues rose sharply (+21%) compared with 2016, a year of recovery following a cyclical dip. In 2017 SATM notably continued the project to supply concretes for the coastal road in Réunion, and started work on the Grand Paris in Ile de France.

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.

The sales revenues of VPI's operations rose 4.5% en 2017, to € 70.1 million thanks to the fact that the market is finally returning to growth, a year later than the upturn in construction. Pressure on prices remained high in 2017 due to competition but VPI was able to take advantage of a good management of the products-activities mix. The civil engineering activity made notable progression compared with 2016.

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:

	2017	2016	Change
Writing and printing paper *(in tonnes)*	17,141	19,096	-10.1%
Bags *(in thousands of units)*	61,624	59,554	+3.5%

SPECIAL 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 continues 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 2017, sales of new products continued to rise, representing 71% of tonnage sold. These products relate to the markets for food packaging, baking, high security and industrial specialty paper. This growth partly offset the decline in historical markets. In 2017 Papeteries de Vizille had to deal with very marked rises in the price of raw materials, without being able to completely pass them on to their customers.

The company generated 57% of its 2017 sales revenues through exports to 42 countries, which is essential to support its strategy of positioning in growing niche markets.

PRODUCTION OF PAPER BAGS

The bags 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 alimentation. 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 revenues in the bags business accordingly grew by 3.5%.

1.7.2. Europe (excluding France)

Group sales volumes in Europe (excluding France)

	2017	2016	Change
Cement *(in thousands of tonnes)*	1,102	1,106	-0.0%
Concrete *(in thousands of m^3)*	703	741	-5.2%
Aggregates *(in thousands of tonnes)*	2,732	2,971	-8.0%

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.

Growth in Switzerland will have been moderate in 2017, at a rate close to 1%. The euro strengthened against the Swiss franc throughout 2017 to return to a level close to that of 2014 before the abandonment of the minimum exchange rate of 1.20 Swiss francs to the euro.

Cement

The demand for cement in Switzerland is close to 5 million tonnes, which represents nearly 600 kg of cement consumption per capita, a very high level of demand for a mature market. Domestic deliveries look to have fallen by about 2.8% in 2017 compared with the previous year.

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. LafargeHolcim 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 Ciment registered steady sales by volume in 2017, at 936,000 tonnes, a growth of 1.3% compared with 2016. Pressure on prices from neighboring countries remains strong despite the weakening of the Swiss franc.

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 18 concrete batching plants spread over the western half of Switzerland. These plants produced 0.70 million m^3 in 2017, down 5.2% compared with the previous year.

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

Vigier operates 20 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 8.0% compared with the previous year, falling to 2.7 million tonnes in 2017. The landfill business is progressing in this country where the environment is a major issue.

Other Products and 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 revenues amounted to € 135 million in 2017, up from € 121 million in 2016, representing 402 thousand tonnes of concrete products. The 12% rise in sales revenues, at a constant tonnage, for the most part is the result of a "favourable mix" effect, with a strong progression in rail activity volumes.

1.7.2.2. Italy

With consumption slightly over 18 million tonnes of cement in 2017 (1), Italy seems to be finally at the end of a decade-long crisis during which volumes have fallen by over 60%.

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, which jointly produced 0.17 million tonnes of 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 fast-changing market.

1.7.3. United States

Group sales volumes in the United States

	2017	2016	Change
Cement *(in thousands of tonnes)*	2,165	2,005	+8.0%
Concrete *(in thousands of m^3)*	2,215	2,054	+7.8%

Following a 1.6% increase in GDP for 2016, the USA is expected to post growth of approximately 2.3% in 2017. At the national level, construction

(1) Estimated value.

expenditure is still rising (+3.8%) mainly thanks to the private sector. Public works (-2.5%) continue to suffer from a lack of funding.

The Group is active in two main regions: California and the South-East (chiefly Alabama and Georgia) which are markets capable of developing at a very different rate.

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 registered an upturn in growth since. Domestic consumption is estimated to be 97 million tonnes in 2017 [(1)], representing growth of 2.3% compared with 2016. Per capita consumption remains moderate (at about 290 kg per capita), due in particular to a preference for construction using wood.

The American cement industry generally 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 [(2)]:

(in millions of tonnes)	2017	2016	Change
South-East	10.6	10.5	+0.8%
California	10.2	9.3	+9.2%
TOTAL UNITED STATES	**97.2**	**95.1**	**+2.2%**

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, there have been markedly contrasted cement consumption trends by market, opposite to those of the previous year: growth of 9% for California and just 1% for the South-East.

The Group's competitors in the two markets in which it operates in the United States are HeidelbergCement, LafargeHolcim, Argos, Cemex, and Buzzi Unicem in the South-East and Cemex, HeidelbergCement, Cal Portland Cement and Mitsubishi in California.

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

The Group's sales volumes rose by 8% in 2017 compared with 2016, an average of these two zones masking the specific regional factors.

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 266 million m^3 in 2017 [(3)]. After falling by over 40% in the period between 2007 and 2010, the market began to recover in 2011. With an improvement of about 1.6% in 2017, it has now climbed back nearly 31% from its low point. This average, however, masks contrasting regional pictures, as indicated for the Cement business: strong growth in California but very slight in the South East.

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.

In 2017, the Group's ready-mixed concrete market in the South-East (Alabama and Georgia) accounted for a production of nearly 11.4 million m^3, around a 1% increase over 2016 [(3)]. The ready-mixed concrete market in California accounted for a production of 28 million m^3 in 2017, up by about 8% compared with the previous [(3)] year.

The Group has grown through successive acquisitions and runs 43 plants in North America, mainly through Kirkpatrick Concrete, National Ready mix, Walker Concrete and Builders Concrete. These plants produced a combined total of 2,2 million m^3 in 2017 (of which 73% in California and 27% in the South-east), up 7.8% compared with total production in 2016. Price movements were slightly favorable overall.

1.7.4. Africa and Middle East

Group sales volumes in Africa and Middle East

	2017	2016	Change
Cement *(in thousands of tonnes)*	5,241	5,579	-6.1%
Aggregates *(in thousands of tonnes)*	3,554	2,862	+24.2%

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

(1) Source: United States Geological Survey (USGS).
(2) Source: Global cement report.
(3) Our estimates and National Ready Mix Concrete Association (NRMCA).

Gambia, Guinea-Conakry, Burkina Faso and Mauritania. Together, these countries accounted for cement consumption in the order of 9.9 million tonnes, up by around 5% in 2017 [1].

The Group estimates that the cement market in Senegal has registered an average annual growth of about 6% per year over the last 15 years, a figure which can be used to estimate that for 2017. The market has more than doubled in size over the past 15 years, with annual consumption climbing to nearly 3.5 million tonnes in 2017. 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 is exported (varies according to year).

With sales volumes amounting to 2.6 million tonnes, down 4.3% compared with 2016, Sococim Industries has kept its leading position with around 52% market share. Prices have not been able to rise due to strong competition and the strict application by Sococim of the new special tax on cement introduced by the government, which has not been the case for all market operators.

Despite what is still a worrying security situation in Mali, another year of economic growth was registered in the country, with latest estimates at over +5% for 2017. Cement consumption was around 2.3 million tonnes in 2017 [1], a rise of some 9%. 0.1 million tonnes were sold by Ciments et Matériaux du Mali, plus 0.7 million tonnes of direct sales by Sococim Industries, which represents an 8% fall for the Group which implemented a more selective policy in order to support average selling prices.

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 environment of the construction and public works sector was once again favorable in 2017 with a strong increase in demand for aggregates thanks to the "Plan Senegal Emergent" and the creation of new communication infrastructure.

The Group had a good year with 3.5 million tonnes in 2017 and volumes rising by 24.2% compared with 2016.

1.7.4.2. Mauritania

The Mauritanian economy grew 3.5% in 2017 according to the estimate by the World Bank, thanks to the stabilization of raw materials prices (iron ore and gold).

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.

Annual cement consumption in Mauritania was 0.9 million tonnes according to the Group's estimates, slightly up on the previous year.

Given this modest consumption, the arrival of new players has created a situation of over-capacity.

In a difficult context, BSA Ciment saw its sales stagnate at 0.2 million tonnes.

The Group also has a small ready-mixed concrete operation.

1.7.4.3. Egypt

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

With the gradual stabilization of the political situation, the economic situation is improving, evident in the return of foreign investment and the gradual upturn in tourism. The government is banking on growth of about 5.3% to 5.5% for the 2017-2018 tax year (July 2017 - June 2018) compared with 4.1% in the 2016-2017 tax year. Devaluation of the Egyptian pound in 2016 caused a jump in inflation, particularly affecting electricity and oil products. The construction and public works market registered a marked slowdown, a consequence of a strong increase in the price of steel, much of which is imported, and a lack of liquidity, particularly in the residential construction sector.

The cement market has registered a net fall since November 2016, estimated consumption in 2017 is 53.5 million tonnes, down 5.4% compared with 2016.

There are 19 cement companies in Egypt, including LafargeHolcim, Cemex et Heidelberg Cement, and the most important player is the Egyptian army which controls almost 40% of the country's private industry. Most cement factories are concentrated within a 200 km radius around Cairo, the capital.

Sales by Sinaï Cement Company came to 2.4 million tonnes, down 8.3% compared with 2016.

(1) *Internal estimates.*

1.7.5. Asia

Group sales volumes in Asia

	2017	2016	Change
Cement *(in thousands of tonnes)*	11,465	10,231	+12.1%
Concrete *(in thousands of m3)*	3,429	3,140	+9.2%
Aggregates *(in thousands of tonnes)*	8,279	7,305	+13.3%

1.7.5.1. Turkey

The Group has been active in Turkey for over 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.

Estimated 2017 growth of 6.7% (compared with +3.2% in 2016) confirms a certain resilience in the Turkish economy, despite the global economic disruption, unfavorable exchange rates, and the security and geopolitical tensions in the country. The main driver of this growth was once again private consumption, supported by investments and a flattering comparison base.

The depreciation of the Turkish pound alone is a measure of the worry among economic players, and this was exacerbated in 2017, with the currency sliding by almost 20% against the euro.

This weakening of the currency is reflected in the inflation rates which remain historically high, notably due to more expensive energy imports. In 2017, the inflation rate was close to 12%, compared with less than 9% in 2016.

Cement

Annual consumption was estimated at 71.8 million tonnes for 2017 [(1)], a rise of 4.4%. Cement consumption per capita exceeded 800 kg per year, reflecting the country's efforts in the area of infrastructure.

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 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 6.5% of the national market, but is well-placed in the two regions where it operates. After a particularly harsh winter, consumption at the end of October was up by over 9% in our markets, compared with just over 4% nationally, reflecting geographical disparities, with the Mediterranean region continuing to decline considerably.

Prices registered gradual rises from the start of the year, giving a marked annual rise in the Group's markets compared with 2016.

Ready-mixed Concrete & Aggregates

The Turkish ready-mixed concrete market was estimated at approximately 115 million m^3 in 2017 [(2)], up 5% compared with the previous year. The Ankara market (about 13 million m^3) continued to be dynamic in 2017, with an estimated growth of 6%. The market in Konya and surrounding provinces (about 3.5 million m^3) registered an estimated growth of 16%.

Pressure on ready-mixed concrete prices has not eased up in Konya. The number of independent concrete groups continues to increase in the region.

The Group has 35 concrete batching plants around its two cement plants. In 2017 production of Bastas Concrete and Konya Concrete was 3.4 million m^3, a rise of 9.2%.

The Group's position in Turkey in the Aggregates business is focused on covering its ready-mixed concrete market, which accounts for 80% of its outlets. The aggregates sector mirrored changes in demand for ready-mixed concrete.

The Ankara market is facing a local shortage of aggregates which meet the increasingly stringent specifications required on mega projects. This shortage is not reflected in market prices, on account of the intense competition.

Sales of aggregates grew 19.6% in 2017 compared with 2016.

1.7.5.2. Kazakhstan

The Group has been producing cement in Kazakhstan since 2010 from the Jambyl Cement plant which started operating in the same year. The factory's main markets are in the regions surrounding Almaty and Astana, the capital, and to a lesser extent the southern region of the country.

GDP growth for 2017 in Kazakhstan is estimated at 3.8%, mainly driven by the increase in crude oil production, with the re-start of the Kashagan oil field and favorable oil prices.

The building sector registered a significant level of activity in 2017, offsetting the lack of infrastructure projects which were hit by bank financing difficulties.

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

(2) Internal source.

As in 2016 Jambyl cement sold almost 1.4 million tonnes of cement in 2017 but prices were on average 11% higher. This strategy was only made possible by strong production and logistics capacity during the high season which gave Jambyl cement customers certainty about being supplied regularly with quality products.

1.7.5.3. India

Economic growth was estimated at 7.1% for the 2016/17 tax year and 6.5% for 2017/18. The World Bank predicts that India's GDP will grow 7.3% in the 2018/19 tax year, making the country the world's 5th largest economy, ahead of France and the United Kingdom.

2017 was not a good year for the construction and cement sectors. The demonetization of large value notes in November 2016 with a view to fighting corruption, the deployment of the Goods and Services Tax in the middle of the year creating a single market with a harmonized VAT rate for the whole country, and finally the application of the Real Estate (Regulation and Development) Act creating a property regulator, led to a marked deceleration in the growth of cement consumption. However, it is expected that these measures will soon have positive effects on the business world, particularly the cement industry.

Cement

The cement market in India was estimated at 297 million tonnes in 2017 (1), 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 the 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 2017, the cement market in the states where the Group is active in the south (Andhra Pradesh, Tamil Nadu, Karnataka, Kerala and Goa) and in Maharashtra was estimated to be around 93.5 million tonnes, up 1.7% compared with 2016. Prices remain volatile.

The Group markets the production of its two factories under the Bharathi Cement label through a broad network of distributors. In 2017, the Group sold nearly 5.5 million tonnes of cement, up 13%. In addition to commercial activity on domestic markets, the Group develops a regular flow of exports, about 0.6 million tonnes in 2017.

Aggregates

Bharathi Rock Products operates an aggregate quarry approximately 50 km from Bangalore, in Karnataka. This Company sold 0.4 million tonnes of aggregates in 2017, a 43% fall of turnover. Expired licenses currently being renewed for quarry operations in a less buoyant sector explain this significant fall in sales.

Other Products & Services

Bharathi Polymers (100% subsidiary of Bharathi Cement), is located in Andhra Pradesh, in the district of Kadapa, about 60 kilometers from the cement plant. In 2017 this Company sold 52.4 million polypropylene bags, up 9.2% compared with the previous year, half of which to the two of the Group's companies in India.

1.8. Research & 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, engineers and technicians works in three different laboratories:

- the materials and microstructures laboratory, which investigates the properties of materials and formulates new binders/cements;
- 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 & 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, which 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: Global cement report.

- the need for greater sustainability of structures so that they can be used in several ways over their life cycle;
- taking account, early in the product development process, of the arduousness of 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 & development expenses amounted to € 3,194 thousand in 2017 (see note 4 to the consolidated financial statements in section 6.1.1 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 2017, the use of alternative fuels avoided the consumption of the equivalent of 620,000 tonnes of carbon and lowered CO_2 emissions by increasing the proportion of energy generated using biomass. Cooperation between the research & development teams and our plants allowed this modification of the energy mix while optimizing cement quality.

Products are developed in accordance with the eco-design principle, particularly with regard to end-of-life recycling. The recycling of products from deconstruction is therefore naturally an important area of Research & Development. Vicat is particularly heavily involved in domestic projects Recybéton and FastCarb, as well as in the European project Seramco.

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_2 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, ALPENAT UP, in 2013. The cement, concrete and building systems research & development teams, now grouped within a single research & development Department, support the sales team and our customers to bring new products to the market.

1.8.3. Constructive 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 make working conditions less arduous. The development of high and ultra-high performance concrete, and more recently of ultra-high performance fiber-reinforced concrete, SMART UP 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 & 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 departments of some of the Group's customers in the building and public works sector. The collaborative projects also include local and international industrial partners.

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, Ecole Nationale des Travaux Publics de l'Etat (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.

Givors retirement home, Rhône, France

COMMENTS ON RESULTS AND FINANCIAL POSITION

2

2.1. Selected information

Balance sheet items

(in millions of euros)	2017	2016	2015 restated*
Total assets	4,453	4,736 (1)	4,859
Shareholders' equity	2,409	2,470	2,530
Net financial debt (excluding put options)	787	912	1,018

Income statement items

(in millions of dol, unless otherwise indicated)	2017	2016	2015 restated*
Consolidated net sales	2,563	2,454	2,458
EBITDA (2)	444	458	444
EBIT (3)	247	258	246
Financial Income (expense)	(28)	(38)	(48)
Consolidated net income	156	165	139
Group Share of consolidated net income	142	139	118
Net earnings per share *(in euros)*	3.17	3.10	2.63
Dividend per share *(in euros)*	1.50	1.50	1.50

Investments

(in millions of euros)	2017	2016	2015 restated*
Industrial investments	187	136	162
Financial investments	29	63	19

Cash flows

(in millions of euros)	2017	2016	2015 restated*
Operating cash Flow	346	353	342
Cash flows from operating activities	343	386	295
Cash flows from investing activities	(187)	(188)	(178)
Cash flows from financing activities	(129)	(205)	(131)
Free cash flow	179	254	133

Consolidated financial ratios

	2017	2016	2015 restated*
Net debt/total equity *(in %) (gearing)*	32.7	36.9	40.3
Net debt/EBITDA *(leverage)*	1.77	1.99	2.27
Coverage of net financial expenses			
by EBITDA	16.1	15.0	12.0
by EBIT	8.9	8.5	6.6

Indicators by business segment

(in millions of euros)	2017	2016	2015 restated*
Cement			
Consolidated net sales	1,245	1,244	1,256
EBITDA	353	380	357
Net capital employed	2,337	2,490	2,709
Industrial investments	85	89	121
Concrete and Aggregates			
Consolidated net sales	988	905	892
EBITDA	65	57	61
Net capital employed	694	722	669
Industrial investments	91	29	31
Other Products and Services			
Consolidated net sales	331	305	310
EBITDA	26	20	25
Net capital employed	170	175	179
Industrial investments	12	17	10

Non-financial indicators

	2017	2016	2015
Sales volumes			
Cement *(in millions of tons)*	22.9	21.9	19.8
Concrete *(in millions of m^3)*	9.7	8.8	8.5
Aggregates *(in millions of tons)*	24.4	22.1	20.9
Use of alternative fuels (Cement)	**25.2%**	**24.6%**	**24.6%**
Workforce as at December 31	**8,460**	**8,101**	**7,928**

* *The 2015 data have been restated in accordance with the new accounting standard applied for the recognition of greenhouse gas rights. The nature and impact of these adjustments are presented in notes 1.7 and 35 of the consolidated financial statements for 2016.*

(1) *After reclassification, for 2016, of the net deferred tax asset of the tax consolidation Group to deferred tax assets for € 7 million (see note 25 of the consolidated financial statements for 2017).*

(2) *Earnings Before Interest, Taxes, Depreciation and Amortization: gross operating income plus other ordinary income and expenses. EBITDA has no standard definition under GAAP. 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.*

(3) *Earnings Before Interest and Taxes: EBITDA less depreciation, amortization and operating provisions. EBIT has no standard definition under GAAP. 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.*

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 2017 and 2016", section 2.3 "Cash flow and equity", the audited consolidated financial statements for the three years covered in this Registration Document, and the notes relating thereto in section 6 "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 2017 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 & Aggregates	Other Products and Services
France	▼	▼	▼
Switzerland	▼	▼	▼
Italy	▼		
United States	▼	▼	
Egypt	▼		
Senegal	▼	▼	
Mali	▼		
Mauritania	▼	▼	
Turkey	▼	▼	▼
India	▼	▼	▼
Kazakhstan	▼		

In 2017, the Group's total shipments in its main businesses amounted to 22.9 million tons of cement, 9.7 million m^3 of concrete and 24.4 million tons of aggregates. In France, Switzerland, Turkey and India, the Group also operates in activities complementary to the main businesses.

The Vicat Group's consolidated sales in the 2017 financial year came to € 2,563 million, representing an increase of +4.5% or +6.4% at constant scope and exchange rates compared with 2016.

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

- a healthy increase in France across all the businesses, supported by an increase in cement volumes in the domestic market and in aggregates. Excluding the impact of changes in the scope of consolidation, concrete volumes declined over the financial year. Selling prices edged slightly higher in cement and aggregates and firmed up more significantly in concrete;
- firm business trends in Asia, supported by strong sales growth in Turkey, India and Kazakhstan. Cement volumes posted a significant increase in India and Turkey, but declined very slightly in Kazakhstan. Selling prices rose significantly in Kazakhstan and Turkey, and to a lesser extent in India;
- business levels continued to improve in the United States, supported by upbeat trends in cement volumes and selling prices, in spite of the very tough weather conditions during the year, especially in the South-East region;
- and, lastly, a slight pick-up in activity levels in Europe (excluding France), with a small improvement in Switzerland in the Cement and Other Products & Services businesses, helping to offset the declines in the Concrete business in this country and Italy.

These positive factors helped to make up for:

- a very small contraction in West Africa. The decline in the Cement business in Senegal, Mali and Mauritania was offset almost entirely by a firm improvement in the Aggregates business in Senegal;
- a very small business contraction in Egypt, with the dip in volumes almost entirely offset by the pick-up in selling prices, against the backdrop of a highly depressed macroeconomic environment owing to the very strong devaluation in the Egyptian pound in November 2016.

Change in 2016/2017 sales revenues by business and geographical area

	France		Outside France		Total	
	In millions of euros	Change 2017/2016	In millions of euros	Change 2017/2016	In millions of euros	Change 2017/2016
Cement	248	+2.4%	996	-0.5%	1,244	-0.0%
Concrete and Aggregates	451	+21.3%	537	+0.7%	988	+9.2%
Other Products and Services	191	+5.6%	140	+13.2%	331	+8.5%
TOTAL	**890**	**+12.0%**	**1,673**	**+0.9%**	**2,563**	**+4.5%**

The Group's consolidated EBITDA declined -3.0% to € 444 million and -3.4% at constant scope and exchange rates. As a result, the EBITDA margin on consolidated sales came to 17.3%, compared with 18.7% in 2016. In line with sales trends, EBITDA was affected by very strong seasonal fluctuations during the year. After a decline of -13.0% in the first half, EBITDA rose +4.5% at constant scope and exchange rates in the second half of the year.

The decline in 2017 EBITDA compared with 2016 at constant scope and exchange rates was attributable to:

- a very steep decline in the EBITDA generated in Egypt. Following the sharp devaluation in November 2016, which halved the value of the Egyptian pound, it proved possible to counter the very strong inflation in production costs through a hike in selling prices only to a very limited extent. Against this backdrop, Egypt recorded a loss at EBITDA level over the year as a whole;
- a small decline in EBITDA in Turkey, where performance was held back by highly unfavourable weather conditions, especially in the Konya region at the beginning of the year. Higher volumes and selling prices in the Cement business were not sufficient to fully offset the strong increase in production costs that essentially resulted from the depreciation of the Turkish pound.

These negative factors were offset partly by:

- an improvement in the EBITDA generated in France in the Cement business and to a greater extent in the Concrete & Aggregates business;
- the continued EBITDA improvement in India, driven by a clear pick-up in cement volumes and a very small upturn in average selling prices;
- an increase in the EBITDA generated in Kazakhstan, with an increase in selling prices helping to offset the slight contraction in volumes;
- further improvement in EBITDA in the US in spite of highly unfavourable weather conditions in 2017, especially in the South-East region. The pick-up in volumes and average selling prices in the Cement business helped to offset the EBITDA contraction recorded by the Concrete business;
- stable EBITDA in West Africa, underpinned by a strong increase in the EBITDA generated by the Aggregates business in Senegal and the Cement business in Mauritania, offsetting the EBITDA contraction in the Cement business in Senegal and Mali.

The Group's consolidated EBIT came to € 247 million, down -4.1% over the full year and down -5.9% at constant scope and exchange rates. The EBIT margin on consolidated sales came to 9.6% in 2017, compared with 10.5% in 2016.

Net financial expense improved by +€ 9.9 million to € (28.2) million, mainly due to:

- the € (2.8) million reduction in the cost of the net debt;
- an improvement in other financial income and expenses deriving from a +€ 5.7 million increase in net foreign exchange gains, and a +€ 2.2 million increase in the net impact of fair value adjustments on derivatives, offset partially by higher discounting expenses.

Tax expense declined € (13.5) million compared with 2016, of which € (21.1) million in income taxes and +€ 7.6 million in deferred taxes chiefly as a result of:

- the € 9.9 million repayment by the French tax authorities following the French Constitutional Court's ruling that the 3% tax on dividend payments is unconstitutional;
- a lower rate of withholding tax on intra-group dividends (€ (2.3) million);
- a -6.6% decrease in income before tax and non-recurring items;
- a decrease in net deferred tax benefits related to the negative impact of close to € 8 million on deferred tax assets linked to the loss carryforwards held by US subsidiaries, owing to the cut in the income tax rate in the United States from 35% to 21%.

Consolidated net income came to € 155.9 million, down -5.4% compared with the previous year on a reported basis and down -7.9% at constant scope and exchange rates. The net margin stood at 6.1% of consolidated sales, compared with 6.7% in 2016.

Net income (Group share) increased by 2% at constant scope and exchange rate. On this basis, Earnings per share (Group share) came to € 3.17 in 2017, up from € 3.10 per share in 2016.

The Group generated an operating cash flow of € 346.4 million in 2017, compared with € 352.9 million in 2016, down -1.8% on a reported basis and -3.4% at constant consolidation scope and exchange rates.

At December 31, 2017, gearing represented 32.7% of consolidated shareholders' equity versus 36.9% at December 31, 2016.

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.

Elements having an impact on sales revenues

(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.

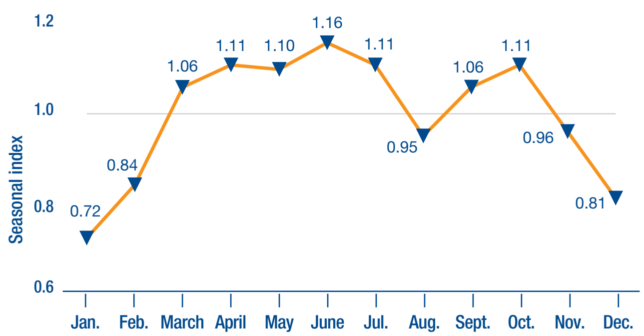
The price levels applicable to each market are determined by the production costs of existing operators and the competitive intensity of the product markets.

(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 records falling sales revenues 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 revenues 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 revenues recorded during the last five years. Thus, for a monthly average equal to 1, the seasonality factor varied from 0.72 on average in January to almost 1.16 on average in June.

SEASONALITY OF VICAT SALES REVENUES



The seasonality varies depending on countries. 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.

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).

Elements having an impact on net 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.

Elements having an impact on the Group's income 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 program, 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, 2017 for its accounting policies.

Standards and interpretations published by the IASB but not yet in effect as at December 31, 2017 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. The accounting policies and methods applied in the consolidated financial statements as at December 31, 2017 are consistent with those applied for the 2016 annual financial statements. The Group also applied the amendment to IAS 7, mandatory for periods beginning on or after January 1, 2017 and intended to provide disclosures relating to changes in liabilities arising from financing activities, by differentiating between those arising from cash flows and those arising from non cash flows.

Furthermore, the Group pursued projects to implement IFRS 9 "Financial instruments" and IFRS 15 "Revenue recognition" standards, which are mandatory as of January 1, 2018, and IFRS 16 "Leases" standard, mandatory as of January 1, 2019 to determine their potential impacts 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 systems. From these questionnaires and the analysis carried out, the Group concluded that implementation of this standard will not have a significant impact on its financial statements, given the nature of its business.

As regards IFRS 9, the Group is currently finalizing its analysis and does not anticipate any significant impact as a result of implementing this standard.

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. The Group decided to adopt the full retrospective approach upon actual implementation of the standard. The main impacts estimated on the basis of the data collected at the end of December 2017 are disclosed in note 6 ("Leases") of the consolidated financial statements, in chapter 6 of this Registration Document.

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 published income statement. These aggregates are defined in note 1.22 of the notes to the consolidated financial statements, while the reconciliation between gross operating income, EBITDA, EBIT and operating income is presented in note 23 to the consolidated financial statements, in chapter 6 of this Registration Document.

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

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

2.2.1.5. Impact of the change in consolidation scope and change in foreign exchange rates

Changes in the consolidation scope

There was no significant change in consolidation scope in 2017. The financial statements nonetheless reflect the impact of several transactions carried out in 2016, mostly in France.

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 2017 consolidated financial statements, sales revenues recomputed at constant consolidation scope and exchange rates compared to 2016. 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 results for 2017 and 2016

(in millions of euros)	2017	2016	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Consolidated net sales	2,563	2,454	+4.5%	+6.4%
EBITDA	444	458	-3.0%	-3.4%
Margin (in %)	*17.3*	*18.7*		
EBIT	247	258	-4.1%	-5.9%
Margin (in %)	*9.6*	*10.5*		
Consolidated net income	156	165	-5.4%	-7.9%
Margin (in %)	*6.1*	*6.7*		
Group Share of consolidated net income	142	139	+2.2%	+2.0%
Operating cash flow	346	353	-1.8%	-3.4%

Throughout this analysis, and unless indicated otherwise, all changes are stated on a consolidated, year-on-year basis (2017/2016), and at constant consolidation scope and exchange rates.

2.2.2.1. Change in consolidated sales revenues

The Vicat Group's ***consolidated sales*** in the 2017 financial year came to € 2,563 million, representing an increase of +4.5% or +6.4% at constant scope and exchange rates compared with 2016.

The change in consolidated sales revenues for the financial year 2017 by activity, compared to 2016 is as follows:

(in millions of euros except %)	2017	2016	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Cement	1,245	1,244	+0.0%	+6.8%
Concretes and aggregates	988	905	+9.2%	+4.8%
Other Products and Services	331	305	+8.5%	+9.3%
TOTAL	**2,563**	**2,454**	**+4.5%**	**+6.4%**

The consolidated sales revenues of the Cement business were virtually unchanged, but showed significant growth of 6.8% at constant consolidation scope and exchange rates. Volumes rose by +4.9% over the period. Consolidated sales revenues in the Concrete & Aggregates business rose slightly by +9.2%, and by +4.8% at constant scope and exchange rates. Concrete volumes grew by +9.7% over the period, as did Aggregate volumes, rising by +10.4%. Consolidated sales revenues in the Other Products & Services business rose +8.5% and +9.3% at constant consolidation scope and exchange rates.

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

(in %)	2017	2016
Cement	51.0	52.9
Concrete and Aggregates	34.5	32.9
Other Products and Services	14.5	14.2
TOTAL	**100.0**	**100.0**

The breakdown of operational sales by business shows that the contribution of the Cement business fell slightly, accounting for 51.0% of operational sales *versus* 52.9% at December 31, 2016. Conversely, the Concrete & Aggregates business grew, accounting for 34.5% of operational sales, as opposed to 32.9% in 2016. The Other Products & Services business was relatively unchanged at 14.5% of operational sales in 2017, compared with 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:

	2017	2016	Change
Cement *(in thousands of tonnes)*	22,943	21,875	+4.9%
Concrete *(in thousands of m^3)*	9,686	8,828	+9.7%
Aggregates *(in thousands of tonnes)*	24,407	22,105	+10.4%

Sales by activities:

- **The operational sales recorded by the Cement business** rose +6.4% at constant scope and exchange rates and remained stable on a reported basis (+0.2%). Consolidated sales rose +6.8% at constant scope and exchange rates (stable on a reported basis). This improvement in business trends at constant scope and exchange rates was driven by volume growth of +4.9%, especially in India, Turkey, the United States, Switzerland and France, which helped to offset the contractions in West Africa, Egypt, Kazakhstan and Italy. Average selling prices firmed up during the year, with an improvement across all regions, except for West Africa and Switzerland. In the fourth quarter, operational sales rose +5.4% on a reported basis and +13.5% at constant scope and exchange rates.
- **The Concrete & Aggregates business recorded operational sales** up +8.6% on a reported basis and up +4.4% at constant scope and exchange rates. Concrete volumes delivered rose +9.7% over the period, supported by an increase in Turkey, the United States and France (boosted by a positive scope of consolidation), which helped to offset the contraction recorded in Switzerland. Aggregates volumes rose +10.4%, with growth in France, Turkey and West Africa comfortably making up for the fall in Switzerland. Average selling prices rose in France, Turkey and West Africa in both concrete and aggregates. While aggregates prices moved higher in Switzerland, they declined in concrete. In the fourth quarter, operational sales posted a significant increase of +10.3% on a reported basis and of +10.0% at constant scope and exchange rates.
- **The operational sales recorded by the Other Products & Services business** grew +6.5% on a reported basis and +8.7% at constant scope and exchange rates. Consolidated sales rose +8.5% on a reported basis and +9.3% at constant scope and exchange rates. Trends firmed up across all the regions in which this business operates, including Switzerland, with a robust upswing in the rail sleeper business. In the fourth quarter, operational sales increased +14.2% on a reported basis and +19.0% at constant scope and exchange rates.

Breakdown of consolidated sales by geographical area:

					Change (%)	
(in millions of euros)	2017	%	2016	%	Reported	At constant consolidation scope and exchange rates
France	890	34.7	795	32.4	+12.0%	+3.4%
Europe (excluding France)	410	16.0	411	16.8	-0.3%	+1.6%
United States	393	15.3	363	14.8	+8.1%	+10.3%
Asia	579	22.6	538	21.9	+7.7%	+16.1%
Africa & Middle East	291	11.4	346	14.1	-15.9%	-0.4%
TOTAL	**2,563**	**100.0**	**2,454**	**100.0**	**+4.5%**	**+6.4%**

Breakdown of operational sales in 2017 by geographic area and by business activity:

(in millions of euros)	Cement	Concrete & Aggregates	Other Products and Services	Inter-sector eliminations	Consolidated sales revenues
France	361	457	256	(184)	890
Europe (excluding France)	160	164	136	(49)	410
United States	209	252	-	(67)	393
Asia	513	94	34	(61)	579
Africa & Middle East	250	42	-	0	291
Operational sales	**1,493**	**1,008**	**425**	**(362)**	**2,563**
Inter-sector eliminations	(248)	(20)	(94)	362	
CONSOLIDATED SALES	**1,245**	**988**	**331**	**-**	**2,563**

2.2.2.2. Change in operating profitability

(in millions of euros)	2017	2016	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Sales revenues	2,563	2,454	+4.5%	+6.4%
EBITDA	444	458	-3.0%	-3.4%
EBIT	247	258	-4.1%	-5.9%
Operating income	232	256	-9.5%	-11.2%

The Group's consolidated EBITDA declined -3.0% to € 444 million and -3.4% at constant scope and exchange rates. As a result, the EBITDA margin on consolidated sales came to 17.3%, compared with 18.7% in 2016.

The Group's consolidated EBIT came to € 247 million, down -4.1% over the full year and down -5.9% at constant scope and exchange rates. The EBIT margin on consolidated sales came to 9.6% in 2017, compared with 10.5% in 2016.

Operating income by geographical area

INCOME STATEMENT, FRANCE

(in millions of euros)	2017	2016	Change (%) Reported	Change (%) At constant consolidation scope
Consolidated sales revenues	890	795	+12.0%	+3.4%
EBITDA	129	115	+12.3%	+7.3%
EBIT	69	59	+17.4%	+16.8%

Consolidated sales in France rose +3.4% at constant scope to € 890 million.

EBITDA generated by the Group in France rose +7.3% at constant scope to € 129 million, from € 115 million in 2016. The EBITDA margin on consolidated sales was stable at 14.5%.

- **In the Cement business,** operational sales rose +2.2% over the full year (+2.4% on a consolidated basis). This increase flowed from a very small improvement in volumes (+0.6%), with brisk growth in the domestic market, despite adverse weather conditions at the beginning and end of the year, which helped to offset the contraction in export volumes. Meanwhile, prices were stable in the domestic market and edged higher in export markets.

EBITDA rose +1.9% over the full year, with a clear improvement in the second half (+5.1% *vs*. a fall of -2.5% in the first half). In 2017, the EBITDA margin on operational sales was stable compared with 2016.

- **In the Concrete & Aggregates business,** operational sales rose +2.8% at constant scope (+3.0% on a consolidated basis) over the full year. This performance reflected a decline of -4% at constant scope in concrete volumes and a rise in aggregates volumes of close to +10%. Prices firmed up significantly in concrete and were stable in aggregates.

As a result of these factors, the EBITDA generated by the business in France was 6 times higher than it was in 2016, with the EBITDA margin on operational sales widening very significantly.

- **In the Other Products & Services business,** operational sales rose +5.5% year-on-year (+5.6% on a consolidated basis).

EBITDA declined -8.7%, primarily owing to the Paper business, and the EBITDA margin on operational sales contracted by -70 basis points.

INCOME STATEMENT FOR EUROPE (EXCLUDING FRANCE)

(in millions of euros)	2017	2016	Change (%) Reported	Change (%) At constant scope and exchange rate
Consolidated sales	410	411	-0.3%	+1.6%
EBITDA	95	94	+0.3%	+2.2%
EBIT	62	59	+4.6%	+6.6%

Sales in Europe excluding France were stable on a reported basis (-0.3%) and moved +1.6% higher at constant scope and exchange rates. Full-year EBITDA was stable (+0.3%) on a reported basis and rose +2.2% at constant scope and exchange rates. The EBITDA margin crept up to 23.1% in 2017 from 22.9% in 2016.

In **Switzerland**, the Group's consolidated sales remained stable (-0.1%) on a reported basis in 2017. At constant scope and exchange rates, they rose +1.9%.

The EBITDA generated in 2017 was stable on a reported basis and rose +1.9% at constant scope and exchange rates. The EBITDA margin on consolidated sales held firm at 23.3% in 2017.

- In the **Cement business,** operational sales declined -2.9% on a reported basis and -1.0% at constant scope and exchange rates. Consolidated sales were almost stable on a reported basis (-0.6%), but grew +1.3% at constant scope and exchange rates. Volumes rose by more than +1% over the year as a whole, partially helping to counter the dip in average selling prices.

  Accordingly, EBITDA recorded a decline of -0.9% at constant scope and exchange rates over the year as a whole. The EBITDA margin on operational sales was stable over the full year thanks to cost reductions.

- In the **Concrete & Aggregates business,** operational sales moved -8.3% lower on a reported basis and dropped -6.5% at constant scope and exchange rates. Consolidated sales fell -8.4% on a reported basis and -6.6% at constant scope and exchange rates. Volumes declined more than -5% in concrete and -8% in aggregates. Selling prices edged lower in concrete, but recorded a more significant fall in aggregates.

  Overall, EBITDA recorded a decline of -15.3% at constant scope and exchange rates over the year as a whole, and the EBITDA margin on operational sales narrowed by -170 basis points.

- The **Other Products & Services business** reported a healthy increase in its consolidated sales of +14.4% at constant scope and exchange rates (+12.2% on a reported basis) with the recovery in rail orders and the positive effects of the reorganisation launched at the beginning of the 2017 financial year.

  Overall, full-year EBITDA surged +91.6% at constant scope and exchange rates, with the EBITDA margin on operational sales moving up +450 basis points.

In **Italy**, consolidated sales declined -6.1% owing to a volume contraction of -9% over the year, albeit in a firmer pricing environment.

Against this backdrop of a volume contraction, but firmer selling prices, EBITDA grew +19.8%, with the EBITDA margin recording a significant improvement of +340 basis points over the year.

INCOME STATEMENT FOR THE UNITED STATES

(in millions of euros)	2017	2016	Change (%) Reported	Change (%) At constant scope and exchange rate change
Consolidated sales	393	364	+8.1%	+10.3%
EBITDA	60	59	+1.9%	+4.0%
EBIT	34	33	+3.3%	+5.4%

Business in the United States again recorded growth in a firm macroeconomic environment that was supportive for the construction sector. Conversely, full-year sales were significantly held back by highly unfavourable weather conditions, firstly in California during the first quarter and then in the South-East region over the final 9 months of the year, with the exceptionally high rainfall. As a result, the Group's consolidated sales rose +8.1% on a reported basis and +10.3% at constant scope and exchange rates.

The Group recorded an increase of +1.9% in its EBITDA on a reported basis and of +4.0% at constant scope and exchange rates, with the margin on consolidated sales contracting by -90 basis points to 15.3% from 16.2% in 2016.

- In the **Cement business,** full-year operational sales grew +11.6% at constant scope and exchange rates (+9.3% on a reported basis). Consolidated sales moved up +12.2% at constant scope and exchange rates (+9.9% on a reported basis). Volumes grew close to +8%, thanks to the strong increase recorded in California, while they remained stable in the South-East region given that weather conditions were highly unfavourable during the year. Selling prices headed higher again in both regions.

  Overall, the EBITDA generated by the Cement business posted an increase of +15.6% at constant scope and exchange rates over the full year, while the EBITDA margin on operational sales improved by close to one percentage point.

- In the **Concrete business,** 2017 consolidated sales grew +9.3% at constant scope and exchange rates (+7.1% on a reported basis). Volumes rose by close to +8%, with the increase in California offsetting the slight contraction in the South-East region as a result of the very poor weather conditions. Selling prices rose more significantly in California than in the South-East region, where competition was fiercer.

In this environment, the EBITDA recorded by the Concrete business still posted a hefty decline of -54.6% at constant scope and exchange rates (-55.5% on a reported basis) as a result of higher costs, especially materials and transport costs, and a substantial fall in productivity levels caused by the exceptionally poor weather conditions during the year.

INCOME STATEMENT FOR ASIA (TURKEY, INDIA AND KAZAKHSTAN)

(in millions of euros)	2017	2016	Change (%) Reported	Change (%) At constant scope and exchange rate change
Consolidated sales	579	538	+7.7%	+16.1%
EBITDA	118	119	-1.5%	+4.7%
EBIT	72	74	-2.9%	+4.3%

In Asia, sales totalled € 579 million, up +7.7% on a reported basis and up +16.1% at constant scope and exchange rates.

The EBITDA generated in the region in 2017 rose +4.7% at constant scope and exchange rates (-1.5% on a reported basis).

In **Turkey**, consolidated full-year sales came to € 216 million in 2017, up +21.4% at constant scope and exchange rates, but down -1.5% on a reported basis.

Over the full year, EBITDA dropped back -3.4% at constant scope and exchange rates (-21.7% on a reported basis), with a margin on consolidated sales of 17.2%, compared with 21.6% in 2016.

- **In the Cement business**, the Group recorded an increase in its full-year operational sales of +21.2% at constant scope and exchange rates (-1.7% on a reported basis). Consolidated sales surged +24.7% at constant scope and exchange rates and moved up +1.1% on a reported basis. This performance reflected a rise in volumes in a market that remained buoyant despite a challenging political and geopolitical environment, plus highly unfavourable weather conditions at the beginning of the year. In 2017, volumes rose by markedly. The hike in selling prices in the second half of the year meant that average selling prices increased over the year as a whole.

Given the steep rise in production costs and the negative impact of the depreciation in the Turkish pound on certain costs denominated in foreign currencies, the EBITDA generated by this business fell -3.2% at constant scope and exchange rates (-21.5% on a reported basis), with the EBITDA margin down close to 6 percentage points over the year as a whole.

- The operational sales recorded by the **Concrete & Aggregates business** rose +14.3% at constant scope and exchange rates (down -7.3% on a reported basis). Consolidated sales climbed +16.7% higher at constant scope and exchange rates (down -5.3% on a reported basis). This healthy business growth was driven by an increase in concrete volumes of more than +9%, particularly in the Konya region, and of close to +20% in aggregates volumes. Average concrete and aggregates selling prices both edged higher.

  Taking these factors into account, the EBITDA generated by the business in 2017 rose +12.0% at constant scope and exchange rates (-9.1% on a reported basis), with the EBITDA margin on operating sales stable compared with 2016.

In **India,** the Group posted consolidated full-year 2017 sales of € 313 million, up +12.5% at constant scope and exchange rates and up +13.8% on a reported basis. This performance was underpinned by strong volume growth over the year of more than +13%, with almost 5.5 million tonnes sold. This reflected the strategy implemented by the Group since year-end 2015 of seizing opportunities arising as the macroeconomic and industry environment improves. Average selling prices edged very slightly higher over the full year.

The full-year 2017 EBITDA generated by the Group in India grew +6.0% at constant scope and exchange rates (+7.3% on a reported basis). The EBITDA margin on consolidated sales narrowed to 20.9%, compared with 22.2% in 2016.

In **Kazakhstan,** the Group recorded consolidated sales of € 51 million, up +11.5% at constant scope and exchange rates (+15.1% on a reported basis). This firm operating performance was driven by a tangible increase in selling prices over the year as a whole, which offset the impact of a slight contraction in sales volumes of more than -1%.

Overall, the EBITDA generated over the period improved by +31.7% at constant scope and exchange rates and by +36.0% on a reported basis. The EBITDA margin on consolidated sales recorded a strong increase to reach 30.1%, up from 25.4% in 2016.

INCOME STATEMENT FOR AFRICA AND MIDDLE EAST

(in millions of euros)	2017	2016	Change (%) Reported	Change (%) At constant scope and exchange rate change
Consolidated sales	291	346	-15.9%	-0.4%
EBITDA	43	70	-39.1%	-48.7%
EBIT	11	33	-67.8%	-101.7%

In the Africa and Middle East region, consolidated sales came to € 291 million, down -15.9% on a reported basis and almost stable (-0.4%) at constant scope and exchange rates.

Full-year EBITDA declined sharply to € 43 million, down -48.7% at constant scope and exchange rates owing primarily to the highly unfavourable impact of the devaluation on production costs in Egypt.

In **Egypt,** full-year consolidated sales totalled € 64 million, almost stable (-0.3%) at constant scope and exchange rates, but down a very hefty -45.3% on a reported basis. The change at constant scope and exchange rates was attributable to a decline in sales volumes of over -8%, given the devaluation's impact on the macroeconomic and industry environment. The volume contraction was offset by a healthy increase in average selling prices.

Against this backdrop, given the very sharp increase in production costs caused by the devaluation in the Egyptian pound in November 2016, the Group sank to an EBITDA loss of -€ 8.3 million compared with € 19.5 million in positive EBITDA in 2016.

In **West Africa,** consolidated sales totalled € 227 million, almost stable (-0.5%) at constant scope and exchange rates, but down -0.9% on a reported basis. Cement volumes dropped more than -4% across the region as a whole. Selling prices edged lower in Senegal and Mauritania. Conversely, they firmed up in Mali. In Senegal, the Aggregates business posted a very strong increase of +37.8% at constant scope and exchange rates.

Taking these factors into account, EBITDA came to € 51.0 million, up +0.8% at constant scope and exchange rates.

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 2017 and 2016.

CEMENT

(in millions of euros)	2017	2016	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Operational sales	1,493	1,490	+0.2%	+6.4%
Inter-sector eliminations	(248)	(245)		
Consolidated sales	1,245	1,244	-0.0%	+6.8%
EBITDA	353	380	-7.2%	-6.5%
EBIT	220	239	-8.3%	-10.1%

The **operational sales** recorded by the Cement business rose +6.4% at constant scope and exchange rates and remained stable on a reported basis (+0.2%). Consolidated sales rose +6.8% at constant scope and exchange rates (stable on a reported basis).

EBITDA reached € 353 million, representing a decline of -6.5% at constant scope and exchange rates compared with 2016 EBITDA. This decline reflected a substantial fall in the contribution made by Egypt, which recorded an EBITDA loss of over € 8 million in 2017 (compared with positive EBITDA of close to € 20 million in 2016). This loss flowed from the highly negative impact of the November 2016 devaluation on production costs. In addition, EBITDA fell back, but far less significantly in Turkey, owing to the rise in production costs caused by the sharp devaluation in the Turkish pound during the year, as well as in Africa and in Switzerland. The EBITDA generated in France, the United States, India, Kazakhstan and Italy increased.

The **EBITDA margin** on operational sales narrowed over the year to 23.7% from 25.6% in 2016.

The **EBIT** generated in 2017 by this business dropped -10.1% at constant scope and exchange rates (-8.3% on a reported basis) to € 220 million, compared with € 239 million in 2016.

READY-MIXED CONCRETE & AGGREGATES

(in millions of euros)	2017	2016	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Operational sales	1,008	928	+8.6%	+4.4%
Inter-sector eliminations	(20)	(23)		
Consolidated sales	988	905	+9.2%	+4.8%
EBITDA	65	57	+13.8%	+5.3%
EBIT	18	16	+17.1%	+15.9%

The Concrete & Aggregates business recorded **operational sales** up +8.6% on a reported basis and up +4.4% at constant scope and exchange rates.

Concrete volumes delivered rose +9.7% over the period, supported by an increase in Turkey, the United States and France (boosted by a positive scope of consolidation), which helped to offset the contraction recorded in Switzerland. Aggregates volumes rose +10.4%, with growth in France, Turkey and West Africa comfortably making up for the fall in Switzerland.

Average selling prices rose in France, Turkey and West Africa in both concrete and aggregates. While aggregates prices moved higher in Switzerland, they declined in concrete.

Thanks to these factors, **EBITDA** grew +5.3% at constant scope and exchange rates. The **EBITDA margin** on operational sales widened slightly to 6.4%, compared with 6.1% in 2016.

EBIT increased by +15.9% at constant scope and exchange rates to € 18 million from € 15 million in 2016.

OTHER PRODUCTS AND SERVICES

(in millions of euros)	2017	2016	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Operational sales	425	399	+6.5%	+8.7%
Inter-sector eliminations	(94)	(94)		
Consolidated sales	331	305	+8.5%	+9.3%
EBITDA	26	20	+28.3%	+29.7%
EBIT	10	3	+211.4%	+214.0%

The **operational sales** recorded by the Other Products & Services business grew +6.5% on a reported basis and +8.7% at constant scope and exchange rates. Consolidated sales rose +8.5% on a reported basis and +9.3% at constant scope and exchange rates. Trends firmed up across all the regions in which this business operates, including Switzerland, with a robust upswing in the Rail Sleeper business.

As a result, **EBITDA** rose from € 20 million in 2016 to € 26 million in 2017, with the **EBITDA margin** on operational sales widening to 6.2% from 5.1% in 2016.

EBIT made very significant headway during the year to reach € 10 million, up from € 3 million in 2016.

Change in net financial income

(in millions of euros)	2017	2016	Change
Cost of net financial debt	(27.7)	(30.5)	+2.8
Other financial income and expenses	(0.5)	(7.6)	+7.1
Financial Income (expense)	(28.2)	(38.1)	+9.9

The improvement in net financial income of € 9.9 million to € (28.2) million is mainly due to:

- the € 2.8 million reduction in the cost of net financial debt, resulting from:
  - a decrease in France of € (8) million corresponding to the reduction in the amount of debt and financing costs (increase in commercial paper instead of the more expensive syndicated loan) and collection of late payment interest (€ 4 million),
  - an increase in Turkey of € 3.6 million corresponding to the lower financial income due to the reduction in the amount of cash and its investment, mainly in US dollars,
  - an increase in Egypt of € 1.2 million corresponding to the increase in net debt and interest rates;
- an improvement in other financial income and expenses mainly from:
  - an improvement in net gain on foreign exchange of € 5.7 million, half of which came from the investment of cash, mainly in US dollars, in Turkey, compensating for the decline in financial income in this country,
  - an increase in the net impact of fair value adjustments to derivative instruments of € 2.2 million, partially offset by a higher discounting charge.

Change in income taxes

(in millions of euros)	2017	2016	Change
Current taxes	(55.3)	(76.4)	+21.1
Deferred taxes	2.1	9.7	(7.6)
Total taxes	(53.2)	(66.7)	+13.5

Tax expense declined -€ 13.5 million compared with 2016, of which -€ 21.1 million in current income taxes and +€ 7.6 million in deferred taxes chiefly as a result of:

- the € 9.9 million repayment by the French tax authorities following the French constitutional court's ruling that the 3% tax on dividend payments is unconstitutional;
- a lower of withholding tax expense on intra-group dividends (-€ 2.3 million);
- a -6.6% decrease in income before tax and non-recurring items;

Net deferred tax income was down € 8 million on 2016, mainly due to the expected tax cut in the United States and its impact on deferred tax assets linked to tax loss carryforwards of United States subsidiaries.

Change in net income

Consolidated net income totaled € 155.9 million, down -5.4% from the previous year on a reported basis and -7.9% at constant consolidation scope and exchange rates. It includes a Group share of € 142.2 million, up +2.2% on 2016 on a reported basis and +2.0% at constant consolidation scope and exchange rates. The net margin on consolidated income came to 6.1% of consolidated sales revenues, compared with 6.7% in 2016.

The Group share of net income was € 3.17 per share in 2017, compared with € 3.10 in 2016.

2.2.3. Comparison of results for 2016 and 2015

The comparative analysis of the earnings for 2016 and 2015 is presented in the 2016 Registration Document in section 2.2.2, pages 44-52 and is incorporated by reference in this Registration Document.

2.3. Cash flow and equity

2.3.1. Share 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, fully subscribed and paid up.

Shareholders' equity

(in millions of euros)	December 31, 2017	December 31, 2016
Share capital	180	180
Additional paid in capital	11	11
Translation reserves	-360	-190
Consolidated reserves	2,203	2,073
Consolidated net income	142	139
Shareholders' equity	**2,176**	**2,213**
Minority interests	233	257
Consolidated shareholders' equity	**2,410**	**2,470**

Consolidated shareholders' equity fell by € 60 million from December 31, 2016 and amounted to € 2,410 million as at December 31, 2017 including a Group share of € 2,176 million, and minority interests of € 233 million, which relate mainly to the Cement Manufacturing subsidiaries in India, Egypt, and Turkey.

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 6.1.2 "Notes to the 2017 consolidated financial statements" of this Registration Document.

2.3.2. Cash flows

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

(in millions of euros)	2017	2016	2015 restated
Operating Cash Flow	346	353	342
Change in WCR [(1)] (excl. exchange rate and consolidation scope effects)	(3)	33	(47)
Net operating cash flows	343	386	295
Net investment cash flows	(187)	(188)	(178)
Net financing cash flows	(129)	(206)	(131)
Impact of exchange rate fluctuations on cash resources	(16)	(8)	(3)
CHANGE IN CASH POSITION	**11**	**(16)**	**(18)**

(1) Working Capital Requirement.

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

(in millions of euros)	2017	2016	2015 restated
Cash flow from operations	343	386	295
Industrial investments net of disposals	(164)	(132)	(162)
FREE CASH FLOW	**179**	**254**	**133**

In 2017, the Group generated a free cash flow of € 179 million, a decrease of € (75) million compared with 2016. Operating cash flow, net of the change in WCR, despite a € 32 million increase in net industrial investments, led to a € 125 million reduction in the Group's net indebtedness in 2017. At € 787 million, net indebtedness, excluding put options, represented 32.66% of consolidated shareholders' equity as at December 31, 2017, and 1.77 times 2017 consolidated EBITDA.

2.3.2.1. Net cash flows generated from operating activities

Net cash flows from operating activities conducted by the Group in 2017 amounted to € 343 million, compared with € 386 million in 2016.

This decrease in cash flows generated by operating activities between 2016 and 2017 was due to a reduction in operating cash flow of € 6 million and a deterioration in the change in working capital requirement of € 37 million.

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

(in millions of euros)	WCR at 12/31/2015	Change in WCR 2016	Other changes [1]	WCR at 12/31/2016	Change in WCR 2017	Other changes [1]	WCR at 12/31/2017
Inventories	407	11	(32)	386	(12)	(23)	351
Trade receivables	377	3	10	390	38	(20)	408
Trade payables	(269)	(30)	(7)	(306)	(21)	16	(311)
Other receivables & payables	(35)	(17)	(3)	(55)	(2)	1	(56)
WCR	**480**	**(33)**	**(32)**	**415**	**3**	**(26)**	**392**

(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:

(in millions of euros)	2017	2016
Investments in tangible and intangible fixed assets	(179)	(139)
Disposal of tangible and intangible fixed assets	15	7
Net investments in shares of consolidated companies	(15)	(26)
Other net financial investments	(8)	(30)
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	**(187)**	**(188)**

Net cash flows from investing activities conducted by the Group in 2017 were € (187) million, compared with € (188) million in 2016.

Investment and disposal of tangible and intangible assets

These reflect outflows for industrial investments (€ 179 million in 2017 and € 139 million in 2016) mainly corresponding to the following:

- in 2017 to investments in France, the United States, Senegal and Switzerland;
- in 2016 to investments in France, Turkey, Switzerland and the United States.

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

In 2017, 45% of these investments were made in the Cement business line (66% in 2016), 48% in the Concrete & Aggregates business line (22% in 2016) and the remaining 6% in the Other Products & Services business line (12% in 2016).

Disposals of tangible and intangible assets generated total cash inflows of € 15 million in 2017 (€ 7 million in 2016).

Net investments in shares of consolidated companies

Acquisitions of consolidated companies carried out in 2017 resulted in a total outflow of € (15) million (€ 26 million in 2016).

The main disbursements made by the Group during 2016 and 2017 were to improve its reach in the Concrete & Aggregates business in France, through partnership agreements and/or buying out minority interests.

Other net financial investments

Other net financial investments resulted in a net cash outflow of € (8) million in 2017 and € (30) million in 2016.

2.3.2.3. Net cash flows from financing activities

Net cash flows related to financing activities conducted by the Group in 2017 amounted to € (129) million, compared with € (206) million in 2016.

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 (€ (70) million in 2017 compared with € (80) million in 2016);
- the drawdown, net of repayments, on credit lines and borrowings taken out by the Group amounting to € (95) million in 2017 (€ (128) million in 2016) including payment of annual installments relating to financial leasing agreements;
- the net inflow related to the disposal by the Company of its own shares (€ 41 million in 2017, including the tax refund of € 38.9 million as a result of claims relating to the tax treatment of the capital gain on disposal of Soparfi securities, in 2014, by Group subsidiaries, and € 2 million in 2016).

2.3.3. Indebtness

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 financial 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.

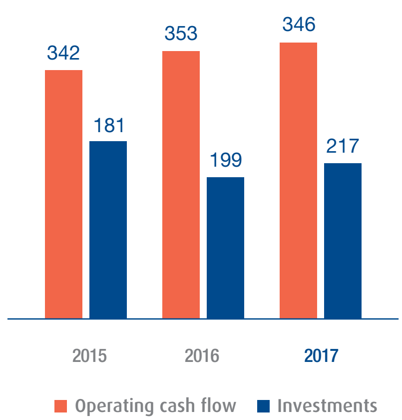
This policy should make it possible to finance industrial investments through cash flows from operations, available surplus financial resources being used by the Group to reduce its indebtedness, and financing in whole or in part external growth operations.

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 borrowings.

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 Vicat SA (77%), but some of the Group's foreign subsidiaries also have medium and long-term lines of credit or borrowings, most of them drawn down, to finance their investment programs. This is particularly the case in Egypt, the United States, Turkey, Mauritania, Kazakhstan, Switzerland and Senegal.

CHANGE IN THE GROUP'S CASH FLOWS FROM OPERATIONS AND THE GROUP'S INVESTMENTS BETWEEN 2015 AND 2017 *(in millions of euros)*



As at December 31, 2017, the Group had the following confirmed financing facilities, used and/or available:

Types of facility at December 31, 2017	Borrower	Starting year	Currency	Authorization in millions Currencies	€	Utilization (millions of euros)	Maturity	Rate type
US Private Placement	**Vicat SA**	**2011**	**USD**	**450.0**	**264.1**	**264.1**	**2020 and 2022**	**fixed rate**
Syndicated loan	Vicat SA	2014	EUR	480.0	480.0	(1)	2019	variable rate
Bank bilateral lines	Vicat SA	2017	EUR	240.0	240.0	(1)	2022	variable rate
Bank bilateral lines	Vicat SA	Without	EUR	11.0	11.0	(1)	Without	variable rate
Sub-total bank lines (1)	**Vicat SA**		**EUR**	**731.0**	**731.0**	**555.0**		**variable rate**
Bank loan	SCC	2015	EGP	18.8	0.9	0.9	2018	variable rate
Bank bilateral lines	SCC	2015	EGP	150.0	7.0	3.6	2018	variable rate
Bank bilateral lines	Sococim	2017	CFAF	50,000.0	76.2	48.8	2018	fixed rate
Bank bilateral lines	Vigier	2015	CHF	200.0	170.9	46.4	2020	variable rate
Bank loan	Vigier	2009	CHF	9.0	7.7	7.7	2018 to 2020	fixed rate
Bank loan	Jambyl	2008	USD	7.1	6.0	6.0	2018	variable rate
Bank bilateral lines	Tamtas	2017	TRY	11.0	2.4	2.4	2018	fixed rate
Bank bilateral lines	Bastas	2017	TRY	42.0	9.2	9.2	2018	fixed rate
Bank bilateral lines	Cozum	2017	TRY	1.4	0.3	0.3	2018	fixed rate
Bank loan	NCC	2017	USD	10.5	8.8	8.8	2021	fixed rate
Bank loan	BSA	2017	MRO	2,000.0	4.7	4.7	2019	fixed rate
TOTAL SUBSIDIARIES' BORROWINGS OR BILATERAL LINES					**294.1**	**138.8**		
Fair value of derivatives						16.9		
TOTAL MEDIUM-TERM					**1,289.2**	**974.8**		
Other liabilities						77.7		
TOTAL GROSS INDEBTEDNESS (2)					**1,289.2**	**1,052.4**		

(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, 2017, € 240 million of the bank bilateral lines for € 240 million had been used, including € 235 million to hedge commercial paper. The syndicated loan was not drawn down as of December 31, 2017; € 315 million had been used to hedge commercial paper. Given the ability to substitute these lines of credit between one another, and the possible re-allotment 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 (€ 3.5 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 7 years maturities were repaid in 2017 for US$ 100 million and € 60 million. US$ 230 million remains at 10 years and US$ 120 million at 12 years.

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.

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 matured in May 2016. Following an amendment signed in July 2014, the line was extended until 2019 with a syndicate of six international banks. The interests are payable at the Euribor rate for the drawdown period. As of December 31, 2017, it had not been used. € 315 million is allocated to hedge liquidity risk on commercial paper.

This facility was renewed with a syndicate of five banks on January 25, 2018, for € 550 million at a variable rate for five years with two additional one-year options.

BANK BILATERAL LINES

Vicat SA's bilateral lines for € 240 million were renewed in December 2017 with six banks. The interests are payable at the Euribor rate for the drawdown period.

As at December 31, 2017, € 5 million had been drawn down and € 235 million allocated to hedge the liquidity risk of commercial paper.

COMMERCIAL PAPER

The Company has a commercial paper issue program which increased from € 450 million to € 550 million in May 2017. At December 31, 2017, the amount of commercial paper issued stood at € 550 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 financial debts in the consolidated balance sheet.

2.3.3.1.3. Subsidiaries bank bilateral lines

SENEGAL

Sococim Industries has two lines of credit for CFAF 15 billion, and one for CFAF 20 billion, all originally having 12 month maturities. As at December 31, 2017, they were drawn down for a total amount of CFAF 32.0 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 variable rate, for respectively US$ 50 million redeemable over seven years from 2012 and US$ 110 million redeemable over 5 years from 2011.

At December 31, 2017, the residual amount was only US$ 7.1 million in the case of the first line. This amount is payable in 2018.

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, 2017, the residual amount was CHF 9 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, 2017, the line was drawn in the amount of CHF 54.3 million.

EGYPT

In March 2015, Sinaï 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 18.8 million Egyptian pounds at December 31, 2017;
- a revolving line of credit of 150 million Egyptian pounds maturing in 2020, of which 77.4 million Egyptian pounds were drawn down at December 31, 2017.

TURKEY

In 2017, financing lines were set up in Turkey for 42 million Turkish pounds (Bastas Cemento), 11 million Turkish pounds (Tamtas) and 1.4 million Turkish pounds (Cozum). These were fully drawn down at December 31, 2017 and will be repaid in 2018.

MAURITANIA

A medium-term fixes-rate credit line maturing in 2019 for 2 billion Mauritanian Ouguiyas was set up in 2017 on BSA. This was fully drawn down at December 31, 2017.

UNITED STATES

In March 2017, NCC took out a medium-term loan for US$ 12 million, repayable quarterly over a term of four years. At December 31, 2017 the residual amount was US$ 10.5 million.

2.3.3.1.4. Credit risk hedged by the Group

As at December 31, 2017, the Group had a total of € 332 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, 2017, 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 6.1.2. "Notes to the consolidated financial statements 2017" of this Registration Document).

2.3.3.2. Gross indebtedness

As at December 31, 2017, gross indebtedness of the Group, excluding put options, was € 1,052 million compared with € 1,154 million at December 31, 2016. It is broken down by type as follows:

(in millions of euros)	2017	2016	Change
Borrowings from US investors	264	399	-33.8%
Bank borrowings	725	711	+2.0%
Residual debt on financing leasing agreement	2	2	-0.0%
Other borrowings and financial debts	6	7	-14.3%
Current bank facilities and bank overdrafts	55	35	+57.1%
GROSS INDEBTEDNESS	**1,052**	**1,154**	**-8.8%**
Of which less than one year	138	231	
Of which more than one year	914	923	

25% 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 73% in euros.

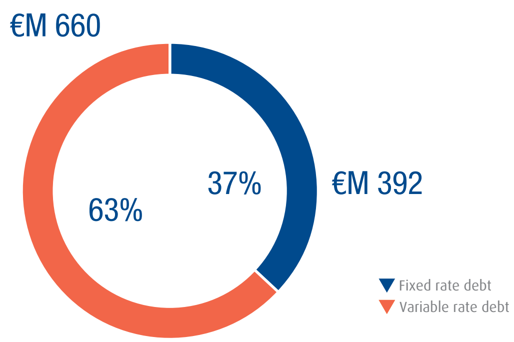
The structure of the Group's gross indebtedness as at December 31, 2017, by type of rate and due date is as follows:

RATE

As presented in section 5.1.4.3 "Interest rate risks" of this Registration Document, the gross variable-rate financial indebtedness represented, at December 31, 2017, € 660 million, or 63% 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$ 20 million, maturing in 2018.

FIXED-RATE/VARIABLE-RATE INDEBTEDNESS AS AT DECEMBER 31, 2017 *(in millions of euros)*



MATURITY

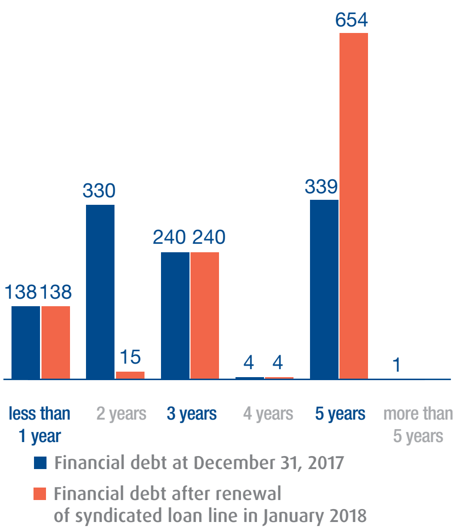
As at December 31, 2017, average maturity was slightly less than three years. Taking into account the renewal of the syndicated loan on January 25, 2018, this maturity will be increased to four years.

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

- debt at less than one year corresponds to the maturities of the Sococim loan in Senegal (€ 48.8 million), the Bastas and Tamtas te Cozum borrowings in Turkey (€ 12.0 million), NCC in the United States (€ 2.5 million), Jambyl Cement in Kazakhstan (€ 6.0 million), Sinaï Cement Company in Egypt (€ 4.5 million), and Vigier in Switzerland (€ 1.9 million);
- the 2019 maturity corresponds to the repayment of Vicat SA's syndicated loan (€ 315.0 million), the BSA loan in Mauritania (€ 4.7 million), the NCC maturity in the United States (€ 2.5 million), and Vigier in Switzerland (€ 1.9 million);
- in 2020, repayments mainly correspond to the maturity of the Vicat SA USPP (€ 173.4 million), the NCC maturity in the United States (€ 2.5 million), and Vigier in Switzerland (€ 50.7 million);
- the balance of the NCC liability in the United States makes up almost all of the 2021 maturity;
- after 2022, the € 340.4 million (net of the € 6.5 million impact of IAS 39) only concerns Vicat SA and essentially breaks down as follows:
  - the due date for the USPP (2022), amounting to € 90.7 million,
  - the maturity of bilateral lines for € 240.0 million.

See maturities schedule in section 5.1.4.5 of this Registration Document.

MATURITIES SCHEDULE FOR GROSS INDEBTEDNESS AS AT DECEMBER 31, 2017 *(in millions of euros)*



2.3.3.3. Cash surplus

Cash and cash equivalents include cash at bank (€ 105 million as at December 31, 2017) and short-term investments maturing in less than three months and with no risk of a change in the value of the principal (€ 160 million as at December 31, 2017).

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.

2.3.3.4. Net indebtedness (excluding put options)

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

(in millions of euros)	2017	2016	Change
Gross indebtedness	1,052	1,154	-8.8%
Cash and cash equivalents	265	243	+9.1%
NET INDEBTEDNESS	**787**	**912**	**-13.7%**

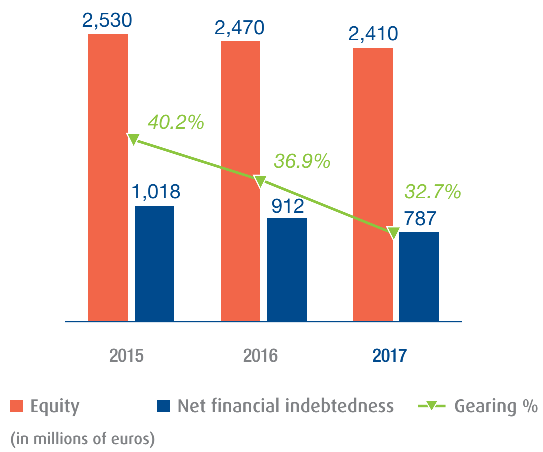
The gearing ratio was 32.7% at the end of 2017, compared with 36.9% at December 31, 2016.

The ratio of net financial indebtedness/EBITDA (leverage) was 1.77 at the end of 2017, compared with 1.99 at the end of 2016.

Overall, the Group had a total amount of € 597 million corresponding to unused lines of financing (€ 332 million) and cash (€ 265 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, 2017 are improving, giving the Group a solid financial structure and satisfactory flexibility.

Previously, during active acquisition periods for the Group, the gearing ratio was between 50% and 70%. Its average over the last five years was 39.57%. 2017 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 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, 2017 and 2016:

(in millions of euros)	2017	2016
Contractual commitments for the acquisition of fixed assets	27.1	21.3
Guarantees and deposits paid	-	-
TOTAL	**27.1**	**21.3**

As at December 31, 2017, the off-balance sheet liabilities of the Group were € 27.1 million (€ 21.3 million as at December 31, 2016) and concerned contractual obligations relating to industrial investments. These liabilities correspond primarily to investments made to upgrade industrial sites or facilities in France and to a lesser extent Switzerland and India.

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.

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 generally 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:

(in millions of euros)	2017	2016	2015 restated
Cement	96	118	140
Concrete and Aggregates	109	61	31
Other Products and Services	12	20	10
TOTAL	**217**	**199**	**181**
Of which financial investments	*29*	*63*	*19*

2.4.1.1. Main investments made in 2017

The total amount of industrial investments made in 2017 was € 187 million. These are shown below for each of the Group's main businesses. Financial investments amounted to € 29 million in 2017. These mainly correspond to new acquisitions aimed at bolstering the Group's presence in the Ready-mixed Concrete market in France and increasing its mineral reserves.

Cement: € 85 million worth of industrial investments

- **France:** investments were geared towards maintaining production facilities at the highest standards of financial and environmental performance.
- **United States**: in general, the investments made were intended to optimize the industrial and environmental performance of production sites.
- **Turkey**: the Group increased the mineral reserves available to the Konya plant. Cement storage capacity was also increased for the Bastas plant.
- **India**: investments mainly focused on setting up a new Cement storage and distribution site for the Mumbai market.
- **Mali**: in the second half, the Group began construction of a Cement mill.

Concrete & Aggregates: € 91 million of industrial investments

- **France**: investments included new Concrete batching plants, the replacement of reserves, and the purchase of quarry equipment for the Aggregates business.
- **Senegal**: the Group acquired new aggregates reserves and increased production capacity at existing sites.
- **United States**: a new Concrete batching plant is under construction in California. The Group also bought back leased quarry equipment.
- **Switzerland:** the Group continued its investment strategy for recycling centers, material treatment plants and landfills.

Other Products and Services: € 12 million in industrial investments

The investments made optimized the logistics facilities of businesses in France. These facilities also continued to be improved for Precast concrete products in Switzerland.

2.4.1.2. 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-mixed 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 6.3. "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 expansion of clinker production and cement grinding capacity of the Bastas plant was finalized during 2016.
- **United States**: the investments made 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 Sinaï operations.
- **India:** the investments mainly focused on improving the logistics of the plants.

Concrete & Aggregates: € 29 million of industrial investments

- **France**: the investments made went to optimize the industrial system and increase mineral reserves.
- **Senegal**: the Group increased the production capacity of its basalt aggregates facilities at the Diack plant.

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

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. The investments will be aimed at capturing new markets, updating and optimizing existing production facilities, steadily reducing production costs and consolidating mineral reserves. Targeted acquisitions could make it possible to better cover the Ready-mixed Concrete and Aggregates markets if necessary.

In this context, the total amount of industrial investments for 2018 should be around € 200 million. The main projects are as follows:

- **France:** industrial investments will mainly ensure that production facilities remain in compliance with environmental rules and that production costs are optimized in all the businesses;
- **West Africa:** construction of the cement mill in Mali, due to become operational in early 2019. In Senegal, investments will be allocated to the maintenance of production facilities, environmental rehabilitation and optimization of electrical installations;
- **Switzerland:** production facilities will be improved with the construction of an overhead bridge crane at the plant. In addition, several Ready-mixed Concrete and Aggregates facilities will be upgraded during the year;
- **India:** investments will focus on the development of infrastructure to tap new markets and improve the Group's competitive position, particularly through the construction of a cement mill in Vizag, Andhra Pradesh;
- **Turkey:** the investments will optimize production costs and increase mineral reserves for the Konya plant.

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 5 "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. Group's business prospects in its markets

The Group is providing the following guidance concerning its regional markets:

- In **France**, Cement consumption is expected to continue to recover in an improving macroeconomic and industry environment. Against this backdrop, Cement volumes in the domestic market are expected to move higher, with selling prices firming up slightly. In the Concrete and Aggregates business, the volume and pricing improvements seen in 2017 are likely to continue in 2018.
- In **Switzerland**, the Group expects volumes to remain stable and selling prices to edge higher in the Cement business against the backdrop of a macroeconomic environment forecast to grow very slightly and a still fiercely competitive industry environment. Pressure is likely to remain visible in the Concrete & Aggregates business, but to a lesser extent than in 2017.
- In **Italy**, the Group will continue to pursue its selective business strategy in market conditions likely to improve very gradually. Against this backdrop, selling prices and volumes are expected to edge higher.
- In the **United States**, the improvement in market conditions should continue in 2018 amid a supportive macroeconomic and industry environment. Accordingly, volumes and selling prices are expected to make further headway.
- In **Turkey**, the international situation and domestic political strife are likely to affect the country's economic and financial position. Even so, the construction sector, especially infrastructure, is expected

to remain buoyant and support the increase in Cement volumes in 2018 amid expected continued favourable pricing conditions.

- In **India**, the effects of the reforms undertaken by the government should show up gradually and benefit the entire economy. The Group expects Cement volumes to grow amid an industry environment benefiting from the vast infrastructure and housing projects set in motion. Amid persistently fierce competition, selling prices are expected to remain highly volatile, while still moving broadly higher over the year as a whole.
- In **Kazakhstan**, public investment should enable the market to continue to make headway, but in a slightly tougher competitive environment than in 2017.
- In **Egypt**, the November 2016 devaluation of the Egyptian pound is again expected to hit the profitability of Cement groups operating in the country. Even so, the Group expects its financial performance to progressively improve with the implementation of cost-reduction programs in an economic environment that should stabilise, even as the security context remains volatile.
- In **West Africa**, the construction market is expected to grow amid a still competitive but stable environment. Against this backdrop, the Group expects Cement volumes to improve across the market at large, and selling prices that should be better oriented.

2.5.2. Group objectives

In 2018, the macroeconomic environment is likely to see buoyant economic growth, tempered by political uncertainty in some emerging countries and the euro rising against most currencies. In addition, energy prices should continue to recover. The same can be said for US interest rates and, to a lesser extent, European interest rates.

In this context, the Group's main objective is to improve its operating profitability by implementing a proactive but balanced sales strategy, focusing on growth in sales volumes and higher selling prices if the competitive environment allows, while pursuing its policy of optimizing production costs.

Use of ready-mixed concrete with Delta Pompage, France

3

SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION

This report is prepared in accordance with the provisions of Article L. 225-102-1 and R. 225-105 of the French Commercial Code. The purpose of this report is to describe the policies and procedures implemented by the Vicat Group as part of its CSR strategy and to present the results for the year ended December 31, 2017. The methodology of the reporting exercise is presented at the end of this report. This information was audited by the firm Grant Thornton as an independent third-party body, which issued the certificate of disclosure and an opinion on the fair presentation of the information, attached to the report.

CORPORATE SOCIAL RESPONSIBILITY

For the Vicat Group, Corporate Social Responsibility (CSR) is an integral part of its overall strategy. It is built around a framework of best practice in the areas of human resources, environment and society. It is implemented at all levels of the Group as part of its strategy to develop its business lines, products and global footprint.

It is an approach that consists of minimizing and mitigating the environmental impacts of Vicat's processes, developing low-carbon products and efficient and innovative construction solutions. This in turn contributes to the environmental and energy transition needed to achieve the Sustainable Development Goals (SDGs), notably No. 9 ("*Industry, Innovation, and Infrastructure*"), No. 11 ("*Sustainable Cities and Communities*"), No. 13 ("Climate Action") and No. 15 ("Life on Land") [(1)].

It concerns all employees, as leading ambassadors of the values embraced by the Group. Implementing this approach in each of the Group's countries furthers their socioeconomic development. As a major economic player that proudly advocates responsible practices, the Vicat Group also contributes to SDGs 5 and 8 ("*Gender equality" and "Decent work and economic growth*").

CORPORATE SOCIAL RESPONSIBILITY IN ACTION

The CSR effort is supported by the General Management of Vicat SA, which frames its policies and actions in compliance with the Group's Code of ethics (available on the Company's website). Reporting to the Management, the CSR Coordination team oversees the Group's CSR reporting, following guidelines that take into account the specific aspects of each business and each country where Vicat operates. CSR actions are initiated, implemented, monitored and coordinated by the operational managers of each business, who have the requisite expertise and knowledge of the local area.

3.1. Social information

3.1.1. General principles

3.1.1.1. 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:

- **social cohesion:** as a French group with an international presence, Vicat has strong **local roots** in the countries where it operates. It also plays a key role in local development. 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 strives 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;

(1) In September 2015, at the United Nations Sustainable Development Summit in New York, the 193 UN Member States adopted a new 15-year program, Agenda 2030, based on the Sustainable Development Goals. These 17 global goals seek to fight against inequality, exclusion and injustice, take action on climate change and the erosion of biodiversity and put an end to extreme poverty. All stakeholders (government, citizens, non-profit organizations, private sector, public bodies and institutions) are asked to contribute to the success of Agenda 2030.

- **commitment in 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 dealings 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:** a family business founded more than 160 years ago, Vicat remains committed to its independence and strives for **responsible sustainability.** The Group has a long-term strategy that 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.

3.1.1.2. Respect for the conventions of the International Labour Organization

All the countries in which the Group operates are members of the International Labour Organization. Respect of the principles and fundamental labor 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 labor, the abolition of child labor 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 as part of their day-to-day responsibilities. At Group level, 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 2017.

All Vicat Group companies comply with local laws on respect for freedom of association and the right to collective bargaining, and respect for the right of employees to information and consultation.

3.1.2. An attractive company

3.1.2.1. Employment management

General changes in the workforce

As at December 31, 2017, the Group employed 8,460 employees broken down according to its geographical markets. The workforce comprises local personnel. New staff is generally hired from the catchment areas in which the Group operates.

BREAKDOWN OF THE WORKFORCE BY BUSINESS SEGMENT AND PROFESSIONAL CATEGORY

Group headcount as at December 31, 2017

	Cement	Concrete and Aggregates	Other income & Services	Total
Executives	934	327	235	1,496
White-collar staff	1,422	879	387	2,688
Blue-collar staff	1,514	1,923	839	4,276
TOTAL	**3,870**	**3,129**	**1,461**	**8,460**

The breakdown of the workforce by business segment reflects the development of the Group's operations, particularly in the Cement business in India and Egypt, and in Concrete and Aggregates in the United States and Senegal respectively.

In 2017, the Group's workforce in the Cement business accounted for the largest share at 45.7% of the total headcount (against 46.5% as at December 31, 2016). This decrease is relative due to the growth of the Concrete & Aggregates business. It should not mask CSR efforts under the Local Employment Plan in India, which seeks to offer permanent jobs to disadvantaged local communities, or the recruitment of security personnel in Egypt.

The Concrete & Aggregates business continued to grow to 37% of the total workforce as at December 31, 2017 (against 33.4% in 2016). This increase is due to the economic recovery and the development of this business segment, leading to recruitment in the following countries: operational personnel for Aggregates in Senegal, drivers for Concrete in the United States, and sales and operational staff for Switzerland and for Concrete and Aggregates in France, where acquisitions took place in 2017 for these business segments.

Other Products & Services contracted by -10.3% to represent 17.3% of the total workforce as at December 31, 2017 (against 20.1% as at December 31, 2016). All countries recorded a reduction in this workforce. The contraction was particularly apparent in Turkey (-26.6% between 2016 and 2017) as a result of restructuring aimed at improving efficiency. It was also significant in Switzerland (-9.9% between 2016 and 2017) due to restructuring of the Precast concrete products segment, necessary in a challenging competitive environment (impact of movements in the Swiss franc), and the transfer of drivers at the subsidiary Vigier Transport, attached to the Concrete & Aggregates business.

In 2017, blue-collar staff continued to increase, to 50.5% of the total workforce (46.4% in 2016 and 45.6% in 2015). Recruitment took place for this category in India (Cement), Egypt (Cement), the United States (Concrete), Senegal (Aggregates), France (Concrete and Aggregates, partly due to acquisitions of companies with a mostly blue-collar workforce), and in Switzerland (Concrete and Aggregates).

The share of white-collar staff decreased further to 31.8% (35.8% in 2016 and 36.4% in 2015).

The share of executives remained virtually unchanged at 17.7% (17.8% in 2016).

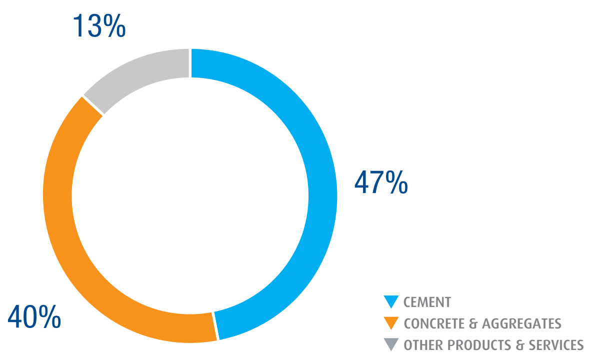
Average Group workforce and changes

(number of employees)	2017	2016	Change (%)
Cement	3,906	3,813	2.4%
Concrete and Aggregates	3,308	3,030	9.2%
Other Products and Services	1,132	1,166	-2.9%
TOTAL	**8,346**	**8,009**	**4.2%**

The changes between 2016 and 2017 in the average number of employees in the Cement business (+2.4%) and the Other Products & Services business (-2.9%) are consistent with those of the year-end workforce. The reduction in the workforce of the Other Products & Services business accelerated at the end of 2017, explaining the difference between the year-end and average percentages.

The average number of employees in the Concrete and Aggregates business rose by +9.2%, reflecting the recruitment resulting from the recovery in the Group's markets and acquisitions.

BREAKDOWN OF THE AVERAGE WORKFORCE IN 2017 BY BUSINESS (IN %)

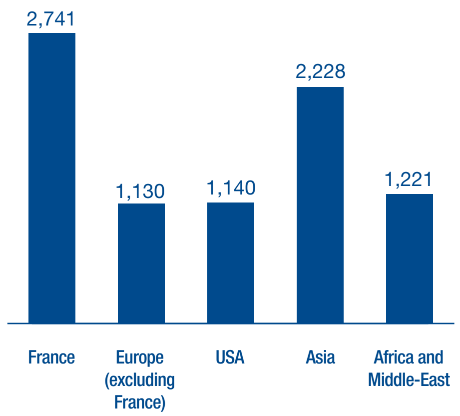


BREAKDOWN OF THE WORKFORCE BY GEOGRAPHICAL AREA

Group headcount as at December 31, 2017 by geographical area

(number of employees)	2017	2016	Change (%)
France	2,741	2,423	13.1%
Europe (excluding France)	1,130	1,160	-2.6%
United States	1,140	1,092	4.4%
Asia	2,228	2,272	-1.9%
Africa and Middle East	1,221	1,154	5.8%
TOTAL	**8,460**	**8,101**	**4.4%**

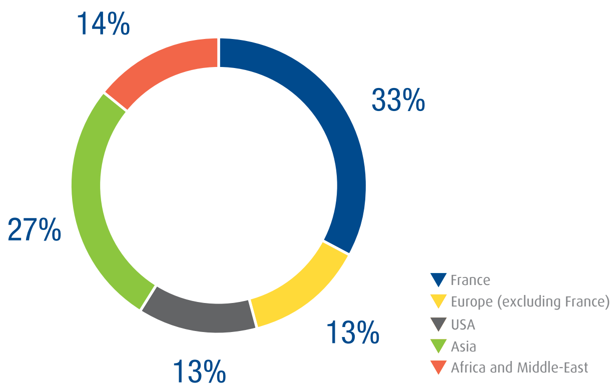
GROUP WORKFORCE AS AT DECEMBER 31, 2017 BY GEOGRAPHICAL AREA



Average Group workforce in 2017 by geographical area

	2017	2016	Change *(in %)*
France	2,751	2,440	12.7%
Europe (excluding France)	1,075	1,110	-3.2%
United States	1,112	1,088	2.2%
Asia	2,253	2,226	1.2%
Africa and Middle East	1,155	1,145	0.9%
TOTAL	**8,346**	**8,009**	**0.4%**

BREAKDOWN OF THE GROUP'S AVERAGE NUMBER OF EMPLOYEES IN 2017 BY GEOGRAPHICAL AREA (IN %)



The Group had an average of 8,346 employees in 2017, up from 8,009 employees in 2016, an increase of 4.2%. This increase reflects the Group's growth in emerging countries and the economic recovery in developed countries.

The Asia region thus saw its average number of employees rise by 1.2% in one year (after increasing by 8.2% between 2015 and 2016, and by 6.0% between 2014 and 2015). Growth in the average number of employees in India (up 8.7% between 2016 and 2017, after an increase of 5.3% between 2015 and 2016) was due to the continued commitments of the Bharathi and Kalburgi factories to the employment of the local population. Between 2016 and 2017, the average number of employees in Turkey fell -4.0% due to the restructuring of the Other Products & Services business. The -1.5% decrease between 2016 and 2017 for Kazakhstan reflects efforts to optimize the local organization.

For the Africa and Middle East region, the 0.9% increase between 2016 and 2017 is mainly the result of a 1.7% increase in the number of employees in Egypt. The average number of employees in Senegal reflected a mixed situation between 2016 and 2017: the average number of employees in the Cement business fell -2.8% (mainly due to better organization at the cement factory in Rufisque), while the average number of employees in the Aggregates business rose +5.0% due to the resumption of construction, particularly on major projects (Dakar's new airport, for example).

In the United States, the 2.2% growth in the average number of employees between 2016 and 2017 was due to the recruitment of drivers for the concrete business to meet demand as the construction sector recovered.

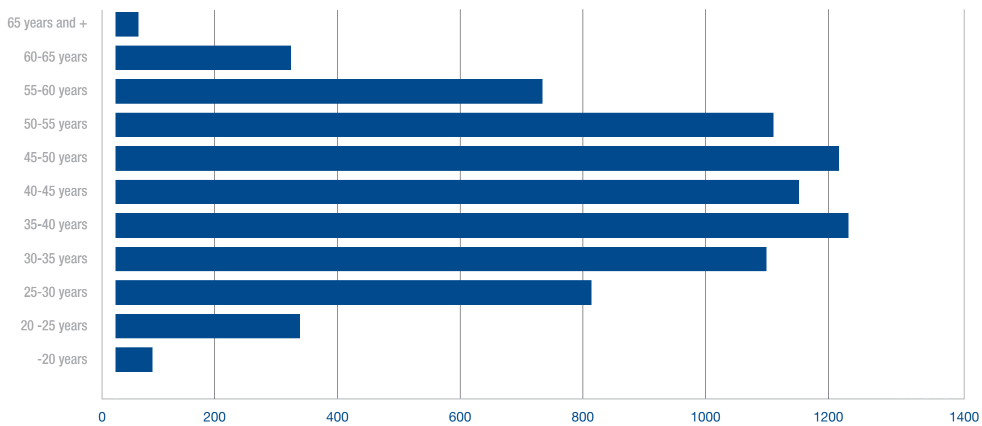
The average number of employees in Switzerland declined -3.2% over the period as a result of the Concrete & Aggregates business (-4.5%), the restructuring of the Other Products & Services business (Precast concrete products segment), and the transfer of drivers from this business to the Concrete & Aggregates business (Vigier Transport), -5.5%.

The average number of employees in Italy remains stable.

Between 2016 and 2017, the average number of employees in France began to rise (+12.7%) following signs of a market recovery and the Group's positioning on major projects such as "Greater Paris" and the change in scope of consolidation.

DISTRIBUTION OF THE GROUP'S WORKFORCE BY AGE AND LENGTH OF SERVICE

Age pyramid as at December 31, 2017*



* *This analysis was carried out on a sample representing 96% of the workforce, as data on recent changes in scope are not yet available.*

In 2017 as in 2016, the Group maintained a balanced age pyramid.

The number of employees under 35 remained proportionately higher in Kazakhstan (50.9%), India (48.2%), Turkey (35.9%) and Egypt (24.7%). On average, it remained nearly stable at 26.9% of the Group's workforce in 2017 (27.5% in 2016).

The percentage of Group employees over 50 rose from 27.4% in 2016 to 28.3% in 2017, with a significant proportion in Switzerland (42.9% in 2017), the United States (42.0% in 2017) and France (33.1% in 2017). This change is a reflection of the stability of the teams, who are becoming older each year and gaining more years of service. It also speaks to the absence of a policy that encourages the departure of older workers and discriminates against this category.

In preparation for the impact of 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 the Group's workforce*

	Average age		Average years of service	
	2017	**2016**	**2017**	**2016**
Group	**42.9**	**43.1**	**10.0**	**9.9**
of which France	*44.1*	*44.2*	*13.5*	*13.6*

* *This analysis was carried out on a sample representing 96% of the workforce, as data on recent changes in scope are not yet available.*

The cumulative stability in average age within the Group (43.1 in 2016, versus 42.9 in 2017) and in average years of service (9.9 in 2016, versus 10.0 in 2017) reflects the overall stability of the workforce and the Group's commitment towards responsible, long-term employment.

Recruitment policy

The aim of the Group's human resources policy is to ensure that the individual and collective skills of staff are in line with the Group's strategy on a short-, medium- and long-term basis. The policy is framed by adherence to and promotion of the values that underpin the Group's culture. Team performance, gender balance, fairness, and diversity are thus among its fundamentals.

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.

The Vicat employer brand, which reflects its culture and values as a family-owned, international group, is a positive incentive for candidates and draws heavily on its CSR efforts.

Hires and departures

Type of workforce changes in 2017

(number of employees)	Workforce
Workforce as at december 31, 2016	**8,101**
Natural attrition	-968
Redundancies	-313
Changes in consolidation scope	+338
Recruitment	+1,302
WORKFORCE AT DECEMBER 31, 2017	**8,460**

As at December 31, 2017, the Group had 8,460 staff, up from 8,101 a year earlier. This +4.4% increase is due to the return to growth in countries such as France, Switzerland and the United States, the continuation of the CSR policy in India, which is a net recruiter, and the acquisition of firms in the Concrete & Aggregates segment. In addition, France continued with its apprentice recruitment policy between 2016 and 2017 to increase the number by 20% during that period.

The Group's global hires increased by 7.8% between 2016 (1,208) and 2017 (1,302), while global departures increased by 23.3% between 2016 (-1,039) and 2017 (-1,281).

A significant number of staff joining or leaving the Group held posts linked to the seasonal nature of the Group's business activities, especially in France and Turkey. In addition, Turkey, India and Kazakhstan recorded a typically high turnover of 18.1%, although this is considered low for these countries.

The percentage of departures from the Group rose between 2016 (12.8%) and 2017 (15.2%), reflecting the restructuring of the Precast Concrete business (Other Products & Services) in Switzerland and the contraction of the workforce in Turkey.

Other movements resulted mainly from the replacement of natural departures and adaptation of organizations to the economic situation in each market.

The + 338 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.

Remuneration policy

REMUNERATION SCHEMES

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.

The remuneration policy pays particular attention to the equal treatment of women and men. For example, in 2017, to exceed the targets set out in the agreement on gender equality with regard to pay (approved by its labor partners and government), Vicat embarked on a detailed salary review together with its labor partners to identify potential gender pay gaps on a post-by-post basis and agreed in principle to a special remedial budget. The study revealed that the gap was close to 0% in terms of amount and value. The necessary adjustments have therefore been made.

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.

CHANGE IN PERSONNEL COSTS AS OF DECEMBER 31, 2017

The Group's personnel costs increased by € 14.5 million (i.e. +3.6%) to € 423.9 million in 2017 (€ 409.4 million in 2016). This net positive balance is explained by:

- organic growth which contributed € 11.3 million to this overall increase. Organic growth covers both salary increases and the rise in the average number of employees (+0.4%) between 2016 and 2017. The organic increase in most countries was partially offset by the decrease in the Swiss payroll (€ (2.1) million, on the back of a reduction in the average number of employees of -3.2%);
- € 13.4 million was due to the change in consolidation scope;
- exchange rate effects reduced these expenses in euros by € (10.2) million, mainly contributed by Turkey, Egypt, Switzerland and the United States.

Excluding the scope effect, the French payroll remained virtually unchanged between 2016 and 2017 (+0.06%), as did the Group payroll (-0.08%).

Personnel costs

	2017	2016
Salaries and wages *(in thousands of euros)*	310,276	303,153
Social security contributions *(in thousands of euros)*	109,670	102,243
Employee profit sharing (French companies) *(in thousands of euros)*	4,047	4,010
Personnel costs *(in thousands of euros)*	**423,993**	**409,406**
Average number of employees of the consolidated companies	8,346	8,009

3.1.2.2. Work organization

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.

The Group is attentive to the quality of working conditions for its teams, workplace health and safety, and working well together according to the Group's culture and values, emphasizing the importance of mutual respect, independence and accountability.

The organization into relatively small and manageable teams has always fostered best practice within the Group, such as continuous improvement and the "freedom-form company".

PART-TIME WORK

Workforce as at December 31, 2017 by contract type/category*

	Cement	Concrete & Aggregates	Other Products and Services	Total
FULL-TIME EMPLOYEES	3,830	2,751	1,396	7,977
Executives	925	297	227	1,449
White-collar staff	1,398	771	344	2,513
Blue-collar staff	1,507	1,683	825	4,015
PART-TIME EMPLOYEES	37	79	65	181
Executives	5	6	8	19
White-collar staff	24	37	43	104
Blue-collar staff	8	36	14	58
TOTAL	**3,867**	**2,830**	**1,461**	**8,158**
Part-time employees (as *a percentage*)	1.0%	2.8%	4.4%	2.2%

* *This analysis was carried out on a sample representing 96% of the workforce, as data on recent changes in scope are not yet available.*

The Group has little need for part-time jobs. As at December 31, 2017, the percentage of part-time employees remained low at 2.2% of the workforce (virtually unchanged from 2.3% in 2016 and 2.4% in 2015).

As in 2016, many more part-time staff were employed in Other Products & Services (4.4% in 2017) and Concrete and Aggregates (2.8% in 2017) than in Cement (1.0% in 2017).

Part-time staff are employed to varying degrees in the following countries only: Switzerland (11.3%), Italy (4.5%), France (2.1%).

SHIFT WORKING

Part of the Group's industrial business requires shift working. The statutory framework is systematically adhered to. In 2017, 20.0% of the Group's jobs required shift work, up from 2016 (16.8%) due to the increase in the number of staff in the blue-collar category.

ABSENTEEISM

Another indicator of the quality of the labor environment is the absenteeism rate. Absenteeism is monitored in each country in order to identify the reasons and take appropriate action. In 2017, the Vicat Group deemed this indicator satisfactory. It varies between 0.3% and 7.7%, depending on the country. France is average, with 4.4%.

3.1.2.3. Employee relations management

Social dialogue works well within the various companies. Management, which is direct, close to the workforce and open to discussion with staff, is a key success factor in maintaining social dialogue and good employee relations.

In terms of results, in 2017 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, discrimination or infringement of freedom of association. 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.

For 2017, the scope adopted for the "Review of collective bargaining agreements" indicator was limited to France. A total of 11 agreements were signed during this period.

3.1.2.4. Continued progress on health and safety at work

Health and safety conditions at work and "working well together"

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 eliminate or reduce 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 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. In 2017, the Group extended its health and safety performance and continued to target ongoing improvements, with a frequency rate of 8.1 compared with 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.

In 2017, for example, a large-scale management training program was launched in France, run by a well-known specialist organization. The training covered concrete issues such as compulsory safety briefings and on-site safety visits. The program will be rolled out to all business segments and professions in 2018.

As a result, regional safety days are organized, meetings are preceded by a safety update, and managers give weekly safety briefings to stimulate ideas, raise awareness, improve day-to-day behaviors, share best practice and ensure that staff report any hazardous situations to do with issues around health and safety in the workplace.

For example, the issues addressed include risk analysis, equipment logs, travel, phone use, working at heights, and tidiness and cleanliness of facilities.

In 2017, an extensive campaign was undertaken in France to prevent addiction (alcohol, drugs and prescription medicines). Training and awareness-raising was carried out for everyone in the organization: managers, staff representatives and all employees. This action will continue in 2018 at all sites:

- the availability of risk-appropriate collective and personal protective equipment for teams (employees and subcontractors) at all of the Group’s sites;
- the upgrading of facilities to match with regulatory and technical changes, taking into account the opinion of the 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 contained in the Company Safety Assurance Manual (MASE), external firms whose staff work at the Group’s sites are subject to the same rules as those applicable to the Group’s employees as regards training, induction (particularly the safety induction), equipment, operating procedures and organization.

In 2017, the Créchy plant was awarded MASE certification for three years, the maximum period allowed, which reflects the level of excellence achieved. The other French cement factories are planning to apply for certification in 2018.

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 2017, the systematic participation of Management in cross-cutting internal safety audits also reflects the strength of its involvement and its unswerving commitment to achieve the “Zero Accidents” target. Audits present an opportunity for reasoned discussions on site between teams to prevent and eliminate risk. All topics are reviewed: equipment, organization, regulations and most importantly behavior.

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, audit reports, awareness materials, communication tools and all documents pertaining to prevention, health and safety are contained within a networked database, which may be accessed by safety specialists and managers.

On April 28 each year, the Group takes part in the World Day for Safety and Health at Work. The day aims principally to foster a workplace health and safety culture for all sites, businesses and countries. It provides an opportunity for staff to think about and discuss a chosen theme. After the theme of “Performance and Safety” in 2016, “Leading by Example” was the topic for consideration on April 28, 2017. These annual events are important for team-building so that employees can progress “together” towards the “zero accidents” target.

Throughout the year, the Safety Department organizes quarterly awareness campaigns which are implemented in all countries. Safety briefing materials (posters and leaflets) are translated into all languages, enabling managers to raise staff awareness of key issues, for example risk analysis and road safety in 2017.

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.

Agreements signed with unions concerning workplace health and safety

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 labor partners in this area.

The support and active participation of labor partners, and their support for the health and safety approach, has helped to develop the safety culture and improve performances.

Results recorded in terms of workplace safety

There was an improvement in the Group's main safety indicators in 2017, particularly the number of lost-time accidents and frequency rate, building on the performance of previous years. There was a further decline in the frequency rate, which fell to 8.1 in 2017 (a 5% reduction from 2016). The number of lost-time accidents has fallen by 20% in three years. The severity rate for 2017 is 0.31, higher by comparison with 2016 (0.26). This deterioration in the severity rate is a result of two accidents that occurred in France at the beginning of the year, leading to lengthy work stoppages, and accidents that occurred at the end of 2016, with stoppages continuing into 2017.

In 2017, a fatal accident sadly occurred involving a worker in the aggregates business in Senegal. A swift response from the Group and local staff ensured that the victim's family received support. In addition, corrective action was immediately taken to prevent a similar event from occurring again, either within this business segment or elsewhere in the Group.

The improvement in frequency rate in 2017 is mainly due to the increasing number of Group sites reporting no lost-time accidents. For example, seven of the Group's cement factories recorded no lost-time accidents in 2017; some had not reported any for two or three years (Montalieu and Bharathi). In France, none of the cement quarries recorded any lost-time accidents, nor did the SATM transport business. Mali, Italy and Kazakhstan also recorded zero lost-time accidents in 2017.

In 2017, several countries saw a remarkable improvement in their safety performance: the United States, where the frequency rate went from 8.4 to 4.3 (-49%), and Turkey, which recorded a frequency rate of 7.4, compared with 11.8 in 2016 (-37%).

	Group		
*For Group employees**	**2017**	**2016**	**Change**
Number of lost-time accidents among Group employees	138	144	-4%
Number of fatal accidents among Group employees	1	1	%
Number of lost days for Group employees	5,342	4,363	+22%
Frequency rate	8.1	8.5	-5%
Severity rate	0.31	0.26	+20%

* *This analysis was carried out on a sample representing 96% of the workforce, as data on recent changes in scope are not yet available.*

	Cement Group		
For the Group employees	**2017**	**2016**	**Change**
Number of lost-time accidents among employees	29	37	-22%
Number of fatal accidents among employees	0	1	%
Frequency rate	3.8	5.0	-24%
Severity rate	0.16	0.14	+14%

	Concrete and Aggregates Other Group Products & Services		
*For Group employees**	**2017**	**2016**	**Change**
Number of lost-time accidents among employees	109	107	+7%
Number of fatal accidents among employees	1	0	%
Frequency rate	11.6	11.3	+2%
Severity rate	0.44	0.35	+26%

* *This analysis was carried out on a sample representing 96% of the workforce, as data on recent changes in scope are not yet available.*

3.1.2.5. Talent and skills development

In 2017, the Group's training program continued to focus on health and safety in the workplace, the environment, team performance (management, change management, ethics and anti-corruption under the Sapin law, for example), industrial performance and business performance. These training actions, focused on operating results, contributed effectively to the Group's positive results in these areas.

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 2017, the Group successfully continued the multi-year program launched in 2013 relating to specifications and sales activities with pilot teams from its various businesses. In addition, to support the recovery, the concrete business set up training for its sales force which yielded immediate results in terms of sales performance.

Training indicators*

	2017	2016	Change (%)
Number of hours of training	146,048	127,042	15.0%
Number of employees having attended at least one training course	4,956	4,966	-0.2%

* *This analysis was carried out on a sample representing 96% of the workforce, as data on recent changes in scope are not yet available.*

The increase in the number of training hours reflects the Group's commitment to developing skills and sharing best practices in the short, medium and long term, as part of the CSR approach integrated into its overall strategy.

The near standstill (-0.2%) in the number of employees who attended at least one training session between 2016 and 2017 is simply due to the +0.4% increase in the Group's average number of employees:

- Egypt, which saw a 75.8% rise in training hours and a 17.1% increase in the number of employees who attended at least one training course (due to an increase in training on workplace health and safety);
- Kazakhstan, which recorded a 75.0% increase in training hours (due to an increase in training on workplace health and safety);
- The United States, which reported a 26.3% rise in training hours, linked to the 4.4% increase in the total workforce and the fairly high turnover, particularly in the concrete business, requiring workplace health and safety training for new recruits;
- France, which still has the highest number of training hours (32.3% of the Group total) and which increased this indicator by 28.4% between 2016 and 2017, with a 14.3% rise in the number of employees who attended at least one training course. These results are attributed to the Challenge 2020 action plan, aimed at significantly improving the country's results by 2020.

3.1.2.6. Promoting equal treatment

Measures to promote the employment and integration of the disabled

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 people with disabilities (secondment of disabled employees within Group companies, provision of services, such as maintenance of green spaces, removal of certain types of waste, etc.) is another solution employed.

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).

In France, disabled employees represented 3.1% of the workforce in 2017, a significant increase from 2.6% in 2016.

Since 2014, the Group has consolidated SODICAPEI, a company specialized in mining operations and the sale of bauxite, whose packaging plant employs ten disabled people.

This policy is also successful outside France, especially in Turkey. Disabled employees represent close to 2.5% of the Group's workforce in Turkey.

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 executives 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 2017, as in 2016, the difference in average compensation of upper management between men and women with equal qualifications is very low (between -1.3% and 0.3%, 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 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.

As a result of its gender equality record, the Group has maintained its ranking in the list of SBF 120 companies with increased female representation on their Boards, climbing to 28th place (from 42nd place in 2016). The list is produced by the office of the French Secretary of State for Gender Equality. The Group received a special “Innovation” award in 2017 for appointing the youngest director in the SBF 120 (Eléonore Sidos, who was 19 in 2017). With this appointment to its Board of Directors, the Group has set an example for young female talent to fast-track towards gaining intensive professional experience and taking on significant responsibilities to prepare them for future senior management roles.

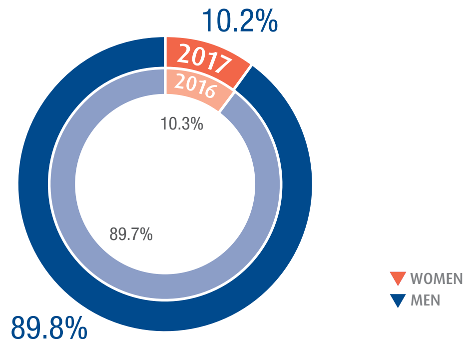
The Group is committed to having more women on its staff, by facilitating: access to industrial trades (by aiming for parity in apprenticeships, for example); accountability for performance through training, coaching and flexible working arrangements with a view to benefiting both women and men; development and promotion through professional equality and equal pay.

Workforce as at December 31, 2017 by gender, category, average age, and average length of service*

		Including:				
(number of employees)	Total	Executives	White-collar staff	Blue-collar staff	Average age	Average years of service
Men	7,322	1,286	2,038	3,998	42.9	10.0
Women	836	191	571	74	42.6	10.2
TOTAL	**8,158**	**1,477**	**2,609**	**4,072**	**42.9**	**10.0**

* *This analysis was carried out on a sample representing 96% of the workforce, as data on recent changes in scope are not yet available.*

WORKFORCE AS AT DECEMBER 31, 2017 BY GENDER*



Female employees as a percentage of the Group's total workforce*

	2017	2016
Executives	12.9	12.2
White-collar staff	21.9	19.3
Blue-collar staff	1.8	2.7
TOTAL	**10.2**	**10.3**

* *This analysis was carried out on a sample representing 96% of the workforce, as data on recent changes in scope are not yet available.*

Female employees as a percentage of the Group's workforce in France (*)

	2017	2016
Executives	24.2	22.7
White-collar staff	25.0	25.1
Blue-collar staff	2.4	3.1
TOTAL	**18.3**	**18.1**

* *This analysis was carried out on a sample representing 96% of the workforce, as data on recent changes in scope are not yet available.*

The percentage of women employed by the Group was virtually unchanged as at December 31, 2017, at 10.2%, compared with 10.3% a year earlier. This result can be explained by the increase in the number of blue-collar workers, who are nearly all men in Egypt, and the low number of women in other countries, which masks the effects of the Group's commitment towards increasing this proportion each year.

In France, the employment of women rose to 18.3% in 2017, as compared with 18.1% in 2016. With a female workforce of 23.0% and 18.2% respectively, Kazakhstan and Italy still come top for the percentage of women employed.

The percentage of female executives in the Group also improved, rising from 12.9% in 2017 to 12.2% in 2016. In France, the percentage of female executives also increased to 24.2% as at December 31, 2017 (compared with 22.7% in 2016 and 22.8% in 2015).

3.2. Environmental information

3.2.1. Environmental responsibility integral to the business

3.2.1.1. "Sustainable construction" at the heart of decision-making systems

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. Lastly, sustainable construction is low-carbon construction based on continuous improvement in the energy efficiency and performance of its processes, focused on the development of sustainable mobility, alternative products and construction solutions.

The Vicat Group continues to manage its environmental responsibility at the highest level of each business segment, ensuring recognition of the Group's commitment towards sustainable construction.

In France, at the first Collaborative & Circular Economy Awards in April 2017, the Group received the award for best circular approach in the "Large Companies" category.

The Vicat Group is also a partner of the "Green Deal" unveiled by the French cement industry trade association (SFIC) in January 2017. This partnership illustrates the actions undertaken locally by each of its cement factories in France (consisting of using short local supply chains) to effectively remove barriers to the circular economy. This will enable the commitment to green growth to be translated in operational terms by recycling wood waste from the cement industry; this commitment, due to be formally signed by the French government in the first week of January 2018, is an innovative and flexible legal tool for integrating sustainable solutions into industrial processes and firmly anchoring energy consumption in the circular economy.

By delivering on this voluntary commitment, the Vicat Group and other stakeholders should be able to help achieve the government targets set out in the law on the energy transition and green growth; namely, to halve the amount of waste sent to landfill by 2025, to increase renewable energy consumption by 23% by 2020 and 32% by 2030, and lastly – by significantly increasing the amount of energy generated from waste – to ensure that France is self-sufficient in energy and reduce fossil fuel consumption by 30% between 2012 and 2030.

3.2.1.2. An operational organization that supports "sustainable construction"

The operational organization set up by the Vicat Group reflects its commitment towards continuously improving the historically weak link between its industrial and environmental performance.

This enables to meet all of the environmental regulations that apply to its businesses. These regulations are generally notified to Group entities through administrative authorizations, operating permits and/or local licenses. To meet the requirements imposed by each of these regulations, regulatory and scientific monitoring is carried out within all levels of operational management, administrative and financial teams and associated Departments. To assist production sites in adhering to the increasingly complex rules, the Vicat Group employs recognized experts in the field of health, safety and the environment for each branch of its activity. This monitoring is the first step in its organizational model, which is based on the "Plan–Do–Check–Act" principle.

Based on this shared foundation, the Vicat Group seeks to have effective environmental management systems, which involve all of its employees in meeting the challenges of sustainable construction. 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.

In a process that took less than 12 months, the energy management systems of the Grave de Peille, Montalieu and Xeuilley cement factories in France obtained ISO 50001 certification in the summer of 2017. With these systems, they should be able to closely monitor the energy consumption of their facilities, responding as soon as possible to any non-performance, as well as improving their energy efficiency. The process also involves a five-year energy saving plan.

The Group has always sought to measure, evaluate and prevent 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.

The monitoring of the performance indicators feeds into the adoption and updating of the Group's action plans for the environmental and energy transition, their implementation taking into account the specific impacts of each of the activities and regions concerned.

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 2017, total investments amounted to € 18.1 million (as compared with total investments of € 17.3 million in 2016). Provisions and guarantees in respect of environmental risks are shown in the Group's consolidated financial statements (note 15). At December 31, 2017, they represented € 48 million (unchanged from 2016).

3.2.2. Contribution of the Vicat Group to the environmental transition and development of the circular economy

With its industrial experience, the Vicat Group has firm control over the environmental impacts of its processes (extraction, firing of cement, production of ready-mixed concrete). By applying best practice at each stage of the process, from procurement to product marketing, through manufacturing, processing and transportation, it actively contributes to the environmental transition and to a circular economy in the regions in which it operates.

3.2.2.1. Sustainable management of natural resources

Managing consumption

The Vicat Group's policy has always been to select the raw materials used in its processes carefully, taking into account their local availability and using alternative raw materials wherever possible. The Group plays a key role in offering innovative solutions to mitigate the depletion of natural raw materials and the loss of biodiversity and associated ecosystems in the regions where it operates.

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 endeavors to reduce it by promoting the use of alternative raw materials for both the production of clinker (fuel ash, calcium aluminum or iron oxides, recovery of polluted land) and of cements (sulfo or phosphogypsums, recycling of quarry mineral waste, ash, blast furnace slag), and even the production of aggregates (use of aggregates derived from the returned fresh concrete or demolition).

The Vicat Group's consumption in 2017 was the following:

- raw materials consumed **in clinker production** amounted to 29.2 million tons (compared with 28.4 million tons in 2016), including 4.4% in alternative materials (compared with 2.7% in 2016).

  NB: The increase in the proportion of alternative materials is firstly due to the preliminary results of action taken by the Department responsible for the Eco-Valorization brand to reuse "contaminated sites", and secondly to the introduction of more granular analytical indicators to monitor the consumption of alternative materials (creation of a new line to identify fuel ash, for example);
- **for cement production,** 4.1 million tons of additives were consumed. The rate of substitution amounts to 26.3% of additives, given the restricted availability of blast furnace slag in Kazakhstan. In 2017, the use of alternative materials represented 8.5% of the cement produced, as against 8.2% in 2016;
- **for the production of aggregates**, almost 20 million tons of raw materials were extracted, as compared with 18.4 million tons in 2016. Recycling has fallen slightly, representing around 4% of production in France and 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, the Group is continuing to develop the complementarity between all its activities, notably under the Vicat Eco-Valorization brand, which has its own Department. In 2017, its commitment to a circular economy was demonstrated by the partnership formed with the Company SERPOL for land reclamation in Lyon's "Chemical Valley". The partnership will lead to the creation of a new platform, "Terenvie".

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 60% of total water used.
- **In the Concrete business line**, each cubic meter of concrete produced uses 176 liters per m^3, perfectly in line with international best practice and well below the 350 liters set by French regulations as the maximum.
- **In the Aggregates business line**, recycling systems enable over 80% 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 144 l/ton for the Group as a whole.

Water use in 2017 (in m³ and%) *

	Cement	Aggregates	Concrete	Other income & Services
Total water requirement (in thousands of m³)	**26,984**	**17,636**	**2,067**	**1,952**
Recycled (in thousands of m³)	17,450	14,744	467	280
Percentage recycled (in %)	65	84	23	14
Net intake (in thousands of m³)	**9,483**	**2,892**	**1,600**	**1,672**
Rainwater (in %)	1.9	0	0	0.0
Public network (in %)	3.3	11	57	0.0
Aquifers (in %)	75.3	25	5	0.1
Lakes and rivers (in %)	10.2	34	24	0.0
Other (in %)	9.4	0	14	0.0
Environmental discharges (in thousands of m³)	5,651	0	3	1,613
Effective consumption (in thousands of m³)	**3,860**	**2,892**	**1,597**	**58**

Protecting biodiversity and ecosystems

Protecting natural capital is a priority for the Vicat Group when operating its quarries, cement factories and concrete batching plants. It conducts its operations in such a way as to square the management of its industrial sites with that of the surrounding countryside (protected or otherwise) and urban areas.

Its development is informed by its recognized commitment to biodiversity conservation, with a wealth of new projects being implemented in 2017.

QUARRY BIODIVERSITY

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.

In light of this fact, for many years the Vicat Group has tasked an internal research Department with systematically analyzing the basic condition of the environment and surrounding area prior to any quarry development. Each project is presented taking into account the best available exploitation techniques and the remediation conditions, designed to contribute to the creation of habitats and the establishment of flora and fauna species during the quarry's lifetime. These restoration plans go beyond the simple obligation to return quarries to their original state. The measures to be taken when work at the Group's quarry sites comes to an end are prescribed in a restoration plan, often attached to the original application for the quarry permit. The type of rehabilitation chosen is ultimately based on a consensus with all stakeholders. In 2017, the project set up in partnership with the Chamber of Agriculture of Isère, Creys-Mépieu town council and the non-profit association Nature Nord-Isère Lo Parvi in 2015 delivered results by enabling barley to be grown for the production and sale of local craft beer by Brasserie Les Ursulines.

On May 30, 2017, Vicat's Chief Operating Officer Didier Petetin signed a partnership agreement with Nature Nord Isère Lo Parvi. This defines the conditions for use of the Mépieu cement quarry to study six wildlife species and vascular plants identified as excellent indicators of habitat quality, according to protocols based on standard models developed by the French Natural History Museum. At the end of the three-year research project, based on the new insights gained, the Group will be given feedback so that it can further improve its practices.

The actions carried out as part of the Group's voluntary commitment plan, recognized under the National Biodiversity Strategy in 2015, will continue to be monitored. The Vicat Group regularly attends the Natural Capital Accounting Workshop of the business and Biodiversity Platform, which is part of the 2011-2020 European Biodiversity Strategy.

BIODIVERSITY IN THE CEMENT INDUSTRY

The renewed impetus given to the Group's biodiversity actions by the launch, in 2016, of the Odyssée project for the protection of pollinators and wild bees continued in 2017. At its Montalieu-Vercieu cement factory, the Vicat Group opened its first conservation orchard with the aim of protecting and safeguarding the biological and genetic diversity of local fruit trees. The orchard has been planted with 71 fruit trees, consisting of 21 local heritage varieties. To implement the scheme, the Vicat Group worked alongside Croqueurs de Pommes, an organization that campaigns for the protection of regional fruit tree varieties.

* *This analysis was carried out on a sample representing 96% of the workforce, as data on recent changes in scope are not yet available.*

Group employees are made aware of and are involved in these species conservation programs. They are also informed about best practice and encouraged to form local partnerships for biodiversity protection. As a further awareness-raising measure, site managers have also been given a practical guide on sustainable biodiversity management in the cement industry. The guide is published by the French cement industry trade body (SFIC) as part of its voluntary commitment under the National Biodiversity Strategy, in association with the French Committee of the International Union for Conservation of Nature (IUCN).

USING CONCRETE TO ENCOURAGE BIODIVERSITY

Concrete – the main application of cement, which is used to set it – can be used to build sustainable buildings and structures. Concrete plays a part in most civil engineering projects and in urban expansion, where it can contribute to the formation of green and blue belts. It is used to construct special features for wildlife protection, such as fish passes and amphibian road tunnels. In towns and cities, concrete is an excellent support for green walls, which can be home to plant and wildlife communities, and for green roofs that allow biodiversity to be introduced back into urban areas.

At the Mineral Industry Congress held in Metz in October 2017, Vicat unveiled its Odyssée planter; an experimental approach towards pollinator conservation, to test whether concrete is a suitable nesting material. Made entirely of ultra-high-performance fiber-reinforced concrete (Vicat Smart-Up), the planter consists of a flat, butterfly-shaped container with four nesting modules.

3.2.3. Vicat's contribution to the energy transition and the development of a low-carbon economy

3.2.3.1. Measuring the significant impacts of its activities and products on air emissions

Measuring the quality of discharges from its cement factories

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_2 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_x (nitrogen oxide) and SO_x (sulfur oxide) emissions as discharges having an impact on atmospheric acidification.

In the case of dust, NO_x and SO_x discharges, the situation in 2017 was as follows:

Emissions per ton and specific emissions

	Number of kilns assessed*	Emissions *(tons)*	Emissions *(grams/tons of Clinker)*	
		2017	2017	2016
Dust	22	1,263	72	100
SO_x	22	3,849	218	203
NO_x	22	17,138	972	1,092

* *The Vicat Group has a total of 21 artificial cement kilns and one natural quick-setting cement kiln.*

DUST

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 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.

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

The Group's environmental performance was enhanced by the installation in 2017 of a new low-consumption bag filter at the Ragland plant in Alabama, in line with the recent National Emission Standards for Hazardous Air Pollutants (NESHAP).

In addition, although conditions in Egypt remain difficult, filter maintenance was still carried out.

SO_x

In the case of SO_x, 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), absorbent injection systems have been installed at the cement plants of La Pérelle and Xeuilley. However, the potential abatement levels are limited and a variance request, submitted for public consultation, was granted for the Xeuilley cement factory. In light of the results of trials carried out at Montalieu-Vercieu, a variance request is under consideration since emissions from the kiln are essentially linked to the presence of sulfur in the local geological strata.

NO_x

NO_x emissions fell slightly due to the introduction of $DeNo_x$ systems in France and the contribution of several low-emission kilns in India and 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.

BY CALCULATING ITS CO_2 IMPACT

Focus on the CO_2 impact linked to the cement industry

Sectoral studies performed by the cement industry show that only CO_2 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.

In France

CO_2 emissions from the Group's French factories are subject to quotas under the European ETS (Exchange Trade System) program. They specifically apply to the five artificial cement factories, to the kilns for natural quick-setting cement, and to the paper mill. The implementation of this program and the distribution of allocated quotas are based on monitoring plans. The monitoring plans for the period 2013-2020 have been modified for the years 2018-2020 to comply with the requirements of EU Regulation No. 601/2012. This modification has no impact on the quotas already obtained for the current third phase of the ETS. In addition to allocating quotas, this system enables the Group to closely monitor its CO_2 emissions, which have been audited annually by an independent accredited body since 2005. Following these audits, the independent body has always issued Vicat with an unqualified reasonable assurance certificate.

The Group also monitors its CO_2 emissions during annual declarations though its local professional body, which updates the CO_2 database created as part of the United Nations "Getting the Numbers Right" initiative. CO_2 emissions from its cement factory in Switzerland, operated by its subsidiary Vigier, have also been monitored since 2013 within a framework inspired by the EU regulation.

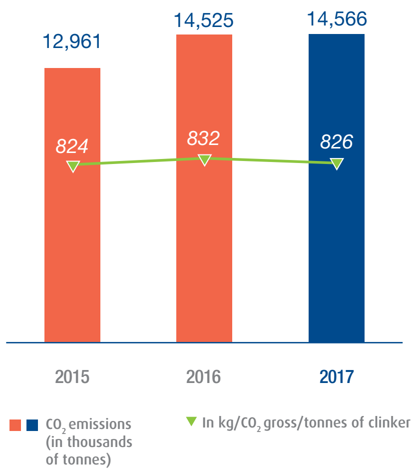
In the United States

CO_2 emissions from Vicat's two cement factories in Lebec, California, and Ragland, Alabama, are covered by the monitoring and reporting systems established on the basis of the United Nations GHG Protocol. Since 2013, emissions from the Lebec factory have been subject to Assembly Bill (AB) 32, a specific regulation on greenhouse gas emissions enforced by the California Air Resources Board (CARB).

Group's CO_2 impact

As a result of this monitoring (and the greenhouse gas assessment carried out by Vicat SA), it emerges that the Vicat Group's CO_2 impact essentially derives from its Cement business. Direct CO2 emissions (from the burning of fossil fuels and the decarbonation of raw materials) from its cement factories are the main performance indicator in terms of gross CO_2 emissions.

GROSS CO_2 EMISSIONS OF THE VICAT GROUP'S CEMENT FACTORIES



In 2017, specific CO_2 emissions fell slightly to 826 kg of CO_2 per metric ton of clinker.

The Group's total direct and indirect emissions (relating to the production and consumption of electricity) amount to around 15.8 million tons of CO_2 to which are added 575 thousand tons of CO_2 relating to the use of biomass (compared 15.7 million tons of CO_2 in 2016 to which were added 535 thousand tons of CO_2 relating to the use of biomass).

Direct and indirect CO_2 emissions in 2017

(in thousands of tons)	CO_2 total direct and indirect
Cement (22 kilns and 4 grinding plants)	15,710
Concrete and aggregates	94
Other Products and Services	8
TOTAL	**15,812**

NB: Given the importance of the directly owned fleet for deliveries of ready-mixed concrete, the 2017 scope has expanded to include direct emissions from concrete deliveries. The years 2016 and 2015 have been re-evaluated to support the comparison.

The Group is continuing its efforts to reduce CO_2 emissions, building on existing actions such as the cut-off system installed at all its French cement factories and at its grinding plant, and the appropriate measures taken to reduce the carbon footprint per ton transported by the Group's French transport subsidiary. In France, 2017 saw the development of a new mixer truck for delivering concrete. The truck emits up to 96% less CO_2 and is half as noisy as the traditional diesel-engined equivalent.

3.2.3.2. Improving the energy efficiency and performance 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. The Group allocates a significant part of its industrial investment to improving 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_2 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_2 emissions in the production of clinker.

In 2017, the thermal balance was 3,530 GJ/ton, which is a slight improvement on 2016 (3,546 GJ/ton). For electricity consumption, which is linked to the grinding of raw materials or clinker, the technical ratio is 102.8 kWh/ton of cement product (obtained by adding the amount of clinker produced to the amount of cement additives). This ratio has improved by 0.6% compared with the previous year, placing 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 2,350 GWh or 8,459 TJ.

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

	2017	2016	2015
Cement	2,231	2,216	2,029
Aggregates	47.8	47.9	44.7
Concrete	28.5	23.3	25.3
Other Products and Services	44.4	44.7	46.0
TOTAL	**2,352**	**2,332**	**2,146**

3.2.3.3. Increasing the rate of replacing fossil fuels with alternative fuels and the share of renewable energies

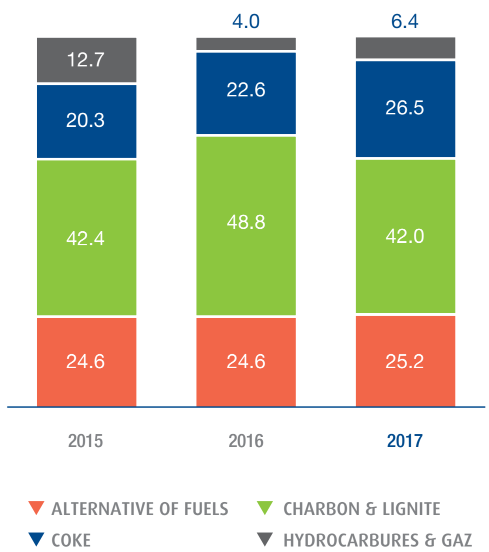
Alternative fuels

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_2 emissions.

Alternative fuels in 2017 represented 25.2% of total fuel consumption. The share of biomass rose by 8.8% in value terms. More specifically (per ton of clinker), it rose from 8.4% to 8.9% of thermal energy. The Group's most advanced factories in terms of fuel substitution have rates above 80%, with 86% at Reuchenette (Switzerland) and 83% at Créchy (France).

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



Renewable energies

The Group is closely monitoring the transformation of traditional energy supply systems in the countries in which it operates. The project undertaken in Senegal to operate a photovoltaic power plant to cover the electricity needs of the Rufisque cement plant is progressing gradually and is due to be finalized in 2018. The Group is also continuing to use the photovoltaic panels installed on the roof of its grinding plant in Fos sur Mer, France.

3.2.3.4. Developing low carbon products and innovative and efficient construction solutions

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).

To inform its thinking on the requirements for moving to a low-carbon economy, the Vicat Group chose to become an associate member of the Shift Project, a French think tank on the energy transition, composed of international experts and players from the business world. In March, the think tank unveiled a manifesto for a carbon-free Europe. The manifesto calls on European countries "to launch policies able now to result in greenhouse gas emissions by 2050 which are as close to zero as possible".

Lastly, a "CO_2" 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. 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 want to evaluate the environmental quality of their building projects. The Vicat Group is pursuing its product life cycle analysis, taking into account the CO_2 emitted by its processes, as well as their energy efficiency and the carbonation of its final products during and after use. This understudied phenomenon means that concrete acts as a carbon sink. The Group applies ecodesign principles to all its development projects.

It should be noted, moreover, that in some its markets (the European Union and California), the Group is subject to CO_2 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 & 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). For example, the Group recently developed Alpenat-Up, prepared from local natural raw materials with less limestone and fired at a lower temperature than traditional cement, which reduces greenhouse gas emissions by almost 30%. The Group already has a quick-setting cement with a low carbon footprint;
- 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; at the French Building Federation's annual seminar for builders and developers held in November 2017 in Rome, the Vicat Group won recognition for its ability to come up with innovative solutions for building industry players as part of the Habitat challenge. One of the six projects in which it was a partner won the gold award for outstanding building achievement ("Maisons et Résidences Corbioli (01) Maisons Horizon");
- offering new services based on circular economy principles under the Vicat Eco-Valorization 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_2.

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.

3.2.3.5. Adapting to the consequences of climate change

Sustainably managing its forests

Sustainably managing its forests is an area of improvement in which the Group is closely involved as a major landowner, particularly in France. This approach fits perfectly within Sustainable Development Goal No. 15 (SDG 15). Based on forestry surveys conducted by independent experts, the Group put in place an action plan to develop and maintain its forestry assets with a view to their sustainable management if possible, as part of its circular economy approach to produce wood energy for its business needs and underscore its connection to the local area by supporting the timber industry (forestry experts and growers).

In 2017, the forest area held by Vicat SA was estimated to be 1,778 hectares and covered up to 55 % by simple management plans.

Eight simple management plans (SMP) have been approved and a ninth is awaiting approval in 2018; this should enable the Group to achieve a 70% management rate.

Other sites are not covered by a simple management plan for various reasons (quarrying, logging easements for third parties, forests not subject to an SMP requirement, small parcels of woodland, etc.).

In addition, a study was launched in 2017 to estimate the carbon stocks of the Group's forests under a simple management plan. The study was carried out by the French National Center for Forest Owners (CNPF).

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 the countries where it operates, through concrete actions such as:

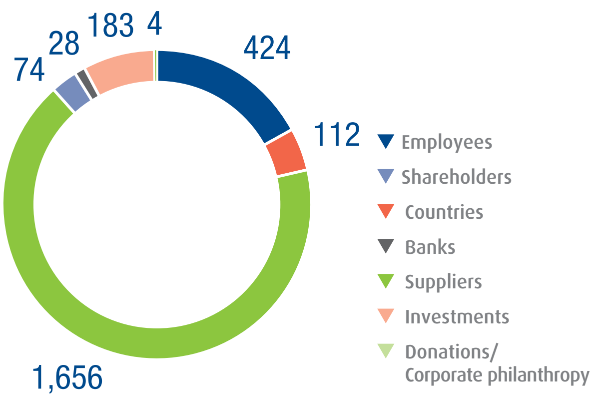
- preparation of paths around the Lebec factory in California so that they remain humid through an innovative solution;
- supporting the Sococim Foundation for the research and reforestation program in the Sahel in Senegal developed by the summer school organized by the International Joint Unit "Environment, Health, Societies" in cooperation with the National Agency of the Great Green Wall;
- developing a range of pervious 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

3.3. Societal information

In 2017, the Vicat Group generated sales revenues of € 2,563 million. The diagram below shows the breakdown of consolidated sales revenues for its main stakeholders as of December 31, 2017.

SHARING VALUE
CONSOLIDADED REVENUE : € 2,563 MILLION



A major player in construction products and solutions in the regions where it operates, the Vicat Group contributes to local economic development by creating jobs, engaging with stakeholders, developing its industrial assets and encouraging best practice throughout its value chain.

3.3.1. A CSR approach anchored in the local community

Direct and indirect jobs

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 Ragland, Alabama, the local economy is closely linked to the Group's cement factory, which is the main employer.

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.

In Senegal, the operation of the three quarries is subcontracted to local companies in the Dakar and Thiès regions. It is estimated that for every direct job, there are five indirect jobs associated with the Rufisque cement factory.

Support for local entrepreneurs

The Vicat Group is involved in various local economic development initiatives in the countries where it operates.

- This involvement is reflected in the coordination of the "Alizé" network in Savoie. This network has found an original way of bringing together large and small companies and public actors with a view to developing local employment and economic activity. It enables the Group's representatives involved to offer their skills and share common values. The "Alizé" initiative has supported the economic development of micro-enterprises and SMEs in the Savoy region for the past 20 years, by granting interest-free loans and coordinating the sharing of expertise by the program's corporate partners. At October 31, 2017, the audit showed that 17 additional jobs and 161 jobs in total had been created since it was first established.
- In Senegal, the Group took part in a similar initiative by supporting the non-governmental organization (NGO) Enablis Senegal, to provide coaching and support for entrepreneurs who are members of the network. Launched at the 2002 G8 Summit to promote entrepreneurship to fight poverty, Enablis was created in 2003 by Canadian philanthropist Charles Sirois, in partnership with Accenture, a global leader in business consulting, and with the support of the Canadian Department of Foreign Affairs, International Trade and Development. This NGO has been present in Senegal since 2014. Its mission is to stimulate wealth and job creation by identifying and supporting up-and-coming entrepreneurs with tailored support from its international network. Its model is based on the creation and development of a local and international network of business leaders, enabling its members to create value by pooling their knowledge, experience and expertise. Its success lies in its ability to integrate with the local ecosystem and work in partnership with the private sector, public institutions and civil society to encourage the development and growth of small and medium-sized enterprises (SMEs). This latest partnership complements all the other support measures already carried out by the Vicat Group's Senegalese subsidiary.

3.3.2 Building sustainable relationships with stakeholders

3.3.2.1. 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 organizational 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 websites and investor conferences Annual report, Registration Document General Meeting
Customers	Brand and product websites Social networks Consumer inquiries
Students and recent graduates	Partnership with schools Internet sites 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 2017, the themes covered included local communities and safeguarding jobs, establishing a circular economy and recycling culture, and innovation in support of sustainable construction.

The majority of actions conducted with stakeholders in 2016 continued in 2017. Subject to operating constraints, the Group encourages its sites to open their doors to stakeholders to emphasize their links with the local community. In France, the Montalieu factory received more than 73 visits during the year. These visits are often an opportunity to showcase the Group's projects in the local area, such as the investment in a new gasifier at the Créchy cement factory.

The Group has started hosting a nature-themed evening at its French aggregates quarry in Souvigny. Held in May, local residents, politicians and employees can visit the quarry and learn about biodiversity at the site through supervised activities.

3.3.2.2. A partner committed to corporate philanthropy

The Group's philanthropic actions are all local in approach, focusing on priority areas such as education, culture, sport and environmental protection. It also relies on investments made by employees who are interested in carrying out the projects.

In 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) in Lyon or with ESTP (specialized civil engineering school) in Paris. The Group is also a partner of the Lycée Léonard De Vinci (in Isère).

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.

This year, the Group's Senegalese subsidiary donated school supplies consisting of more than 60,000 items to schools near its production sites.

In India, the Group offers after-work adult education courses to women who want to learn to read. The literacy program involves around 50 women from two villages near the Kalburgi cement factory and is designed to address their learning needs (literacy, basic training, vocational skills, etc.).

In the United States, the National Cement Company subsidiary in Alabama has always been active in supporting and partnering local schools. Every year for the past 15 years, it has funded two scholarships worth $ 1,000 for high school students at Ragland High School. It also works with one of Alabama's leading universities, Birmingham Southern College – The Southern Environmental Center, which is renowned for its environmental protection courses, academic research and environmental schemes on campus. Its "EcoScape" program is nationally recognized as a model for urban revitalization and plays an important advocacy role with local communities around themes such as water quality, air quality and species protection. It is also working on an innovative "Urban Environmental Studies" program.

In cultural learning

Held in Astana, Kazakhstan, Expo 2017 was on the theme of "Future Energy". The innovations of French companies were showcased in France's pavilion. On the theme of the Sustainable City, the Vicat Group (one of the nine French partners) put visitors' intelligence and senses to the test using concrete, which is the main application of cement. A total of 600,000 admissions to the pavilion were recorded from June to September.

The Vicat Group held an exhibition ("200 years of astonishment") dedicated to Louis Vicat, inventor of artificial cement, which took place during the European Heritage Days at the Société d'Encouragement pour l'Industrie Nationale. The exhibition also went on tour, visiting the Montalieu, Xeuilley and Peille sites.

Lastly, the Group sponsors a series of events organized by the AE&CC (Labex) research unit of the National School of Architecture in Grenoble, on the theme of "200 years of concrete".

In sport

The Group sponsors several sports clubs in the countries where it operates. For the International Beaujolais Marathon, the success enjoyed by the large contingent of French employees in 2016 was repeated in 2017, which saw even more participants take part under the slogan "Let's build together". Given its local roots in the Lyon area and its particular focus on the development of women's sport, the Vicat Group has close ties with the Olympique Lyonnais women's soccer team.

In health care and the environment

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.

The Group is involved in ambitious programs to address major public health challenges in India, such as the "Swachh Bharatiya" plan to build individual toilets, part of the national campaign called the "Swachh Bharat Mission". The program is due to run until 2019. The Group has opened a health center in the village of Chatrasala. On average, the doctor sees 35 patients a day, the equivalent of 6,000 consultations in 2017.

In Alabama, the National Cement Company subsidiary has been supporting the Magic Moments program for 13 years to make dreams come true for chronically ill children in hospital.

Through industrial heritage and architectural design

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

The Vicat Group pays particular attention to the issues around built heritage and its future, mindful of how today's building materials will evolve.

For the past seven years, the Group has lent its support to the Geste d'Or association to support the different players invested in building restoration. The association holds annual awards for the best building restoration and conservation projects. The 2017 awards ceremony took place during the International Cultural Heritage Show on November 6. Two projects using Vicat natural quick-setting cement won awards, including the restoration of the first bridge made of poured concrete built by Louis Vicat in Grenoble.

3.3.2.3. Academic partnerships and the Louis Vicat Foundation

Academic partnerships

Considering that, on a global scale, the final energy consumption of buildings has increased by about 1% per year since 2005 and 3% per year for electricity, and that the construction sector is responsible for around 40% of global resource use, the Vicat Group has been involved for some years in several working groups tackling these issues. 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.

As part of a unique competition in France, launched in September 2017 with the name "How to regenerate the city", the Group challenges multidisciplinary student teams to develop urban rehabilitation projects in the Mermoz-Sud district in Lyon. Its aim is to become a catalyst for new collaborative methods and to be a real source of inspiration and enrichment for the development of materials increasingly in line with societal and environmental changes.

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 French Atomic Energy Commission. This consists of developing a viable economic, commercial and legal model for the positive-energy home. The project involved building 24 "demonstrator" homes located all over France to test their energy efficiency in real-world conditions. The aim of the project is to find solutions for reducing energy consumption in the housing sector. Launched in 2013, this five-year project is now in its final feedback and discussion phase.

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 offers training modules.

Since 2015, the Vicat Group has been a shareholder of Transpolis SAS. The aim of this Company, which has both public and private shareholders, is to build a city to serve as a laboratory for urban mobility. To this end, it has bought an 80-hectare plot of land in Ain, in the Auvergne-Rhône-Alpes region. This urban laboratory will enable the Group to work with other manufacturers on life-size testing of building solutions tailored to the mobility issues of the future.

In 2017, during celebrations to mark the bicentenary of the invention of artificial cement by Louis Vicat, the Vicat Group took part in the international scientific symposium "The future of cement", held at

UNESCO in Paris, to enable teams from university or industrial research centers, cement industry professionals and other building trades to learn more about innovations around cement.

Louis Vicat foundation

The creation of the Louis Vicat Foundation is a milestone in the Vicat Group's corporate philanthropy policy in France. It has three main missions: the promotion of scientific and technical culture based on the work of Louis Vicat, who invented artificial cement in 1817, the conservation and protection of heritage, and corporate philanthropy and education. The Foundation has embarked on its multi-annual program. For example, it is sponsoring an educational project at the Lycée Louis Vicat de Souillac, a secondary school in the Lot Department in France. It has also funded the installation and lighting of a mandorla donated to the Catholic University of Lyon and designed by rocailleur artist Marc Colson, depicting Saint Irenaeus, patron saint of the university. The Louis Vicat Foundation partners the Jacques Rougerie Foundation in the International Architecture Competition, sponsoring the Louis Vicat "Architecture of the Sea" prize on the theme of future ports, awarded on January 17, 2018 at the Institut de France. The competition invites forward-thinking architects, designers and engineers to come up with innovative solutions to meet the challenges of climate change.

3.3.3. Exercising responsibility throughout the value chain and preventing risks

3.3.3.1. Developing a sustainable purchasing policy

Promoting best practices with suppliers

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 labor or child labor.

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 organizational 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".

The Group's draft general purchasing procedure, which follows on from the actions described above, has been submitted to all internal stakeholders for consultation.

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.

3.3.3.2. Preventing the risks of corruption

In 2017, the Vicat Group published its Code of ethics. This sets out the values embraced by the Vicat Group and which have underpinned its success and continued existence since 1853. Fairness and respect for people and the environment have allowed Vicat to conduct its business with integrity, honesty and transparency. The Code reflects the Group's commitment to respect its partners, whether they are suppliers, service providers, customers, employees or the local community.

The Code promotes respect for women and men, society and the environment. In it, the Vicat Group affirms that respect for laws and regulations is an essential and indispensable requirement. It pledges to uphold the ethical principles enshrined in the Code and calls on the support of its employees to help it achieve this. To be more proactive in this area, in early 2017 the Group created the position of Chief Compliance Officer.

Among the actions carried out in 2017, the Group updated its corruption risk mapping, set up a whistleblower procedure on its website, introduced face-to-face and e-learning courses on the fight against corruption, introduced an anti-corruption code of conduct, tightened its accounting controls, set up a third-party evaluation procedure, and defined a disciplinary procedure with potential dismissal for any employees found guilty of corruption. All of these actions are regularly monitored.

3.3.3.3. Compliance with human rights

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". All countries where the Group operates are signatories to the United Nations Human Rights Charter.

3.3.3.4. Ensuring the quality and safety of its products

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

Following certification of its ready-mixed concrete according to the standard NF EN 206-1, the Group's ready-mixed concrete subsidiary in France embarked on the certification process for a guarantee of French origin label. The geographical criterion for this label requires the traceability of all materials used to make concrete. The label was awarded to Béton Vicat for its ready-mixed Concrete business on November 13, 2017, following an audit by Bureau Véritas that showed the manufactured products complied with the French origin Label criteria. Subject to continued compliance with the certification criteria, the certificate will remain valid until November 13, 2020.

3.4. CSR in figures

Social responsibility

Topic	Indicator	Scope	2017	2016	2015
Employment	Workforce at December 31	Group	8,460	8,101	7,928
	Average workforce by geographical area	Group	8,346	8,009	7,852
		France	2,751	2,440	2,495
		Europe (excluding France)	1,075	1,110	1,116
		United States	1,112	1,088	1,069
		Asia	2,253	2,226	2,057
		Africa and Middle East	1,155	1,145	1,115
	Average number of employees by business	Cement	3,906	3,813	3,635
		Concrete and Aggregates	3,308	3,030	2,909
		Other Products and Services	1,132	1,166	1,308
Change in the salaried workforce by type of movement	Natural attrition	Group	(968)	(705)	(730)
	Redundancies	Group	(313)	(114)	(353)
	Changes in consolidation scope	Group	338	4	0
	Recruitment	Group	1,302	1,208	1,157
Personnel costs	Salaries and wages *(in thousands of euros)*	Group	310,276	303,153	299,613
	Social security contributions (*in thousands of euros)*	Group	109,670	102,243	104,421
	Employee profit sharing *(in thousands of euros)*	French companies	4,047	4,010	3,361
	Personnel costs *(in thousands of euros)*	Group	423,993	409,406	407,395
Health and safety in the workplace*	Number of lost-time occupational accidents	Group	138	144	152
	Number of fatal accidents	Group	1	1	1
	Frequency rate	Group	8.1	8.5	9.3
	Severity rate	Group	0.31	0.26	0.34
Training*	Total number of hours of training	Group	146,048	127,042	111,086
	Number of employees having attended at least one training course (during the year)	Group	4,956	4,966	5,254
Diversity and equal treatment*	Female employees as a percentage of the workforce	Group	10.2%	10.3%	10.7%
	Disabled employees	France	3.1%	2.6%	2.9%

* *This analysis was carried out on a sample representing 96% of the workforce, as data on recent changes in scope are not yet available.*

Environmental responsibility

Topic	Indicator	Scope	2017	2016	2015
Material issues	Provisions and guarantees in respect of environmental risks *(in millions of euros)*	Group	48	48	47
	Environment-related investments *(in millions of euros)*	Group	18.1	17.3	18.6
Management of resources and the circular economy					
Raw materials	Quantity of unprocessed natural material extracted *(in millions of tons)*	Group	48.0	46.7	43.1
	Share of consumption from unprocessed materials	Group	94.7%	95.0%	95.9%
	Share of consumption from recycled materials	Group	5.3%	5.0%	4.1%
	Consumption of raw materials for the production of Clinker *(in millions of tons)*	Group	29.2	28.4	25.9
	Share of materials issued from alternative materials consumed in the production of cement	Group	10.7%	9.6%	7.9%
Circular economy	Share of alternative fuels in the energy mix	Cement	25.2%	24.6%	24.6%
	Share of biomass in the energy mix	Cement	8.9%	8.3%	8.7%
Water	Total water requirement *(in thousands of m^3)*	Cement	26,984	24,990	24,223
		Concrete and Aggregates	19,703	17,044	18,712
		Other Products and Services	1,952	1,940	1,948
	Percentage recycled	Cement	65%	67%	63%
		Concrete	23%	24%	22%
		Aggregates	84%	82%	85%
		Other Products and Services	14%	14%	14%
	Net intake *(in thousands of m^3)*	Cement	9,483	8,192	9,076
		Concrete and Aggregates	4,492	4,125	4,138
		Other Products and Services	1,672	1,660	1,668
	Effective consumption *(in thousands of m^3)*	Cement	3,860	3,596	3,116
		Concrete and Aggregates	4,488	4,113	4,108
		Other Products and Services	58	150	212

3

Topic	Indicator	Scope	2017	2016	2015
Biodiversity	Number of sites with at least one measure to promote biodiversity	Group	182	182	/
Emissions into the air					
Dust	Dust emissions (in tons/year) from 22 kilns assessed	Cement	1,263	1,756	1,407
	Specific dust emissions (in g/t of Clinker)	Cement	72	100	89
SO_2	SO_2 emissions (in tons/year) from 22 kilns assessed	Cement	3,849	3,545	2,799
	Specific SO_2 emissions (in g/t of Clinker)	Cement	218	203	178
NO_x	NO_x emissions (in tons/year) from 22 kilns assessed	Cement	17,138	19,082	16,185
	Specific NO_x emissions (in g/t of Clinker)	Cement	972	1,092	1,029
CO_2	Gross emissions of CO_2 from kilns (in kt)	Cement	14,566	14,525	12,961
	Specific CO_2 emission(in kg/ton of Clinker)	Cement	826	832	824
	Direct and indirect CO_2 emissions (in kt)	Group	15,812	15,740	14,020
		Cement	15,710	15,647	13,929
		Concrete and Aggregates	93.6	86.7	84.3
		Other Products and Services	8.2	6.5	6.8
Energy consumption	Total electricity consumption (in GWh)	Cement	2,231	2,216	2,023
		Concrete and Aggregates	76	71	70
		Other Products and Services	44	45	46
		Group	2,352	2,332	2,139
	Heat balance of kilns (in GJ/ton)	Cement	3,530	3,546	3,530
	Share of coal and lignite in the energy mix	Cement	42.0%	48.8%	42.5%
	Share of coke in the energy mix	Cement	26.5%	22.6%	20.3%
	Share of hydrocarbons (gas) in the energy mix	Cement	6.4%	4.0%	12.6%

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 V5. 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 2017, the Group decided to further refine the data-gathering process and therefore not to make any changes to the reference framework so that they could be sure 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 societal information included in the management report

Year ended December 31, 2017

To the Shareholders,

In our capacity as professional accountants identified, appointed as independent third party and certified by COFRAC under number 3-1080 [1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended December 31, 2017, 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.

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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"), available on request from the Company's head office and summarized here in chapter 3.5 “Methodology and scope of the report”.

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 2017 and February 2018 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 May 13, 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 [(1)] international standard, concerning our conclusion on the fairness of CSR Information.

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 programs 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 chapter 3.5 "Methodology and scope of the 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 (1):

- at parent entity, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organization, 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 (2) by us 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 44% of headcount and between 19% and 40% 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 judgment, 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.

Neuilly-sur-Seine, February 13, 2018

Independent third-party body

Grant Thornton France, member of Grant Thornton International,

Michel Riguelle, Partner — Olivier Bochet, Partner

(1) Social quantitative information: breakdown of Group workforce by age, gender and geographical area; recruitment; departures; absenteeism; number of lost-time accidents among Group employees; number of lost days by Group employees; frequency rate; severity rate; number of hours of training; disabled employees.

Environmental quantitative information: dust emissions; SO_2 emissions; NOx 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; consumption of raw materials for the production of Clinker; gross CO_2 emissions of cement kilns; total direct and indirect CO_2 emissions.

Qualitative information relating to the following parts: "Prescriber for sustainable construction and mobility solutions"; "A Group that promotes inclusion"; "Social integration through employment"; "Supporting the local community".

(2) France and USA.

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, as part of its CSR approach Vicat applied a proactive policy in relation to professional equality and equal pay in 2017.

Vicat has long recognized the importance of balanced gender representation, which is embedded in its culture and values. 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 2017 report:

"The difference in average compensation of upper management between men and women with equal qualifications is very low [between -1.3% and +0.3%]. These results illustrate Vicat's parity policy driven by merit-based promotion."

Such measures are employed within the limit of the constraints imposed by industrial jobs, which are easily accessible to female staff. The main obstacle is the lack of women on training courses that lead to jobs in industry (engineering, for example). These constraints explain the number of women as a proportion of Vicat's workforce: 145 out of a total of 871 (excluding Corporate Officers).

	TOTAL	Executives	Female white-collar staff	Female blue-collar staff
% of women in the workforce at 12.31.2017	16.6%	28.6%	18.6%	0.9%

Despite these constraints, director positions on industrial sites or technical and/or scientific teams are often held by women. The same applies to lower hierarchical level posts (assistant instrumentation engineer, new works assistant, R&D, laboratory, product quality, environmental engineer, security, etc.).

In addition, 98.5% of female staff (excluding apprentices) were on permanent contracts in 2017, a testimony of the job security that the Company offers.

These results are also owing to the joint efforts undertaken over many years by management, managers and labor 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. For example, a training plan review is carried out before final validation to ensure that female staff receive qualifying training to develop their skills and employability and to attract them to industrial trades whenever possible.

All of these commitments are subject to regular monitoring, particularly with regard to remuneration, with labor 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.

Results for 2017:

Three-year agreement	April 2013-April 2016 agreement		2017 results	April 2016-April 2019 agreement
Female employees as a percentage of the workforce	Objective	Result start of 2016	16.6%	Objective
	14%	15.4%		18%
Average percentage of women in recruitment	Objective	Result start of 2016	35.1%	Objective
	17%	25.5%		26%

To increase the share of women in its workforce, the Company has a proactive female apprenticeship policy: of the 20 apprenticeships available in 2017, 9 were filled by women, taking the percentage of female apprentices to 45%.

In 2017, to exceed the targets set out in the agreement on gender equality with regard to pay (approved by its labor partners and by the Department of business, Competition, Consumer Affairs, Work and Employment, at the regional level), the Company has embarked on a detailed salary review together with its labor partners to identify potential gender pay gaps on a post-by-post basis and has agreed in principle to a special remedial budget. The study revealed that the gap was close to 0% in terms of amount and value. The necessary adjustments have therefore been made.

In addition, the Company has climbed up the list of SBF 120 companies with increased female representation on their Boards, reaching 28th place (from 42nd place in 2016). The list is produced by the office of the French Secretary of State for Gender Equality. The Company also received a special "Innovation" award in 2017 for appointing the youngest director in the SBF 120 (Eléonore Sidos, who was 19 in 2017). With this appointment to its Board of Directors, Vicat has set an example for young female talent to fast-track towards gaining intensive professional experience and taking on significant responsibilities to prepare them for future senior management roles.

Lastly, the female employee appointed in 2016 to the Board of Directors after being nominated by the Central Works Committee still does not count towards the mandatory quota of women directors under the French Copé-Zimmermann law. Labor partners, staff, management and the Board of Directors are still unable to comprehend this regulatory situation.

National Ready Mix concrete batching plant, Santa Clarita, California, USA

REPORT ON CORPORATE GOVERNANCE

4

This report has been drawn up in accordance with Decree No 2017-1162 of July 12, 2017.

4.1. Information on the Company

4.1.1. General information on the Company

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.

Date of incorporation and duration 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.

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.

4.1.2. Corporate purpose

The Company's corporate purpose is:

- quarry operations 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.

4.1.3. General Meeting

4.1.3.1. Type of General Meeting (article 23 of 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.

4.1.3.2. Form and periods of meeting notice (article 24 of 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.

4.1.3.3. Attendance and representation at General Meetings (article 25 of 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.

4.1.3.4. 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.

4.1.3.5. 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.

4.1.3.6. 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.

4.1.4. Procedures for modifying shareholders' rights and by-laws

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 by-laws and rights of shareholders, in accordance with applicable legal provisions.

4.2. Share capital information

4.2.1. Issued share capital and number of shares for each class

The issued share capital as at December 31, 2017 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, 2017, a total of 3,655,633 Company shares, whose registration is managed by the Company, were pledged in financial instruments accounts.

4.2.2. Authorized but unissued share capital

Not applicable.

4.2.3. Other securities giving access to the capital or conferring special controlling rights

Not applicable.

4.2.4. Share subscription and purchase options

Not applicable.

4.2.5. 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.

4.2.6. Securities not representative of the capital

Not applicable.

4.2.7. Shares held by the Company or for its account

At the end of the 2017 financial year, after distributing 41,421 shares to employees, the Company held 68,904 of its own shares, or 1.53% of the share capital.

4.2.7.1. Description of the 2017 share buy-back program

Pursuant to the authorization given by the Ordinary General Meeting of April 18, 2017, in 2017 the Company purchased 4,959.30 of its own shares (*i.e.* 959 shares + 40,003 tenth parts of shares) on the stock exchange (excluding liquidity agreements) at a nominal value of € 4 per share and a mean price of € 64.51 per share, based on the current share capital.

4.2.7.2. 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: 4,959.30 shares, representing an acquisition price of € 319,915.25.

Acquisitions for the purpose of promoting liquidity of the share through a liquidity agreement in accordance with the ethical Charter of the AMAFI as recognized by the AMF: balance of 11,488 shares at December 31, 2016, acquisition of 337,500 shares and sale of 339,606 shares during the year, with a balance of 9,382 shares at December 31, 2017.

4.2.7.3. Volume of shares used by objectives

Shares allocated to personnel under employee share ownership and profit-sharing: 75,522 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: 9,382 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.

4.2.7.4. Description of the planned share buy-back program for 2018

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 6, 2018, 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 foster a liquid trading of 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 resolution for the purpose.

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, 2018, the 10% limit corresponds to a maximum number of 3,805,096 shares with a nominal value of € 4 each, representing a maximum amount of € 380,509,600.

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 18, 2017.

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.

4.2.8. Provisions delaying, deferring or preventing a change of control

Not applicable.

4.2.9. 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.

The General Meeting has granted no delegation to the Board of Directors in the area of increases in share capital.

4.3. Shareholding

4.3.1. Distribution of the share capital and voting rights

The share capital of the Company as at December 31, 2017 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:

	As at December 31, 2017		As at December 31, 2016		As at December 31, 2015	
Shareholders	**Number of shares**	**As a % of share capital**	**Number of shares**	**As a % of share capital**	**Number of shares**	**As % of share capital**
Family + Soparfi + Parfininco	27,240,717	60.67	27,247,126	60.68	27,208,358	60.60
Employees	605,410	1.35	665,110	1.48	722,678	1.61
Public	16,368,969	36.45	16,264,292	36.22	16,206,677	36.10
Treasury shares	684,904	1.53	723,472	1.61	762,287	1.70
TOTAL	**44,900,000**	**100.00**	**44,900,000**	**100.00**	**44,900,000**	**100.00**

The statement of employee profit-sharing specified in article L. 225-102 of the French Commercial Code as at December 31, 2017 appears below:

- employee profit-sharing (Vicat + Subsidiaries): 605,409.90 shares, *i.e.* 1.35% of share capital;
- employees of the Company and related companies as described under article L. 225-180 under the employee savings plan (PEE): 564,958.90 shares, *i.e.* 1.26% 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:

	As at December 31, 2017		As at December 31, 2016		As at December 31, 2015	
Shareholders	**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 (1) + Parfininco	54,005,757	73.84	54,093,275	73.80	54,067,371	73.76
Employees and Public (2)	19,130,076	26.16	19,207,074	26.20	19,236,940	26.24
Treasury shares (3)	-	-	-	-	-	-
TOTAL (4)	**73,135,833**	**100.00**	**73,300,349**	**100.00**	**73,304,311**	**100.00**

(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 **74,411,355** at December 31, 2017. The thresholds referred to in article L. 233-7 of the French Commercial Code are calculated based on the theoretical number of voting rights.*

4.3.2. Rights, privileges and restrictions attached to the shares

4.3.2.1. 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.

As far as the Company is aware, there are no agreements between shareholders which may restrict the transfer of shares.

4.3.2.2. 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.

As far as the Company is aware, there are no agreements between shareholders which may restrict the transfer of voting rights.

4.3.3. 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.

4.3.4. Agreements that can 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.

4.3.5. Exceeding the ownership threshold

4.3.5.1. 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.

4.3.5.2. Identification of shares in bearer form

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 shares in bearer form, 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.

No move above or below the ownership threshold, was declared during the financial year ended December 31, 2017.

4.3.6. 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
Nov. 22, 2006	6 years starting on Nov. 28, 2006	Extension by 12-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
Dec. 08, 2006	6 years starting on Dec. 13, 2006	Extension by 12-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
Dec. 08, 2006	6 years starting on Dec. 13, 2006	Extension by 12-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
Dec. 20, 2006	6 years starting on Dec. 21, 2006	Extension by 12-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
Dec. 11, 2007	6 years starting on Dec. 13, 2007	Extension by 12-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
July 03, 2015	2 years starting on July 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
July 25, 2005	2 years starting on Aug. 01, 2005	Extension by 3-month periods	Jacques Merceron-Vicat Sophie Sidos Louis Merceron-Vicat Soparfi Parfininco
Dec. 08, 2006	2 years starting on Dec. 13, 2006	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
Dec. 08, 2006	2 years starting on Dec. 13, 2006	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
Dec. 11, 2007	2 years starting on Dec. 13, 2007	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Louis Merceron-Vicat Soparfi Parfininco
May 25, 2010	2 years starting on May 25, 2010	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Sophie Sidos Louis Merceron-Vicat Soparfi Parfininco
May 25, 2010	2 years starting on May 25, 2010	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Sophie Sidos Louis Merceron-Vicat Soparfi Parfininco
April 28, 2011	2 years starting on May 05, 2011	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Sophie Sidos Soparfi Parfininco
May 22, 2013	2 years starting on May 22, 2013	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Sophie Sidos Louis Merceron-Vicat Soparfi Parfininco
July 03, 2015	2 years starting on July 09, 2015	Extension by 3-month periods	Jacques Merceron-Vicat Guy Sidos Sophie Sidos Parfininco Hoparvi SAS

4.3.7. 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:

	2017 (dividend proposed to the General Meeting)	2016	2015 restated
Dividend per share *(in euros)*	1.50	1.50	1.50
Consolidated earnings per share *(in euros)*	3.17	3.10	2.63
Rate of distribution	47%	48%	57%

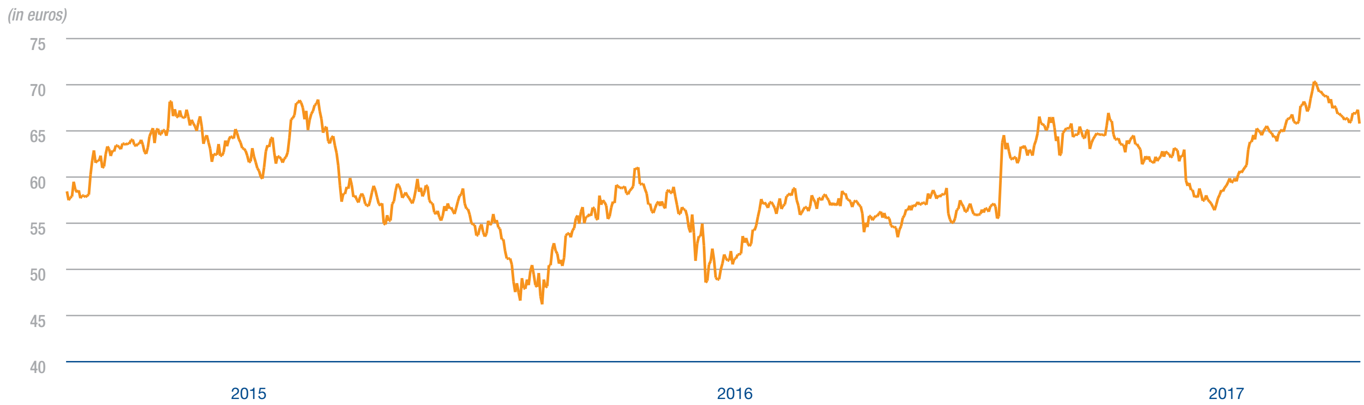
The Company's objective for future years is to distribute in cash to shareholders a level of dividend in line with that proposed by the Board of Directors for previous financial periods.

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.

4.4. 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, 2015 to December 31, 2017.



The table below shows the change in the Company's share price in 2017, 2016 and 2015 (on the basis of the closing price):

(in euros)	2017	2016	2015
Average price over the year	62.59	55.03	61.18
Annual high	70.34	61.06	68.40
Annual low	55.05	46.22	53.55
Price as at December 31	65.79	57.66	55.34

4.5. Frame of reference for corporate governance

The Board of Directors decided at the Meeting on August 2, 2012 to adopt the Chairman's proposal to implement the Middlenext Corporate Governance Code, available at www.middlenext.com.

4.6. Governance bodies

4.6.1. Composition of the Board of Directors, Chairman and General Management

4.6.1.1. 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.

4.6.1.2. 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.

No limitation has been set concerning the powers of the Chairman and Chief Executive Officer or Chief Operating Officer.

4.6.1.3. Members of the Board of Directors

List of tenures and functions exercised in all companies during the financial year ended 31 December 2017:

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:
54

Nationality:
French

Date of first appointment:
06/11/1999

Start date of current appointment:
- 06/06/2015 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 (1):
- 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 Sinaï Cement Company*
- Vice-Chairman and director of Vicat Egypt for Cement Industry*
- Director of Cementi Centro Sud*
- Director of d'Aktas Insaat Malzemeleri Sanayi V^e Ticaret AS*
- Director of Bastas Baskent Cimento Sanayi V^e Ticaret AS*
- Director of Konya Cimento Sanayi V^e Ticaret AS*
- Director of Bastas Hazir Beton Sanayi V^e Ticaret AS*
- Director of Tamtas Yapi Malzemeleri Sanayi V^e Ticaret AS*
- 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 V^e Ticaret AS*
- 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 (1):
- 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:
80

Nationality:
French

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 (1):
- Director of Béton Travaux*
- Director of BCCA*
- Director of National Cement Company*
- Director of d'Aktas Insaat Malzemeleri Sanayi V^{e} Ticaret AS*
- Director of Bastas Baskent Cimento Sanayi V^{e} Ticaret AS *
- Director of Konya Cimento Sanayi V^{e} Ticaret AS*
- Director of Bastas Hazir Beton Sanayi V^{e} Ticaret AS*
- Director of Tamtas Yapi Malzemeleri Sanayi V^{e} Ticaret AS*
- Director of Sococim Industries*
- Director of Sinaï 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 V^{e} Ticaret AS*

Other appointments currently or previously held by the director, or where applicable her permanent representative, outside the Group in the last five years (1):
- 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:
51

Nationality:
French

Date of first appointment:
05/06/2015

Start date of current appointment:
- 05/06/2015

Term of office expires:
- General Meeting approving accounts of year ended December 31, 2017

Other appointments currently or previously held in the Group in the last five years (1):
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 (1):
- Manager of ACP*
- 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 HO*
- 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.

Age:
68

Nationality:
French

Date of first appointment:
05/15/2009

Start date of current appointment:
- 05/06/2015

Term of office expires:
- General Meeting approving accounts of year ended December 31, 2020

Other appointments currently or previously held in the Group in the last five years [(1)]:
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 [(1)]:
- Chairman of the Board of Directors of BNP Paribas Personal Finance
- Director of LASER COFINOGA (Galeries Lafayette Group)
- Director of Banco Cetelem (Spain)
- Director of Findomestic Banca SPA (Italy)
- Director of Banco Cetelem (Portugal)
- Director of Cetelem IFN SA (Romania)
- Member of the Supervisory Board of BNP Paribas Personal Finance (Bulgaria)
- Chairman of the Association Française des Sociétés Financières (ASF) (France)
- Chairman of the Fondation Cetelem
- Vice-Chairman of the Association Française des Etablissements de Crédit et d'Investissement (AFECEI)
- Chairman of L'Etoile (organization for the management of the welfare activities of the Compagnie Bancaire) (France)
- Director of Missioneo*
- Director of BNP Paribas Personal Finance*
- Director of ADIE (Association pour le Développement de l'Initiative Economique)*
- Director of YELLOAN (SAS)*

(1) Current appointments are marked with an asterisk.

LOUIS MERCERON-VICAT

Graduate of the Ecole des Cadres. He joined the Group in 1996.

Age:
48

Nationality:
French

Date of first appointment:
06/11/1999

Start date of current appointment:
- 04/18/2017

Term of office expires:
- General Meeting approving accounts of year ended December 31, 2022

Other appointments currently or previously held by the director, or where applicable their permanent representative, in the Group in the last five years [(1)]:
- Chairman of the Board of Directors of Béton Travaux*
- Chairman of the Board of Directors of BCCA*
- Director of d'Aktas Insaat Malzemeleri Sanayi Ve Ticaret AS*
- Director of Konya Cimento Sanayi Ve Ticaret AS*
- Director of Bastas Baskent Cimento Sanayi Ve Ticaret AS *
- Director of Bastas Hazir Beton Sanayi Ve Ticaret AS*
- Director of National Cement Company*
- Director of Tamtas Yapi Malzemeleri Sanayi Ve Ticaret AS*
- Director of Sococim Industries*
- Director of Sinaï Cement Company*
- Director of Konya Hazir Beton Sanayi Ve Ticaret AS*

Other appointments currently or previously held outside the Group in the last five years [(1)]:
- Not applicable.

(1) Current appointments are marked with an asterisk.

SOPHIE SIDOS

She held various functions within the Group until 1997.

Age:
49

Nationality:
French

Date of first appointment:
08/29/2007

Start date of current appointment:
- 05/06/2015

Term of office expires:
- General Meeting approving accounts of year ended December 31, 2020

Other appointments currently or previously held in the Group in the last five years (1):
- Directorat of Béton Travaux*
- Director of BCCA*
- Director of d'Aktas Insaat Malzemeleri Sanayi Ve Ticaret AS*
- Director of Konya Cimento Sanayi Ve Ticaret AS*
- Director of Bastas Baskent Cimento Sanayi Ve Ticaret AS *
- Director of Bastas Hazir Beton Sanayi Ve Ticaret AS*
- Director of Tamtas Yapi Malzemeleri Sanayi Ve Ticaret AS*
- 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 AS*
- 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 (1):
- 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:
73

Nationality:
French

Date of first appointment:
08/29/2007

Start date of current appointment:
- 04/18/2017

Term of office expires:
- General Meeting approving accounts of year ended December 31, 2019

Other appointments currently or previously held in the Group in the last five years (1):
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 (1):
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 1999 to 2008 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:
68

Nationality:
French

Date of first appointment:
04/28/2010

Start date of current appointment:
- 04/29/2016

Term of office expires:
- General Meeting approving accounts of year ended December 31, 2018

Other appointments currently or previously held in the Group in the last five years [1]:
Not applicable.

Other appointments currently or previously held by the director, or where applicable their permanent representative, outside the Group in the last five years [1]:
- 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.

Age:
58

Nationality:
French

Date of first appointment:
05/06/2014

Start date of current appointment:
- 04/18/2017

Term of office expires:
- General Meeting approving accounts of year ended December 31, 2019

Other appointments currently or previously held in the Group in the last five years [1]:
Not applicable.

Other appointments currently or previously held by the director, or where applicable their permanent representative, outside the Group in the last five years [1]:
Not applicable.

(1) Current appointments are marked with an asterisk.

ELÉONORE SIDOS

Student at HEC and ENSAE

Age: 20 **Nationality:** French **Date of first appointment:** 02/24/2017 **Start date of current appointment:** ■ 02/24/2017 **Term of office expires:** ■ General Meeting approving accounts of year ended December 31, 2017	**Other appointments currently or previously held in the Group in the last five years (1):** Not applicable.	**Other appointments currently or previously held by the director, or where applicable their permanent representative, outside the Group in the last five years (1):** Not applicable.

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.

Age: 43 **Nationality:** French **Date appointed by the Works Council:** 05/12/2016 **Start date of current appointment:** ■ 05/12/2016 **Term of office expires:** ■ General Meeting approving accounts of year ended December 31, 2021	**Other appointments currently or previously held in the Group in the last five years:** Director of the Louis Vicat foundation*	**Other appointments currently or previously held by the director, or where applicable their permanent representative, outside the Group in the last five years (1):** Not applicable.

(1) Current appointments are marked with an asterisk.

The Board of Directors, during its meeting of February 13, 2018, decided to submit to the General Meeting of shareholders the re-appointment as directors of Eléonore Sidos for a term of six years and of Madame Delphine André for a term of three years.

4.6.1.4. Gender parity, diversity and expertise of members of the Board of Directors – Independent directors

Management expertise of 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 their availability and their 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 Middlenext 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 Middlenext 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 Middlenext 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 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 Middlenext Corporate Code.

4.6.1.5. Conflicts of interests within the administrative, and General Management bodies

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.

4.6.1.6. 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.

4.6.2. Functioning of the Board of Directors

4.6.2.1. 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.

4.6.2.2. 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 four times in 2015, four times in 2016, and four times in 2017.

The dates and the agendas of the Board meetings were as follows:

MEETING OF 24 FEBRUARY 2017

- Presentation of the business report;
- Approval of the individual financial statements for the year ended December 31, 2016;
- Approval of the consolidated financial statements for the year ended December 31, 2016;
- Review of the reports to the Board of Directors by its committees (Audit Committee and Compensation Committee);
- Presentation of 2017 objectives;
- Review of projected financial statements;
- Appropriation of earnings;
- Share buy-back program;
- Delegation of powers as stipulated by the share buy-back program;
- Reallocation of treasury shares;
- Reappointment of three directors;
- Resignation of a director;
- Appointment by co-option of a director;
- Modifications of directors' fees;
- Modifications of remuneration of members of Board Committees;
- Elements of remuneration owed by the Company to the Chairman and Chief Executive Officer and to the Chief Operating Officer (article L.225-37-2 of the French Commercial Code);
- 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;
- Policy in the area of professional equality and equal pay;
- Authorization to issue a guarantee;
- Creation of a company foundation;
- Increases in share capital allocated to employees;
- 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 the three Works Council representatives.

The resolutions tabled during this meeting were all adopted unanimously.

MEETING OF APRIL 18, 2017

- Review of business in the first quarter of 2017;
- Reappointment of Jacques Le Mercier as member of the Audit and Remuneration Committees;
- Other business.

All 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 1, 2017

- Business report;
- Analysis and approval of the individual and consolidated financial statements as at the end of June 2017;

- Review of projected financial statements;
- Benchmarking of cement companies;
- Audit Committee report;
- Appointments, promotions;
- 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, 2017

- Presentation of operations, Q3 2017 sales and draft press release;
- Other business.

All the members of the Board attended this meeting, as well as the Company's 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.

4.6.2.3. Internal regulations of the Board of Directors

At its meeting of August 1, 2013, the Board of Directors adopted internal regulations available for viewing on the Company's website: www.vicat.fr applicable to all current or future directors, the purpose of which is to complement legal, regulatory and statutory rules 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.

4.6.3. Operating details of the 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.

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.

4.6.3.1. Composition of committees

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;
  - Eléonore Sidos.
- Compensation Committee:
  - Xavier Chalandon, Chairman of the committee;
  - Bruno Salmon;
  - Jacques Le Mercier.

4.6.3.2. Role of committees

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:

- examine 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;
- examine the internal procedures for gathering and verify financial information designed to guarantee the reliability of consolidated financial information;
- monitor the effectiveness of the internal control and risk management systems;
- issue recommendations regarding the choice of statutory auditors;
- to monitor the work of statutory auditors and examine, every year, their fees;

- check the independence of the statutory auditors;
- approve services mentioned in article L.822-11-2;
- produce a report on its assignments for the Board of Directors.

- Compensation Committee:

The Compensation Committee is in charge of:

- examining the compensation paid to executives and employees (fixed and variable components, benefits,-in-kind, etc.) and in particular their 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.

4.6.3.3. Operating details of the Committees

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.

4.6.3.4. Committee meetings

The Audit Committee met twice in 2017 with an 100% attendance rate. It considered the following issues:

MEETING OF FEBRUARY 16, 2017

- Financial calendar;
- Significant events of the year;
- Presentation of the financial statements;
- New regulations:
  - Monitoring of the implementation of IFRS 15 & 16,
  - AMF guides on Permanent and Periodical Information,
  - Reform of audit and new obligations,
  - Sapin II law.
- IT projects;
- Audit and internal control;
- Presentation of external audits by statutory auditors.

MEETING OF JULY 27, 2017

- Significant events during the first half of 2017;
- Half-yearly financial statements;
- Insurance (Group strategy, risks covered, implementation);
- New regulations (action plans) ;
- Internal audit;
- Presentation by auditors of their procedures.

The Compensation Committee met once in 2017 with a 100% attendance rate. It considered the following issues:

MEETING OF JANUARY 27, 2017

- Changes in compensation in 2016 by category;
- Examination of compensation benchmarks of operational management;
- Examination of updating of share ownership and profit sharing systems.

4.6.4. 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.

As of the date of the filing of this Registration Document, the Chairman and Chief Executive Officer is assisted by a Chief Operating Officer and by four Deputy Chief Executive Officers operating, by delegation, in the following areas:

Chief Operating Officer:

- France excluding Paper business: Didier Petetin.

Other corporate offices held by Didier Petetin:

- Chairman and CEO of Béton Vicat
- Chairman of Granulats Vicat
- Chairman of SATMA
- Chairman of Vicat France Service Support
- Chairman of VPI
- Co-Manager of Béton 74
- Co-Manager of CEMB
- Director of Monaco Béton

Deputy Chief Executive Officers:

- United States: Éric 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	51	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.
Éric Holard	57	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	61	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	65	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.
Éric Bourdon	50	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.

4.6.5. 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.

4.6.6. Statutory provisions concerning members of the Company's administrative and management bodies

4.6.6.1. Composition of the Board of Directors (article 15 of 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.

4.6.6.2. Duration of functions of directors – Age limit: Reappointments – Co-option – 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.

4.6.6.3. Chairmanship and secretariat of the Board of Directors (article 17 of 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.

4.6.6.4. 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.

4.6.6.5. Powers of the Board of Directors (article 19 of 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 Shareholders' Meeting.

4.6.6.6. Compensation of the Board of Directors (article 20 of 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.

4.6.6.7. 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.

4.7. Remuneration and benefits

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.

In 2017, the total of such directors' fees was € 312,000 distributed equally among the directors (*i.e.* € 26,000) with the exception of:

- the Chairman and Chief Executive Officer, who for 2017 received twice the compensation received by the other members of the Board of Directors (*i.e.* € 52,000);
- Eléonore SIDOS, who received € 19,500 and Pierre Breuil who received € 6,500 pro-rated based on the number of meetings attended.

In addition, for 2017, the additional compensation allocated to each of the committee members of the Board of Directors amounted to € 7,300 for members of the Audit Committee and € 3,700 for members of the Compensation Committee, pro-rated based on the number of meetings attended.

4.7.1. Compensation paid to non-executive directors – directors' fees and compensation paid in respect of positions held on committees

	Amounts paid during 2017 *(in euros)*	Amounts paid during 2016 *(in euros)*
Jacques Merceron-Vicat ***Director and Honorary Chairman***		
Directors' fees	26,000	25,000
Compensation for functions exercised on committees of the Board of Directors	-	-
Pierre Breuil ***Director***		
Directors' fees	6,500	25,000
Compensation for functions exercised on committees of the Board of Directors	3,650	7,000
Louis Merceron-Vicat ***Director***		
directors' fees	26,000	25,000
Compensation for functions exercised on committees of the Board of Directors	-	-
Bruno Salmon ***Director***		
Directors' fees	26,000	25,000
Compensation for functions exercised on committees of the Board of Directors	3,700	3,500
Sophie Sidos ***Director***		
Directors' fees	26,000	25,000
Compensation for functions exercised on committees of the Board of Directors	-	-

	Amounts paid during 2017 *(in euros)*	Amounts paid during 2016 *(in euros)*
Jacques Le Mercier ***Director***		
Directors' fees	26,000	25,000
Compensation for functions exercised on committees of the Board of Directors	11,000	10,500
Eléonore Sidos ***Director***		
Directors' fees	19,500	-
Compensation for functions exercised on committees of the Board of Directors	3,650	-
Xavier Chalandon ***Director***		
Directors' fees	26,000	25,000
Compensation for functions exercised on committees of the Board of Directors	7,350	3,500
Sophie Fegueux ***Director***		
Directors' fees	26,000	25,000
Compensation for functions exercised on committees of the Board of Directors	-	-
Delphine André ***Director***		
Directors' fees	26,000	25,000
Compensation for functions exercised on committees of the Board of Directors	7,300	7,000
Emmanuelle Salles ***Employee Director***		
Directors' fees	26,000	12,500
Compensation for functions exercised on committees of the Board of Directors	-	-
TOTAL	**296,650**	**269,000**

4.7.2. Compensation paid to executive Company officers

4.7.2.1. Overview of remuneration paid and stock options allocated to each executive Company officer

Overview of remuneration paid and stock options allocated to each executive Company officer:

	2017	2016
Guy Sidos ***Chairman and Chief Executive Officer***		
Compensation paid in respect of the year	942,948	871,823
Value of options granted during the year	n/a	n/a
Value of performance shares granted during the year	n/a	n/a
TOTAL	**942,948**	**871,823**

	2017	2016
Didier Petetin ***Chief Operating Officer***		
Compensation paid in respect of the year	419,122	292,178
Value of options granted during the year	n/a	-
Value of performance shares granted during the year	n/a	-
TOTAL	**419,122**	**292,178**

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 2016 and 2017.

No amounts were due to executive Company officers for 2016 and 2017.

	2017		2016	
	Amount due in respect of the year	Amount paid during the year	Amount due in respect of the year	Amount paid during the year
Guy Sidos ***Chairman and Chief Executive Officer***				
Fixed compensation	-	811,666	-	745,035
Variable compensation	n/a	n/a	n/a	n/a
Exceptional compensation	n/a	n/a	n/a	n/a
Directors' fees	-	62,000	-	54,200
Benefits in kind		69,282	-	72,588
TOTAL		**942,948**	**-**	**871,823**
Didier Petetin ***Chief Operating Officer***				
Fixed compensation	-	302,366	-	282,954
Variable compensation	-	30,000	n/a	n/a
Exceptional compensation	-	64,406	-	n/a
Directors' fees	-	-	-	-
Benefits in kind	-	22,350	-	9,224
TOTAL		**419,122**	**-**	**292,178**

The benefits in kind awarded to executive Company officers correspond to the usual benefits for this type of function (company car, etc.).

No executive Company officer is linked to the Company by an employment contract.

The exceptional compensation of the Chief Operating Officer corresponds to the balance of every account (including paid holidays, RTT days and CET time savings) paid as a result of the transfer of Beton Travaux to Vicat on March 1, 2017.

4.7.2.2. Report concerning the policy for remuneration of the Company's Officers

This report was prepared and drawn up by the Board of Directors during its meeting of February 13, 2018 in accordance with articles L. 225-37-2 and L. 225-100 of the French Commercial Code.

The "Sapin II" law of December 9, 2016 introduced new mechanisms relating to the vote of the general meeting of shareholders on the compensation of executive Company officers of companies whose shares are admitted for trading onto a regulated market (EURONEXT).

The mechanism introduced provides for two types of vote:

- a first ex ante vote, applying article L. 225-37-2 of the French Commercial Code, on the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional elements making up the total compensation and benefits-in-kind attributable to executive Company officers. It is a vote on the compensation policy applicable to each of the executive Company officers of the Company to be put to the general meeting of shareholders every year;
- a second ex post vote, applying article L. 225-100 of the French Commercial Code (paragraph 10 and 11), which will take place the year after that approving the compensation policy (ex ante vote), will relate to the amounts of compensation paid or allocated for the previous financial year and will refer to each director by name: The payment to Guy Sidos and Didier Petetin of the variable or exceptional elements of their respective compensation for the previous year, will depend on this vote, to be proposed every year at the General meeting.

A) Compensation policy

It is requested to approve the compensation policy applicable to Guy Sidos (9th resolution) and Didier Petetin (10th resolution).

In each case, the principles and criteria decided by the Board of Directors for the 2018 financial year are presented in this report.

The compensation policy complies with the principles of the MIDDLENEXT codes to which Vicat adheres.

Vicat's compensation policy aims to:

- support its short-, medium- and long-term strategy;
- align the interests of its directors with those of shareholders and all stakeholders;
- ensure that short-term results participate in the attainment of medium- and long-term results;
- reward financial and CSR results by encouraging ongoing improvements in performance from one year to the next, backed up by its business culture and values;
- reward individual and collective performances, and build loyalty in teams;
- participate actively in employer-employee dialogue, and the cohesion and commitment of teams;
- be competitive and to perform well in order to attract, develop and continually motivate talent whilst maintaining a balanced financial structure.

COMPENSATION POLICY APPLICABLE TO GUY SIDOS, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During a meeting on February 13, 2018, the Board of Directors decided the main criteria for the elements comprising the compensation of Guy Sidos.

No significant change was noted in this policy for 2018 compared with 2017, with the exception of:

- the scrapping of the “Differential spouse income” regime of the additional pension plan covered by article 39 of the French General Tax Code of December 31, 2017;
- the regulatory closure, by 21 May 2018 at the latest, by enactment into French law of European directive 2014/50/EU of the additional pension plan, article 39 of the French General Tax Code. Talks are underway with a view to a replacement solution.

- **Gross annual salary:**

Subject to a justified individual rise, the rise (Vicat part and Parfininco part) will be in line with the overall increase of the Vicat SA employees.

A gross annual salary for the Vicat mandate is paid by Vicat SA: € 680,289 in 2018.

A gross annual salary for the position of Chief Operating Officer of Parfininco is paid: € 39,117 en 2018.

The total of these two amounts is therefore € 719,406, before general and individual increases which may be applied during the course of 2018.

The annual gross salary is determined according to experience, responsibility and the benchmark for an equivalent position in the same or similar sector of activity, whilst taking account of the Company's culture and values.

- **Gross annual bonus based on individual performance:**

It is calculated on the basis of the financial and CSR results of the Vicat Group for the year in question.

The amount cannot exceed 30% of the gross annual salary.

This bonus is paid subject to a vote in the General meeting.

- **Gross annual multi-year bonus:**

Not applicable.

- **Gross annual special bonus:**

It is paid on an exceptional basis and depends on the successful completion of exceptional operations (acquisitions, etc.) for the Vicat Group over the course of the year concerned.

It is determined on the basis of the complexity and scale of the achievement.

The amount cannot exceed 20% of the gross annual salary.

This bonus is paid subject to a vote in the General meeting.

- **Benefits in kind:**

Benefits in kind consist of the following: company car, driver, membership of various professional associations.

■ **Collective 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.

■ **Collective providence scheme:**

For the collective 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.

■ **Collective mandatory 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% x (N – 20)] x Basic compensation;
- with, if N (number of complete years in the Company) < 20 years then N – 20 = 0;
- with SP + Total Other pensions < or = 60% x 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.

■ **Non-compete clause:**

No non-compete clause.

■ **Stock options:**

No stock options plan.

■ **Free shares:**

No free shares plan.

■ **Directors' fees:**

- As member of the Board of Directors of Vicat SA, Guy Sidos receives compensation in the form of a fixed annual sum, for directors' fees, freely determined by the Board of Directors. The overall annual amount allocated to the Board of Directors is determined by the General meeting;
- As member of the Board of Directors of Parfininco SA, Guy Sidos receives compensation in the form of a fixed annual sum, for directors' fees, freely determined by the Board of Directors. The overall annual amount allocated to the Board of Directors is determined by the Parfinco General meeting;

Other compensation or benefits owed or likely to be owed (in application of an agreement) by Group companies, in relation to the mandate.

No compensation or benefits owed or likely to be owed (in application of an agreement) by Group companies, in relation to the mandate.

COMPENSATION POLICY APPLICABLE TO DIDIER PETETIN, CHIEF OPERATING OFFICER

During its meeting on February 13, 2018, the Board of Directors decided principles and the main criteria for the elements comprising the compensation of Didier Petetin.

No significant change was noted in this policy for 2018 compared with 2017, with the exception of:

- the scrapping of the "Differential spouse income" regime of the additional pension plan covered by article 39 of the French General Tax Code of December 31, 2017;
- the regulatory closure, by May 21, 2018 at the latest, by enactment into French law of European directive 2014/50/EU of the additional pension plan, article 39 of the French General Tax Code. Talks are underway with a view to a replacement solution.

■ **Gross annual salary:**

Subject to a justified individual rise, it will be in line with the overall increase of the Vicat SA employees.

The gross annual salary is 300,900 euros, before any general or individual rise which may be applied during the course of 2018.

The total amount of the annual gross salary is determined according to experience, responsibility and the benchmark for an equivalent position in the same or similar sector of activity, whilst taking account of the Company's culture and values.

■ **Gross annual multi-year bonus:**

Not applicable.

■ **Gross annual bonus based on individual performance:**

The figure is determined by the financial and CSR results of Vicat Group companies in France (excluding Papeteries de Vizille) for the year in question.

The amount cannot exceed 20% of the gross annual salary.

This bonus is paid subject to a vote in the General meeting.

■ **Gross annual special bonus:**

This bonus is paid on an exceptional basis and is subject to the successful completion of exceptional operations (acquisitions, etc.) during the course of the year concerned.

It is determined on the basis of the complexity and scale of the achievement.

The amount cannot exceed 10% of the gross annual salary.

This bonus is paid subject to a vote in the General meeting.

■ **Benefits in kind:**

Benefits in kind consist of the following: company car, membership of various professional associations.

Insurance against job loss is included in benefits in kind. 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)

■ **Collective private health insurance scheme:**

For collective 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 not contracted this option.

■ **Collective providence scheme:**

For the collective 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.

■ **Collective mandatory 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% x (N – 20)] x Basic compensation;
- with, if N (number of complete years in the Company) < 20 years then N – 20 = 0;
- with SP + Total Other pensions < or = 60% x 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.

■ Non-compete clause:

No non-compete clause.

■ Stock options:

No stock options plan.

■ Free shares:

No free shares plan.

■ directors' fees:

No directors' fees.

■ Other compensation or benefits owed or likely to be owed (in the application of a agreement) by Group companies, in relation to the mandate.

No compensation or benefits owed or likely to be owed (in application of an agreement) by Group companies, in relation to the mandate.

B) Elements of compensation paid or allocated under the previous year

In accordance with article L. 225-100 of the French Commercial Code, taking account of the vote of the 'General meeting of April 18, 2017 on the compensation policy envisaged for the financial year ending December 31, 2017, you are asked to approve the fixed, variable and exceptional components of the total compensation and benefits of all kinds paid or allocated to Guy Sidos (see 11th resolution), Chairman and Chief Executive Officer, and to Didier Petetin (see 12th resolution), Chief Operating Officer for the financial year ended 31 December 2017, as presented below:

Guy Sidos, Chairman and Chief Executive Officer.		
Elements of compensation allocated under financial year ended December 31, 2017	**Amounts**	**Comments**
In January 2017 and February 2017, all of the compensation elements were paid by Parfininco. From March 2017 onwards, all of the compensation elements were paid by VICAT, with the exception of part of the gross annual salary paid by Parfininco.		
Fixed gross annual salary	**711 667 €**	
Benefits in kind	**69 282 €**	
Collective private health insurance scheme VICAT		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 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. ■ 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.
Collective providence scheme VICAT		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.
Collective mandatory complementary pension scheme VICAT		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.

Guy Sidos, Chairman and Chief Executive Officer.		
Elements of compensation allocated under financial year ended December 31, 2017	**Amounts**	**Comments**
Mandatory complementary pension scheme under article 39 of the French General Tax Code VICAT	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, This calculation does not include end-of-career bonuses, profit-sharing and incentive schemes and, more generally, all compensation of an extraordinary nature. ■ 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") takes the total amount of the other pensions up to a maximum which cannot exceed 60 % of the basis compensation: SP = [0,5 % + 1.5 % x (N – 20)] X Basic compensation, with, if N (number of complete years in the Company) < 20 years then N – 20 = 0 with SP + Total Other pensions < or = 60 % X Basic compensation.	
Payment upon retirement: VICAT PARFININCO	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 The gross annual salary is 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.	
Insurance against job loss	No insurance against job loss.	
Non-compete clause	No non-compete clause.	
Stock options	No stock options plan.	
Free shares	No free shares plan.	
Directors' fees		
VICAT	52 000 €	As member of the Board of Directors of VICAT SA, Guy Sidos receives compensation in the form of a fixed annual sum, for directors' fees, freely determined by the Board of Directors.
PARFININCO	10 000 €	As member of the Board of Directors of Parfininco, Mr Sidos receives compensation in the form of a fixed annual sum, for directors' fees, freely determined by the Board of Directors.
Other compensation or benefits owed or likely to be owed (in the application of a convention) by group companies, in relation to the mandate.	No compensation and no benefits owed or likely to be owed (in the application of a convention) by group companies, in relation to the mandate.	
The following elements, attributed for the year ended 31 December 2017, will only be paid in cash to Guy Sidos once the 11th resolution has been adopted:		
Gross annual bonus based on individual performance:	100 000 €	Paid subject to the vote by the General Meeting on the 11th resolution, the figure is calculated using the financial and CSR results of the VICAT group for 2017. The amount cannot exceed 30% of the gross annual salary; For the 2017 financial year, this bonus represents 14.1% of the gross annual salary.
Gross multi-year bonus:	No gross multi-year bonus.	
Gross annual special bonus	Not applicable.	Paid subject to vote by General Meeting on 11th resolution, payment is exceptional and dependent on the successful completion of exceptional operations (acquisitions, etc.) for the VICAT group during the course of 2017. It is determined on the basis of the complexity and scale of the achievement. It is determined on the basis of the complexity and scale of the achievement. The amount cannot exceed 20 % of the gross annual salary;

Guy Sidos, Chairman and Chief Executive Officer.		
Elements of compensation allocated under financial year ended December 31, 2017	**Amounts**	**Comments**
Compensation Committee		
At the request of the Compensation Committee which met on February 5, 2018, the 2017 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 (MERCER), and a benchmark based on the SBF 120 Companies (2016 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.		

Mr Didier Petetin, Chief Operating Officer		
Elements of compensation allocated under financial year ended December 31, 2017	**Amounts**	**Comments**
In January 2017 and February 2017, all of the compensation elements were paid by Béton Travaux. From March 2017 onward, all of the compensation elements were paid by VICAT.		
Fixed gross annual salary	**302 321 €**	
Benefits in kind	**22 350 €**	
Collective private health insurance scheme VICAT		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.
Collective providence scheme VICAT		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.
Collective mandatory complementary pension scheme VICAT		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.
Mandatory complementary pension scheme under article 39 of the French General Tax Code VICAT		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, ■ This calculation does not include end-of-career bonuses, profit-sharing and incentive schemes and, more generally, all compensation of an extraordinary nature, ■ 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") takes the total amount of the other pensions up to a maximum which cannot exceed 60% of the basis compensation: SP = [0,5 % + 1.5 % x (N – 20)] X Basic compensation, with, if N (number of complete years in the Company) < 20 years then N – 20 = 0 with SP + Total Other pensions < or = 60 % X Basic compensation.

Mr Didier Petetin, Chief Operating Officer		
Elements of compensation allocated under financial year ended December 31, 2017	**Amounts**	**Comments**
Payment upon retirement: VICAT	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 The gross annual salary is 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.	
Non-compete clause	No non-compete clause.	
Stock options	No stock options plan.	
Free shares	No free shares plan.	
Directors' fees	No directors' fees.	
Other compensation or benefits owed or likely to be owed (in the application of a convention) by group companies, in relation to the mandate.	No compensation and no benefits owed or likely to be owed (in the application of a convention) by group companies, in relation to the mandate.	
The following elements, attributed for the year ended December 31, 2017, will only be paid in cash to Didier Petetin once the 12th resolution has been adopted:		
Gross annual bonus based on individual performance:	40 000 €	Paid subject to the vote by the General Meeting on the 12th resolution, the figure is calculated using the financial and CSR results of the VICAT group for 2017. The amount cannot exceed 30% of the gross annual salary; For the 2017 financial year, this bonus represents 9.9% of the gross annual salary.
Gross multi-year bonus	No gross multi-year bonus.	
Gross annual special bonus	Not applicable.	Paid subject to vote by General Meeting on 12th resolution, payment is exceptional and dependent on the successful completion of exceptional operations (acquisitions, etc.) for the VICAT group during the course of 2017. It is determined on the basis of the complexity and scale of the achievement. It is determined on the basis of the complexity and scale of the achievement. The amount cannot exceed 20 % of the gross annual salary.
Compensation Committee		
At the request of the Compensation Committee, which met on February 5, 2018, the 2017 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.		

C) Resolutions on compensation

NINTH RESOLUTION ("Ex ante" approval of the compensation policy applicable to the Chairman and Chief Executive Officer, Guy Sidos).

The Ordinary General Meeting, having acquainted itself with the Board of Directors' 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 benefits in kind presented in the aforementioned report and attributable to the Chairman and Chief Executive Officer due to his corporate role.

TENTH RESOLUTION ("Ex ante" approval of the compensation policy applicable to Chief Operating Officer, Didier Petetin).

The Ordinary General Meeting, having acquainted itself with the Board of Directors' 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 benefits in kind presented in the aforementioned report and attributable to the Chief Operating Officer due to his corporate role.

ELEVENTH RESOLUTION ("Ex post" approval of elements of compensation paid or allocated in respect of the financial year ended 31 December, 2017 to Guy Sidos, Chairman and Chief Executive Officer).

The Ordinary General Meeting, having acquainted itself with the Board of Directors' report provided for by article L.225-37-2 of the French Commercial Code:

- approves the elements making up the total compensation and benefits of all kinds paid or allocated in respect of the financial year ended December 31, 2017 to Guy Sidos, Chairman and Chief Executive Officer, in relation to his corporate role;
- consequently notes that the elements of variable and exceptional compensation allocated to Guy Sidos, Chairman and Chief Executive Officer for the financial year ended December 31, 2017, will be paid to him.

TWELFTH RESOLUTION ("Ex post approval of elements of compensation paid or allocated in respect of the financial year ended December 31, 2017 to Didier Petetin, Chief Operating Officer).

The Ordinary General Meeting, having acquainted itself with the Board of Directors' report provided for by article L.225-37-2 of the French Commercial Code:

- approves the elements making up the total compensation and benefits of all kinds paid or allocated in respect of the financial year ended December 31, 2017 to Didier Petetin, Chief Operating Officer, in relation to his corporate role;
- consequently notes that the elements of variable and exceptional compensation allocated to Didier Petetin, Chief Operating Officer for the financial year ended December 31, 2017, will be paid to him.

4.7.2.3. 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.

4.7.3. Pensions and other post employment 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 the beneficiary receiving, under all pension and other retirement benefits, an amount exceeding 60% of the reference salary. A provision of € 9,198 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 2017:

	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	
Senior executives and Company officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
Guy Sidos ***Chairman and Chief Executive Officer***		■	■		■			■
Didier Petetin ***Chief Operating Officer***		■	■		■			■

4.8. Shareholding of the Company's officers and transactions conducted by members of the Board of Directors in the Company's shares

4.8.1. Share ownership by Company officers and Board members as at December 31, 2017

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 [(1)] (Company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	11,870,143	26.44	23,668,070	32.36
Parfininco (Company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	13,390,810	29.82	26,706,266	36.52
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	124,252	0.17
Eléonore Sidos	10	-	20	-
Sophie Fegueux	203	-	406	-
Didier Petetin	8	-	8	-
Emmanuelle Salles	229	-	330	-

(1) BCCA and SAPV, wholly owned subsidiaries of the Vicat Group, own 22.46% of the shares of Soparfi, representing 14,554 Soparfi shares.

4.8.2. Transactions by members of the Board of Directors on the Company's shares in 2016 and 2017

	Transactions in 2017	Transactions in 2016
Soparfi (Company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	Purchase of 440 shares	Purchase of 49,199 shares
Parfininco (Company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	Purchase of 2,103 shares	Purchase of 37,351 shares
Hoparvi (a company of which Jacques Merceron-Vicat is Chairman)	N0 purchase	Purchase of 986 shares

In addition, a certain number of commitments to retain shares have been entered into under the Dutreil law by some Company officers.

4.9. 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.

4.10. Statutory Auditors' Report drawn up pursuant to article L. 225-235 of the French Commercial Code on the Corporate Government Report

See the "Report on corporate governance" section in the Statutory Auditors' Report on the financial statements in chapter 6.2.3 of this document.

4.11. Transactions with related parties

4.11.1. 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.

	2017				2016			
(in thousands of euros)	**Sales**	**Purchases**	**Receivables**	**Liabilities**	**Sales**	**Purchases**	**Receivables**	**Liabilities**
Affiliated companies	1,825	3,276	3,094	3,435	1,186	2,941	3,720	2,078
Other related parties	66	1,430	-	-	67	2,194	6	95
TOTAL	**1,891**	**4,706**	**3,094**	**3,435**	**1,253**	**5,135**	**3,726**	**2,173**

4.11.2. 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 2017 financial year, intra-Group sales of cement amounted to € 259 million, sales of aggregates to € 82 million, transport services to € 107 million, sales related to additional services (analyses, pumping, etc.) to € 34 million and sales related to various pooled products and services to € 63 million. For the same period, intra-Group financial income amounted to € 9 million.

4.12. Statutory auditors' report on regulated agreements and commitments

General Mixed Shareholders' Meeting

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 2017 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 already approved in previous years which have not been effective during the year

We have been advised of the pursuit of agreements and commitments which were initially approved by the General Meeting in previous years and have not lead to an implementation during the year.

Commitments relating to supplementary pension plans:

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 amount of the additional pension is determined in accordance with the time spent within the company at the employee's leaving date and with the benchmark salary based on the best ten annual salaries. This additional amount may not lead the beneficiary to perceive, all pensions included, an amount exceeding 60% of the base salary.

The statutory auditors

Paris La Défense, 27 February 2018	Chamalières, 27 February 2018
KPMG Audit	**Wolff & Associés SAS**
Département de KPMG SA	
Philippe Grandclerc	Patrick Wolff
Partner	*Partner*

Montalieu cement factory, Isère, France

RISK FACTORS AND INTERNAL CONTROL

5

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. We have not noted any significant change compared with previous years. However, the attention of prospective investors is drawn to the fact that the list of risks set out in this Chapter 5 “Risk factors and internal control” 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.

5.1. Risk factors

5.1.1. Risks relating to the Group’s business

5.1.1.1. 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 revenues 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).

5.1.1.2. 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 the “5.1.1.4 Availability of certain raw materials” section 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 the “3.2.3.3 Increasing the rate at which fossil fuels are substituted by alternative fuels and the percentage of renewable energy" section 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.

5.1.1.3. Country risks

An integral part of the Group’s growth strategy is to seize development opportunities in growing markets. In 2017, approximately 34% of the Group’s sales revenues 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, corruption, 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 activity and results in Egypt have continued to be affected by the consequences of the devaluation of the Egyptian pound and the still very volatile security situation that may lead to plant stoppages, under certain circumstances, and particularly when traffic is prohibited in the area due to military operations (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 “Outlook and Objectives” 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.

5.1.1.4. Industrial and environmental risks

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 and risks relating to the effects of climate change.

The Group’s production facilities are equipped with monitoring and control systems incorporating automatic devices and a technical, accidental or criminal malfunction of these 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 inventories of spare parts (such as engines, reducers, bushes and bearings, etc.) for the most important pieces of equipment. Due to their remoteness, which lengthens lead times, the Group ensures that its factories located in emerging markets rigorously apply this policy of maintaining inventories 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.

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, preserving biodiversity, optimizing choices of energy sources, with an increasing share of alternative fuels and energy recovery from waste, controlling and reducing emissions, including greenhouse gases, managing and recycling the water needed for production. These various measures, as well as those relating to the consideration of climate change are developed in section 3.2 "Environmental information" of this Registration Document.

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.

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.

The Vicat Group uses the best technology there is, 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. 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.

5.1.2. Risks related to the industry in which the Group operates

5.1.2.1. Risks of dependency on the construction, real estate, 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.

5.1.2.2. 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 may tend to increase fiscal pressure, as governments look to raise revenue by, for instance, challenging the tax breaks granted by mining agreements, which may then lead to 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 (related, for example, to improving measures aimed at limiting greenhouse gas emissions), 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.

5.1.2.3. Risks related to sensitivity of business segments to weather conditions

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.

5.1.3. 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 6.3 "Legal and arbitration proceedings" of this Registration Document). The policy of allocating provisions is set out below in note 1.17 of section 6.1.2 "Notes to the 2017 consolidated financial statements" of this Registration Document.

5.1.4. 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.

5.1.4.1. Foreign exchange risk

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 foreign currencies as at December 31, 2017, when the transaction currency is different from the subsidiary's operating currency. The main risk involves the Swiss franc as this table shows:

(in millions of euros)	US dollar	Euro	CHF
Assets	44.1	25.1	90.0
Liabilities and off-balance sheet commitments	(402.8)	(42.9)	(75.6)
Net position before risk management	**(358.7)**	**(17.8)**	**14.4**
Hedging instruments	359.9	0.0	(90.0)
NET POSITION AFTER RISK MANAGEMENT	**1.2**	**(17.8)**	**(75.6)**

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 foreign exchange 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 € 0.83 million (including € 0.76 million for the Kazakhstan debt).

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.

5.1.4.2. 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.

5.1.4.3. Interest rate risk

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.

Exchange rate risks for fixed-rate financial assets and 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.

Cash flow risks inherent in variable-rate assets and liabilities

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, 2017.

(in thousands of euros)	Euro	US dollar	Other currencies	Total
Total gross debt	**771,982**	**29,227**	**251,210**	**1,052,419**
Debt at fixed rate (including swaps and CCS)	297,497	8,809	85,885	392,191
Debt at variable rate	474,485	20,418	165,325	660,228
Hedging instruments (caps)	(400,000)	(16,676)	0	(416,676)
Gross debt at variable rates not hedged	**74,485**	**3,742**	**165,325**	**243,552**
Cash and cash equivalents	28,111	29,546	(207,707)	(265,364)
NET POSITION AFTER HEDGING	**43,374**	**25,804**	**(42,382)**	**(21,812)**

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:

(in thousands of euros)	Impact on earnings before tax (1)	Impact on shareholders' equity (excluding impact on earnings) before tax (2)
Impact of a change of +100 bps in the interest rate	(3,658)	(11,030)
Impact of a change of -100 bps in the interest rate	(1,263)	10,815

(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%.

5.1.4.4. "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, 2017 is as follows:

- number of Vicat shares held in the portfolio: 684,904;
- percentage of share capital held by the Company: 1.53%;
- book value of the portfolio determined using the historical cost method (purchase price): € 57,384 thousand;
- net book value of the portfolio: € 45,807 thousand;
- market value of the portfolio: € 45,060 thousand.

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 € 11,577 thousand was made for share depreciation as at December 31, 2017, after a provision reversal of € 7,914 thousand before tax in 2017.

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 funded in full or in part by dedicated financial assets consisting, in part, of equity securities. The funding 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.

5.1.4.5. Liquidity risk

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 31/12/2017

		N+1					
(in thousands of euros)		Nominal	Interest [1]	N+2 Nominal	N+3 Nominal	N+4 Nominal	N+5 and + Nominal
US private placement	264,105	0	14,794	0	173,395	0	90,710
Bonds							
Bank loans [2]	708,392	79,651	7,079	326,392	56,104	3,515	242,730
Finance lease liabilities	2,372	541	126	1,242	284	165	140
Miscellaneous liabilities	5,929	3,504	297	1,689	168	187	381
Bank overdrafts	54,758	54,758	5,821				
Derivatives	16,863	(195)	(1,618)	201	10,387	0	6,470
TOTAL FINANCIAL LIABILITY	**1,052,419**	**138,259**	**26,499**	**329,524**	**240,338**	**3,867**	**340,431**

(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, 2017 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.

(2) The syndicated loan line of € 480 million to mature in 2019 does not come under 31/12/2017, but € 315 million of this is allocated to hedge the liquidity risk of commercial paper. This line was renewed in advance on 25 January 2018 for € 550 million for an initial duration of 5 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, 2017 the Group's gearing and leverage were 32.7% and 1.77, 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, 2017, 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.

5.1.5. Risks related to the Company

5.1.5.1. Risks related to dependence on managers and key employees

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 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.

5.1.5.2. Risks related to the financial organization of the Group

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.

5.1.5.3. Risks related to dependence on customers

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 Products & Services businesses are different types of economic player in each market: mainly distributors and concrete mixers for the Cement business, builders and public works contractors for the Concrete & Aggregates business, and various types of companies or entities specific to each line for the Other Products & 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 revenues.

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.

5.2. Internal control and risk coverage

5.2.1. Internal control as a risk prevention tool

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 pays particular attention to matters of internal control in the countries where it operates. It 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 Internal Audit Department and statutory auditors of the various Group companies.

5.2.1.1. Definition and objectives of internal control

According to the AMF (French Financial Market Authority) reference framework, 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.

The scope of internal control extends to the parent Company and all the subsidiaries that it controls exclusively or jointly.

5.2.1.2. Internal control players

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's key players in terms of internal control are:

- the Group Finance Department, responsible for issuing or updating the accounting and financial policies to be applied within the Group;
- 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 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 various staff functions providing oversight in their area of expertise;
- the Internal Audit Department reporting to the Group's Chairman and Chief Executive Officer.

The Internal Audit Department 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 submitted to 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.

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.

Moreover, certain subsidiaries will have one or more employees in charge of internal control on a full- or part-time basis. As such, they are responsible for assessing and implementing the procedures in place. They can carry out assignments in other subsidiaries and can also coordinate the follow-up on recommendations made by external auditors and the Internal Audit Department.

The position of Chief Compliance Officer, reporting to the Chairman and Chief Executive Officer, has also been created.

5.2.1.3. Description of the components of internal 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.

Internal control manual

An internal control manual has been issued to all the Group's operational managers and administration and finance teams. 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.

Information management tools

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. In 2016 and 2017 the Group maintained the continuous improvement of its transactional and decision-making systems, primarily by expanding the application of the SAP software suite. In 2018 the plan is to extend its functionality and the operations it covers.

Management system

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 Management 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.

Anti-corruption procedures

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.

5.2.2. Risk coverage and insurance

The Group has subscribed to "Group policies" with leading insurers. These policies are intended to cover all of the Group's 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.

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.

Civil liability

The cap on the cover under the civil liability insurance policy is € 100 million. All of the Group's 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 2017, the total cost of insurance cover on the main risks managed under Group policies was approximately 3.2 per thousand of sales revenues.

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.

New Olympique Lyonnais stadium, Rhône Alpes, France

FINANCIAL INFORMATION

6

6.1. Consolidated financial statements at December 31, 2017

6.1.1. Consolidated financial statements at December 31, 2017

Consolidated statement of financial position

(in thousands of euros)	Notes	December 31, 2017	December 31, 2016
ASSETS			
Non-current assets			
Goodwill	3	1,006,987	1,048,954
Other intangible assets	4	117,959	106,465
Property, plant and equipment	5	1,837,759	1,992,508
Investment properties	7	16,240	17,839
Investments in associated companies	8	40,696	41,070
Deferred tax assets	25	111,860	157,897
Receivables and other non-current financial assets	9	77,557	110,941
TOTAL INTANGIBLE AND TANGIBLE ASSETS		3,209,058	3,475,674
Current assets			
Inventories and work-in-progress	10	351,303	385,770
Trade and other receivables	11	408,092	389,504
Current tax assets		45,001	53,447
Others receivables	11	174,251	188,721
Cash and cash equivalents	12	265,364	242,770
TOTAL CURRENT ASSETS		1,244,011	1,260,212
TOTAL ASSETS		**4,453,069**	**4,735,886**
LIABILITIES			
Shareholders' equity			
Share capital	13	179,600	179,600
Additional paid-in capital		11,207	11,207
Consolidated reserves		1,985,313	2,022,313
Shareholders' equity		**2,176,120**	**2,213,120**
Minority interests		**233,442**	**257,054**
SHAREHOLDERS' EQUITY AND MINORITY INTERESTS		2,409,562	2,470,174
Non-current liabilities			
Provisions for pensions and other post-employment benefits	14	115,084	142,353
Other provisions	15	108,703	107,101
Financial debts and put options	16	928,403	980,017
Deferred tax liabilities	25	160,668	204,959
Other non-current liabilities		1,398	2,228
TOTAL NON-CURRENT LIABILITIES		1,314,256	1,436,658
Current liabilities			
Provisions	15	8,738	10,757
Financial debts and put options at less than 1 year	16	138,499	250,266
Trade and other accounts payable		328,450	316,345
Current taxes payable		41,188	46,835
Other liabilities	18	212,376	204,851
TOTAL CURRENT LIABILITIES		729,251	829,054
TOTAL LIABILITIES		2,043,507	2,265,712
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4,453,069**	**4,735,886**

Consolidated income statement

(in thousands of euros)	*Notes*	2017	2016
Sales revenues	*19*	**2,563,464**	**2,453,771**
Goods and services purchased		(1,660,025)	(1,554,840)
Added value	*1.22*	**903,439**	**898,931**
Personnel costs	*20*	(423,993)	(409,406)
Taxes		(58,709)	(56,466)
Gross operating income	*1.22 & 23*	**420,737**	**433,059**
Depreciation, amortization and provisions	*21*	(200,568)	(198,856)
Other income and expenses	*22*	11,423	21,745
Operating income	*23*	**231,592**	**255,948**
Cost of net financial debt	*24*	(27,665)	(30,475)
Other financial income	*24*	15,792	12,371
Other financial expenses	*24*	(16,321)	(20,007)
Net financial income (expense)	*24*	**(28,194)**	**(38,111)**
Earnings from associated companies	*8*	5,653	13,695
Profit (loss) before tax		**209,051**	**231,532**
Income taxes	*25*	(53,200)	(66,727)
Consolidated net income		**155,851**	**164,805**
Portion attributable to minority interests		13,670	25,740
Portion attributable to the Group		**142,181**	**139,065**
EBITDA	*1.22 & 23*	**444,170**	**457,813**
EBIT	*1.22 & 23*	**247,150**	**257,832**
Operating cash flow	*1.22*	**346,432**	**352,942**
EARNINGS PER SHARE *(in euros)*			
Basic and diluted Group share of net earnings per share	*13*	3.17	3.10

Consolidated statement of comprehensive income

(in thousands of euros)	2017	2016
Consolidated net income	**155,851**	**164,805**
Other comprehensive income		
Items not recycled to profit or loss:		
Remeasurement of the net defined benefit liability	25,685	3,548
Tax on non-recycled items	(6,421)	(1,848)
Items recycled to profit or loss:		
Translation differences	(194,260)	(143,748)
Cash flow hedge instruments	(2,346)	(3,082)
Tax on recycled items	841	(194)
Other comprehensive income (after tax)	**(176,501)**	**(145,324)**
TOTAL COMPREHENSIVE INCOME	**(20,650)**	**19,481**
Portion attributable to minority interests	(7,771)	(21,274)
Portion attributable to the Group	**(12,879)**	**40,755**

Consolidated cash flow statement

(in thousands of euros)	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**155,851**	**164,805**
Earnings from associated companies		(5,653)	(13,695)
Dividends received from associated companies		1,292	4,596
Elimination of non-cash and non-operating items			
■ depreciation, amortization and provisions		200,831	208,706
■ deferred tax		(2,092)	(9,707)
■ net (gain) loss from disposal of assets		(3,450)	(3,966)
■ unrealized fair value gains and losses		(1,671)	486
■ other		1,324	1,717
Operating cash flow	*1.22*	**346,432**	**352,942**
Change in working capital requirement		(3,434)	33,332
Net cash flows from operating activities (1)	*27*	**342,998**	**386,274**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of non-current assets:			
■ tangible and intangible assets		(179,474)	(139,304)
■ financial investments		(12,324)	(37,582)
Inflows linked to disposals of non-current assets:			
■ tangible and intangible assets		15,529	7,567
■ financial investments		4,126	7,170
Impact of changes in consolidation scope		(14,852)	(25,907)
Net cash flows from investing activities	*28*	**(186,995)**	**(188,056)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(69,890)	(80,239)
Increases/(Decreases) in share capital		(4,665)	-
Proceeds from borrowings		147,586	1,570
Repayments of borrowings		(242,723)	(129,405)
Acquisitions of treasury shares		(5,480)	(25,749)
Disposals or allocations of treasury shares		46,634	27,935
Net cash flows from financing activities		**(128,538)**	**(205,888)**
Impact of changes in foreign exchange rates		(16,315)	(8,517)
Change in cash position		**11,150**	**(16,187)**
Net cash and cash equivalents – opening balance	*29*	208,909	225,096
Net cash and cash equivalents – closing balance	*29*	220,058	208,909

(1) Of which cash flows from income taxes: €(47,299) thousand in 2017 and €(51,432) thousand in 2016.
Of which cash flows from interest paid and received: €(22,954) thousand in 2017 and €(28,708) thousand in 2016.

Consolidated statement of changes in equity

(in thousands of euros)	Share capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Shareholders' equity and minority interests
AT JANUARY 1, 2016	179,600	11,207	(67,008)	2,207,548	(93,804)	2,237,543	292,160	2,529,703
Net income				139,065		139,065	25,740	164,805
Other comprehensive income [(1)]				(2,185)	(96,125)	(98,310)	(47,014)	(145,324)
Total comprehensive income				**136,880**	**(96,125)**	**40,755**	**(21,274)**	**19,481**
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								
Increase in share capital								
Other changes				(1,072)		(1,072)	48	(1,024)
AS AT DECEMBER 31, 2016	179,600	11,207	(63,609)	2,275,851	(189,929)	2,213,120	257,054	2,470,174
Net income				142,181		142,181	13,670	155,851
Other comprehensive income [(1)]				15,355	(170,415)	(155,060)	(21,441)	(176,501)
Total comprehensive income				**157,536**	**(170,415)**	**(12,879)**	**(7,771)**	**(20,650)**
Dividends paid				(66,341)		(66,341)	(7,742)	(74,083)
Net change in treasury shares			2,895	(496)		2,399		2,399
Changes in consolidation scope and additional acquisitions				(2,511)		(2,511)	(633)	(3,144)
Increase in share capital				2,830		2,830	(7,539)	(4,709)
Other changes [(2)]				39,502		39,502	73	39,575
AS AT DECEMBER 31, 2017	**179,600**	**11,207**	**(60,714)**	**2,406,371**	**(360,344)**	**2,176,120**	**233,442**	**2,409,562**

(1) *Inventory by nature of other comprehensive income:*
Other comprehensive income includes mainly cumulative conversion differences from end 2003 as at end December 2017. As a reminder applying the option offered by IFRS 1, the conversion differences accumulated before the transition date to IFRS were reclassified by allocating them to retained earnings as at that date.
(2) *Mainly including the refund of € 38.9 million as a result of claims relating to the tax treatment of the capital gain on disposal of Soparfi securities, in 2014, by Group subsidiaries (see note 2)*

Group translation reserves are broken down by currency as follows (in thousands of euros), at December 31, 2017 and 2016:

	31-déc.-17	31-déc.-16
US dollar:	19,329	63,948
Swiss franc:	156,953	208,982
Turkish lira:	(215,010)	(178,330)
Egyptian pound:	(126,542)	(128,268)
Kazakh tenge:	(73,097)	(85,609)
Mauritanian ouguiya:	(7,495)	(3,262)
Indian rupee:	(114,482)	(67,390)
	(360,344)	**(189,929)**

6.1.2 Notes to the consolidated financial statements for 2017

NOTE 1 Accounting policies and valuation methods

1.1. Statement of compliance

In compliance with European Regulation (EC) 1606/2002 of the European Parliament on July 19, 2002 on the application of International Accounting Standards, Vicat's consolidated financial statements have been prepared since January 1, 2005 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Vicat Group has adopted those standards in force on December 31, 2017 for its accounting policies.

Standards and interpretations published by the IASB but not yet in effect as at December 31, 2017 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 IFRSs. The accounting policies and methods applied in the consolidated financial statements as at December 31, 2017 are consistent with those applied for the 2016 annual financial statements. The Group also applied the amendment to IAS 7, mandatory for periods beginning on or after January 1, 2017 and intended to provide disclosures relating to changes in liabilities arising from financing activities, by differentiating between those arising from cash flows and those arising from non-cash flows.

Furthermore, the Group pursued projects to implement the IFRS 9 "Financial instruments" and IFRS 15 "Revenue recognition" standards, which are mandatory as of January 1, 2018, as well as the IFRS 16 "Leases" standard which is mandatory as of January 1, 2019 to determine their potential impacts 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 procedures. From these questionnaires and the analyses conducted, the Group concluded that implementation of this standard will not have a significant impact on its financial statements, given the nature of its business.

As regards IFRS 9, the Group is currently finalizing its analyzes and does not anticipate any significant impact as a result of implementing this standard.

Regarding IFRS 16, the Company has set up the necessary resources (training, project team, collection matrix) to identify all the leases concerned and quantify the estimated impact of the application of this standard. The Group decided to adopt the full retrospective approach upon actual implementation of the standard. The main estimated impacts, based on actual collection at the end of December 2017, are shown in Note 6 "Leases".

These financial statements were finalized and approved by the Board of Directors at its meeting of February 13, 2018 and will be submitted to the General Meeting of April 6, 2018 for approval.

1.2. Basis of preparation of financial statements

The financial statements are presented in thousands of euros.

The consolidated statement of comprehensive income is presented by nature in two separate tables: the income statement and other comprehensive income.

The consolidated statement of financial position segregates current and non-current assets and liability accounts and splits them according to their maturity (divided, generally speaking, into maturities of less than and more than one year).

The statement of cash flows is presented according to the indirect method.

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

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

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

- value provisions (notes 1.17 and 15), in particular those for pensions and other post-employment benefits (notes 1.15 and 14);
- value the put options granted to third parties on shares in fully consolidated subsidiaries (notes 1.16 and 16);
- measure financial instruments at their fair value (notes 1.14 and 17);
- measure deferred tax assets and, in particular, the probability that the Group will generate sufficient future taxable income against which to allocate them (Note 1.20 and 25);
- 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 10 concerning emission quotas).

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

1.3. Consolidation principles

When a company is acquired, its assets and liabilities are measured at their fair value at the acquisition date.

The earnings of the companies acquired or disposed of during the year are recorded in the consolidated income statement for the period subsequent or previous to the date of the acquisition or disposal, as appropriate.

The annual statutory financial statements of the companies at December 31 are consolidated, and any necessary adjusting entries are made to restate them in accordance with the Group accounting policies. All intercompany balances and transactions are eliminated during the preparation of the consolidated financial statements.

Subsidiaries

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

Joint ventures and associated companies

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

The list of the main companies included in the consolidation scope as at December 31, 2017 is provided in note 34.

1.4. Business combinations – goodwill

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

Business combinations carried out before January 1, 2010

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

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

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

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

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

Business combinations carried out on or after January 1, 2010

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

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

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

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

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

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

1.5. Foreign currencies

Transactions in foreign currencies

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

Translation of financial statements of foreign companies

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

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

The following foreign exchange rates were used:

	Closing rate		Average rate	
	31-Dec-17	**31-Dec-16**	**2017**	**2016**
USD	1,1993	1,0541	1,1293	1,1066
CHF	1,1702	1,0739	1,1116	1,0902
EGP	21,3378	19,0735	20,1179	11,0412
TRL	4,5464	3,7072	4,1213	3,3428
KZT	398,5600	351,3200	368,5592	380,5355
MRO	425,5217	378,8711	403,6467	385,4958
XOF	655,9570	655,9570	655,9570	655,9570
INR	76,6055	71,5935	73,4980	74,3553

1.6. Other intangible assets

Intangible assets (mainly patents, rights and software) are recorded in the consolidated statement of financial position at historical cost less accumulated amortization and any impairment losses. This cost includes acquisition or production costs and all other directly attributable costs incurred for the acquisition or production of the asset and for its commissioning.

Assets with finite lives are amortized on a straight-line basis over their useful lives (generally not exceeding 15 years).

Research costs are recognized as expenses in the period in which they are incurred. Development costs meeting the criteria defined by IAS 38 are capitalized.

1.7. Emission quotas

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

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

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

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

1.8. Property, plant and equipment

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

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

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

Quarries are amortized on the basis of tonnage extracted during the year as a ratio of total estimated reserves.

Certain parcels of land owned by French companies acquired prior to December 31, 1976 were revalued, and the adjusted value was recognized in the financial statements, but without a significant impact on the lines concerned.

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

1.9. Leases

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 equipment.

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

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

The assumptions used in calculating impairment tests are derived from forecasts made by operational staff reflecting as closely as possible their knowledge of the market, the commercial position of the businesses, and the performance of the industrial plant. Such forecasts include the impact of foreseeable developments in cement consumption based on macroeconomic and industry sector data, changes likely to affect the competitive position, technical improvements in the manufacturing process, and expected developments in the cost of the main production factors contributing to the cost price of the products.

In the case of countries subject to social tensions and security concerns, the assumptions used also include the potential improvement resulting from the progressive and partial easing of some of these tensions and concerns, based on recent data and an examination of the effect of these tensions on current business conditions.

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

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

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

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

- the discount rate as previously defined;
- the inflation rate, which must reflect the selling price and expected future costs;
- the growth rate to infinity.

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

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

1.12. Inventories

Inventories are valued using the weighted average unit cost method, at the lower of purchase price or production cost, and net market value (sales price less completion and sales costs).

The gross value of goods and supplies includes both the purchase price and all related costs.

Manufactured goods are valued at production cost, including the cost of goods, direct and indirect production costs and the depreciation on all consolidated fixed assets used in the production process.

In the case of inventories of manufactured products and work in progress, the cost includes an appropriate share of fixed costs based on the standard conditions of use of the production plant.

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

1.13. Cash and cash equivalents

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

1.14. Financial instruments

Financial assets

The Group classifies its 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 its 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 presented in this report.

All acquisitions and disposals of financial assets are recorded 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 liabilities, when they are first entered in the financial statements, as financial liabilities valued at amortized cost. These comprise mainly borrowings, other financings, bank overdrafts, etc. The Group does not have financial liabilities at fair value through the income statement.

Treasury shares

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

Derivatives and hedging

The Group uses hedging instruments to reduce its exposure to changes in interest and foreign currency exchange rates resulting from its business, financing and investment operations. These hedging transactions use financial derivatives. The Group uses interest rate swaps and caps to manage its exposure to interest rate risks. Forward 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 presented 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 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., as well as other long-term benefits (such as medical cover for retirees etc.).

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

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

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

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

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

1.16. Put options granted on shares in consolidated subsidiaries

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

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

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

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

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

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

1.17. Provisions

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

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

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

1.18. Sales revenues

In accordance with 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 revenues 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 greenhouse gas emission rights, and certain charges relating to losses or claims.

1.20. Income taxes

Deferred taxes are calculated at the tax rates passed or virtually passed at the year-end and expected to be applied during the period when assets are sold or liabilities are settled.

Deferred taxes are calculated, based on an analysis of the balance sheet, on timing differences identified in the Group's subsidiaries between the values recognized in the consolidated statement of financial position and the values of assets and liabilities for tax purposes.

Deferred taxes are recognized for all timing differences, including those on restatement of finance leases, except when the timing difference results from goodwill.

Deferred tax assets and liabilities are netted out at the level of each company. When the net amount represents a receivable, a deferred tax asset is recognized if it is probable that the Company will generate future taxable income against which to allocate the deferred tax assets.

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 revenues, EBITDA and EBIT (see note 1.22), total non-current assets, net capital employed (see note 26), industrial investments, depreciation and amortization and number of employees.

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

1.22. Financial indicators

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

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

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

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

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

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

1.23. Seasonality

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

The Egyptian economy in general, and the cement sector in particular, were significantly affected by the sharp devaluation in the Egyptian pound in November 2016. Cement industry operators like Group subsidiary, Sinaï Cement Company, saw cement consumption fall by around 6% in 2017 whilst their production costs rose significantly. The subsidiary's profitability was particularly adversely affected by a two-fold increase in its energy costs and, given its location, by a significant rise in its logistics costs. The Egyptian economy is, however, likely to gradually stabilize with a slowdown in inflation, a drop in interest rates, a rise in foreign investment and the bringing on stream of new gas fields. Consequently, the Group believes that the Egyptian construction market has significant growth potential for Sinaï Cement Company and has taken the measures needed to strengthen the financial structure of its subsidiary.

2017 was also marked by highly unfavorable weather conditions in a number of countries, in particular, France, Switzerland, Turkey and the United States. The bad weather witnessed in the first half of 2017 in France, Switzerland and Turkey resulted in strong seasonality in the Group's business and performances in these countries. In the United States, very poor weather conditions recorded throughout the year, particularly in south-eastern States, had a major impact on the Group's performance in that region.

Exchange rate volatility and impact on the income statement

In 2017, in addition to the consequences of the devaluation of the Egyptian pound which halved in value against the euro, the Group's income statement was significantly impacted by the strengthening of the Euro against the majority of foreign currencies, an effect that was heightened by the ongoing decline of the Turkish lira. This resulted in a negative exchange rate effect of € (114.5) million on consolidated sales revenues and € (3.7) million on EBITDA. Consolidated shareholders' equity showed a negative translation adjustment in 2017 for a total net amount of € (191.5) million.

Tax assessment in Senegal

Sococim Industries, a Senegalese subsidiary of the Group, was subject to a tax examination during the second half of 2016. This dispute with the Senegalese tax authority led to a settlement agreement in 2017 which closed all proceedings relating to the dispute in question and resulted in a net charge of € (1.5) million for the Company.

A new tax audit was launched in the 4th quarter of 2017, on the basis of which, a notification letter was issued in early 2018 which has been discussed and appealed.

Tax refund/Exceptional contribution

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

In addition, following the invalidation by the French Constitutional Council of the 3% tax on dividend payments, Vicat SA received a refund from the Treasury of € 11.1 million (€ 9.9 million for the principal recognized in income taxes and € 1.2 million for late payment interest recognized in net financial income). In return, Vicat SA paid an exceptional contribution of € (1.7) million recorded in income taxes.

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

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

In France, the rate of corporate income tax will gradually be reduced as of 2018 from 33.33% to 25% by 2022. The impact of this rate change on the existing stock of deferred tax at opening was reflected by a charge of € (1.0) million recognized in other comprehensive income.

Paper business

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

Group refinancing

Vicat SA renewed all its lines of credit early, in December 2017 and January 2018, totaling € 790 million. Bilateral lines of credit were renewed in the amount of € 240 million for a five-year term. The syndicated loan was increased to € 550 million with a term of 5 years +1 +1, Vicat SA having 2 options to extend for one year, at the end of the 1st and then the 2nd year. Exercising these options means that at the end of each of the first two years, and subject to the banks' approval, the original five-year term can be retained. This transaction improved the Group's financing terms and extended its average debt maturity which stood at nearly four years once this transaction had been taken into consideration.

NOTE 3 Goodwill

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

(in thousands of euros)	Cement	Concrete & Aggregates	Other Products & Services	Net total
AT DECEMBER 31, 2015	733,419	283,245	23,643	1,040,307
Acquisitions/Additions		20,422		20,422
Disposals/Decreases		(300)		(300)
Change in foreign exchange rates	(15,874)	4,386	175	(11,313)
Other movements		1,891	(2,053)	(162)
AS AT DECEMBER 31, 2016	717,545	309,644	21,765	1,048,954
Acquisitions/Additions	1,754	5,868		7,622
Disposals/Decreases		(1,240)		(1,240)
Change in foreign exchange rates	(26,529)	(19,558)	(1,622)	(47,709)
Other movements	(432)	(2,292)	2,084	(640)
AS AT DECEMBER 31, 2017	**692,338**	**292,422**	**22,227**	**1,006,987**

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):

	Goodwill *(in thousands of euros)*		Discount rate used for the impairment tests *(in %)*		Growth rate to infinity used for the impairment tests *(in %)*		Impairment which would result from a change of +1% in the discount rate		Impairment which would result from a change of -1% in the growth rate to infinity	
	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
India CGU	243,556	259,883	10,63	10,29	6	6	-	-	-	-
West Africa Cement CGU	148,547	152,320	10,63	11,29	3 to 5	3 to 5	-	-	-	-
France-Italy CGU	209,188	203446	6,89	6,36	0	0	-	-	-	-
Switzerland CGU	137,259	143,167	6,89	6,36	0	0	-	-	-	-
Other CGUs total	268,437	290,138	9.09 to 11.25	9.75 to 11.98	2 to 3	2 to 3	(12,793)	-	(1,428)	-
TOTAL	**1,006,987**	**1,048,954**					**(12,793)**	**0**	**(1,428)**	**0**

The impairment tests carried out in 2017 and 2016 did not result in the recognition of any impairment of goodwill.

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

NOTE 4 Other intangible assets

Gross values *(in thousands of euros)*	Concessions, patents and similar rights	Software	Other intangible assets	Intangible assets in progress	Total
AS AT DECEMBER 31, 2015	74,447	49,064	67,730	5,746	196,987
Acquisitions	1,791	924	176	3,640	6,531
Disposals		(2,066)	(284)		(2,350)
Changes in consolidation scope	1,502	29			1,531
Changes in foreign exchange rates	(7,152)	92	(42)	34	(7,068)
Other movements	(764)	1,967	2,597	(3,139)	661
AS AT DECEMBER 31, 2016	69,824	50,010	70,177	6,281	196,292
Acquisitions	18,788	2,469	1,292	1,452	24,001
Disposals	(3,441)	(800)	(2)		(4,243)
Changes in consolidation scope		42			42
Changes in foreign exchange rates	(1,959)	(811)	(6,493)	(293)	(9,556)
Other movements	(1,060)	2,501	4,322	(1,312)	4,451
AS AT DECEMBER 31, 2017	**82,152**	**53,411**	**69,296**	**6,128**	**210,987**

Depreciation and impairment *(in thousands of euros)*	Concessions, patents and similar rights	Software	Other intangible assets	Intangible assets in progress	Total
AS AT DECEMBER 31, 2015	(23,668)	(26,584)	(32,276)	0	(82,528)
Increase	(2,440)	(4,573)	(3,716)		(10,729)
Decrease		1,789	34		1,823
Changes in consolidation scope		(29)			(29)
Changes in foreign exchange rates	1,620	(83)	302		1,839
Other movements		(244)	41		(203)
AS AT DECEMBER 31, 2016	(24,488)	(29,724)	(35,615)	0	(89,827)
Increase	(2,282)	(4,891)	(5,115)		(12,288)
Decrease	3,441	522			3,963
Changes in consolidation scope		(39)			(39)
Changes in foreign exchange rates	878	693	3,631		5,202
Other movements	(31)	(3)	(5)		(39)
AS AT DECEMBER 31, 2017	**(22,482)**	**(33,442)**	**(37,104)**	**0**	**(93,028)**
Net book value at December 31, 2016	45,336	20,286	34,562	6,281	106,465
NET BOOK VALUE AT DECEMBER 31, 2017	**59,670**	**19,969**	**32,192**	**6,128**	**117,959**

No development costs were capitalized in 2017 and 2016.

Research & development costs recognized as expenses in 2017 amounted to € 3,194 thousand (€ 3,804 thousand in 2016).

NOTE 5 Property, plant and equipment

Gross values *(in thousands of euros)*	**Land & buildings**	**Industrial equipment**	**Other property plant & equipment**	**Non-current assets in progress and advances/ down payments**	**Total**
AS AT DECEMBER 31, 2015	1,201,620	3,058,357	152,666	98,754	4,511,397
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
Changes 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
AS AT DECEMBER 31, 2016	1,197,489	3,052,359	149,029	66,331	4,465,208
Acquisitions	10,361	42,375	3,795	105,635	162,166
Disposals	(7,166)	(29,283)	(8,156)	(2,190)	(46,795)
Changes in consolidation scope	1,575	997	102	89	2,763
Changes in foreign exchange rates	(69,848)	(196,277)	(8,582)	(5,039)	(279,746)
Other movements	14,468	76,325	(1,993)	(86,005)	2,795
AS AT DECEMBER 31, 2017	**1,146,879**	**2,946,496**	**134,195**	**78,821**	**4,306,391**

Depreciation and impairment *(in thousands of euros)*	**Land & buildings**	**Industrial equipment**	**Other property plant & equipment**	**Non-current assets in progress and advances/ down payments**	**Total**
AS AT DECEMBER 31, 2015	(492,709)	(1,788,512)	(108,901)	(264)	(2,390,386)
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
Changes in foreign exchange rates	9,626	52,271	1,535	3	63,435
Other movements	2,839	(7,926)	403	8	(4,676)
AS AT DECEMBER 31, 2016	(513,457)	(1,850,931)	(108,163)	(149)	(2,472,700)
Increase	(34,926)	(135,639)	(8,606)	(19)	(179,190)
Decrease	4,453	26,575	7,976	138	39,142
Changes in consolidation scope	(1,250)	(775)	(80)		(2,105)
Changes in foreign exchange rates	27,147	115,248	5,942	5	148,342
Other movements	(236)	(5,237)	3,352		(2,121)
AS AT DECEMBER 31, 2017	**(518,269)**	**(1,850,759)**	**(99,579)**	**(25)**	**(2,468,632)**
Net book value as at December 31, 2016	684,032	1,201,428	40,866	66,182	1,992,508
NET BOOK VALUE AS AT DECEMBER 31, 2017	**628,610**	**1,095,737**	**34,616**	**78,796**	**1,837,759**

Property, plant and equipment under construction amounted to € 72 million as at December 31, 2017 (€ 61 million as at December 31, 2016) and advances/down payments on property, plant and equipment represented € 7 million as at December 31, 2017 (€ 6 million as at December 31, 2016).

Contractual commitments to acquire tangible and intangible assets amounted to € 27 million as at December 31, 2017 (€ 21 million as at December 31, 2016).

The total amount of interest capitalized in 2017 was € 0.2 million (€ 0.7 million in 2016), determined based on local interest rates ranging from 3.95% to 4.31%, depending on the country in question.

NOTE 6 Leases

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

Finance and operating leases

Net book value by asset category *(in thousands of euros)*	December 31, 2017	December 31, 2016
Industrial equipment	140	315
Other intangible assets and property, plant and equipment	236	343
PROPERTY, PLANT AND EQUIPMENT	**376**	**658**

Minimum payments schedule *(in thousands of euros)*	December 31, 2017	December 31, 2016
Less than 1 year	353	606
1 to 5 years	810	530
Over 5 years	0	0
TOTAL	**1,163**	**1,136**

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

Operating leases within the scope of IFRS 16 (effective from January 1, 2019)

Based on data gathered, future minimum payments under operating leases covered by IFRS 16 are analyzed as follows as at December 31, 2017 (short duration agreements (less than 12 months) and low value assets (less than USD 5K) being excluded from the scope of IFRS 16, do not appear in the amounts shown below):

Minimum estimated payments schedule *(in thousands of euros)*	December 31, 2017	December 31, 2016
Less than 1 year	58,613	54,584
1 to 5 years	136,054	137,578
More than 5 years	72,013	76,242
TOTAL	**266,680**	**268,404**

Minimum operating lease payments are recognized in accordance with IAS 17 as expenses on a straight-line basis over the term of the agreements. The rent charge recognized in 2017 under these agreements was € 58 million (€ 57 million in 2016).

NOTE 7 Investment properties

(in thousands of euros)	Gross values	Amortization & Impairment	Net amount
AT DECEMBER 31, 2015	40,226	(22,460)	17,766
Acquisitions/Additions	875	(836)	39
Disposals/Decreases	(228)	109	(119)
Changes in foreign exchange rates	109	(35)	74
Changes in consolidation scope and other	184	(105)	79
AS AT DECEMBER 31, 2016	41,166	(23,327)	17,839
Acquisitions/Additions	454	(1,020)	(566)
Disposals/Decreases	(102)	58	(44)
Changes in foreign exchange rates	(1,016)	331	(685)
Changes in consolidation scope and other	(474)	170	(304)
AS AT DECEMBER 31, 2017	**40,028**	**(23,788)**	**16,240**
Fair value of investment properties at December 31, 2016			78,765
FAIR VALUE OF INVESTMENT PROPERTIES AT DECEMBER 31, 2017			**77,480**

Rental income from investment properties amounted to € 3.8 million at December 31, 2017 and € 3.7 million at December 31, 2016.

NOTE 8 Investments in associated companies

Change in investments in associated companies *(in thousands of euros)*	**December 31, 2017**	**December 31, 2016**
AT JANUARY 1	41,070	49,854
Earnings from associated companies	5,653	13,695
Dividends received from investments in associated companies	(1,292)	(4,596)
Changes in consolidation scope	(366)	50
Change in foreign exchange rates and other	(4,369)	(17,933)
AT DECEMBER 31	**40,696**	**41,070**

NOTE 9 Non-current receivables and other assets

(in thousands of euros)	**Gross values**	**Impairment**	**Net amount**
AT DECEMBER 31, 2015	124,546	(1,874)	122,672
Acquisitions/Additions	14,331	(98)	14,233
Disposals/Decreases	(9,296)	457	(8,839)
Changes in consolidation scope	32		32
Changes in foreign exchange rates	(6,895)	(8)	(6,903)
Change recognized in other comprehensive income	8,298		8,298
Other	(18,552)		(18,552)
AS AT DECEMBER 31, 2016	112,464	(1,523)	110,941
Acquisitions/Additions	12,145	(4)	12,141
Disposals/Decreases	(3,673)	49	(3,624)
Changes in consolidation scope			0
Changes in foreign exchange rates	(2,927)	71	(2,856)
Change recognized in other comprehensive income	(19,343)		(19,343)
Other	(19,788)	86	(19,702)
AS AT DECEMBER 31, 2017	**78,878**	**(1,321)**	**77,557**
Including:			
■ investments in affiliated companies	25,637	(471)	25,166
■ long-term investments	1,257	(213)	1,044
■ loans and receivables	36,387	(637)	35,750
■ employee benefit plan assets (see note 14)	4,807		4,807
■ financial instruments (see note 17)	10,790		10,790
AS AT DECEMBER 31, 2017	**78,878**	**(1,321)**	**77,557**

NOTE 10 Inventories and work in progress

(in thousands of euros)	December 31, 2017			December 31, 2016		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials and consumables	236,029	(17,212)	218,817	247,000	(13,438)	233,562
Work-in-progress, finished goods and goods for resale	142,189	(9,703)	132,486	161,109	(8,901)	152,208
TOTAL	**378,218**	**(26,915)**	**351,303**	**408,109**	**(22,339)**	**385,770**

Surplus greenhouse gas emission quotas are recorded under inventories at a zero value (corresponding to 4,127 thousand tonnes at year-end 2017 and 3,674 thousand tonnes at year-end 2016).

NOTE 11 Receivables

(in thousands of euros)	Trade and other receivables	Provisions trade and other receivables	Net trade and other receivables	Other tax receivables	Payroll-related receivables	Other receivables [1]	Provisions other receivables	Net other receivables total
AS AT DECEMBER 31, 2015	399,074	(22,447)	376,627	47,457	3,948	99,960	(640)	150,725
Increase		(5,999)	(5,999)			1	(492)	(491)
Uses		6,892	6,892				46	46
Changes 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
AS AT DECEMBER 31, 2016	411,236	(21,732)	389,504	48,370	2,049	140,432	(2,130)	188,721
Increase		(6,481)	(6,481)			(1)	(90)	(91)
Uses		5,905	5,905				121	121
Changes in foreign exchange rates	(25,598)	1,329	(24,269)	(1,717)	(178)	(6,494)	153	(8,236)
Changes in consolidation scope	7,332	(163)	7,169	169		1,777		1,946
Other movements	36,128	136	36,264	11,153	1,568	(19,446)	(1,485)	(8,210)
AS AT DECEMBER 31, 2017	**429,098**	**(21,006)**	**408,092**	**57,975**	**3,439**	**116,268**	**(3,431)**	**174,251**
of which past due as at December 31, 2017:								
▪ less than 3 months	118,256	(4,108)	114,148	14,121	1,493	24,930	(2,605)	37,939
▪ more than 3 months	25,721	(11,084)	14,637	7,690	766	4,011	(294)	12,173
of which not past due as at December 31, 2017:								
▪ less than 1 year	281,508	(3,149)	278,359	35,766	737	80,466	(532)	116,437
▪ more than 1 year	3,613	(2,665)	948	398	443	6,861	0	7,702

(1) Including € 34 million at December 31, 2017 (€ 36 million at December 31, 2016) subject to two provisional attachments on the bank accounts of an Indian company of the Group, Bharathi Cement, as part of a preliminary investigation carried out by the administrative and judicial authorities on facts prior to Vicat's taking a share of its capital. The amount of the second provisional attachment, € 21 million, was transferred by the Enforcement Directorate into one of its bank accounts under the Company's name. While these measures are not such as to hinder the Company's operations, the Company is appealing to the administrative and judicial authorities to challenge their validity. There was no significant change in 2017, but a decision is expected in the 1st half of 2018.
The provisional attachments do not prejudice the merits of the case (CBI investigation) which is still under review and has not at this point led to a charge.

NOTE 12 Cash and cash equivalents

(in thousands of euros)	December 31, 2017	December 31, 2016
Cash	105,638	90,033
Marketable securities and term deposits < 3 months	159,726	152,737
CASH AND CASH EQUIVALENTS	**265,364**	**242,770**

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 684,904 treasury shares as at December 31, 2017 (723,471 as at December 31, 2016) 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 2017 in respect of 2016 amounted to € 1.50 per share, that's a total of € 67,350 thousand, equal to € 1.50 per share paid in 2016 in respect of 2015 and amounting to a total of € 67,350 thousand. The dividend proposed by the Board of Directors to the Ordinary General Meeting for 2017 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, 2017, the liquidity account is composed of 9,382 Vicat shares and € 3,436 thousand in cash.

NOTE 14 Employee benefits

(in thousands of euros)	December 31, 2017	December 31, 2016
Pension plans and termination benefits (TB)	57,568	76,441
Other post-employment benefits	57,516	65,912
Total pension and other post-employment benefit provisions	**115,084**	**142,353**
Plan assets (note 9)	(4,807)	-
NET LIABILITY	**110,277**	**142,353**

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

Net liability recognized in the balance sheet

	December 31, 2017			December 31, 2016		
(in thousands of euros)	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Present value of funded liabilities	443,993	56,597	500,590	488,296	65,912	554,208
Fair value of plan assets	(396,639)		(396,639)	(411,855)		(411,855)
Net liability before asset limit	**47,354**	**56,597**	**103,951**	**76,441**	**65,912**	**142,353**
Limit on recognition of plan assets (asset ceiling)	6,326		6,326			0
NET LIABILITY	**53,680**	**56,597**	**110,277**	**76,441**	**65,912**	**142,353**

Analysis of net annual expense

(in thousands of euros)	2017			2016		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
Current service costs	(12,468)	(1,540)	(14,008)	(13,416)	(1,361)	(14,777)
Financial cost	(5,491)	(2,688)	(8,179)	(7,245)	(2,702)	(9,947)
Interest income on assets	3,765		3,765	4,908		4,908
Recognized past service costs			0			0
Curtailments and settlements	(61)		(61)	(534)		(534)
TOTAL (CHARGE) WITH INCOME STATEMENT IMPACT	(14,255)	(4,228)	(18,483)	(16,287)	(4,063)	(20,350)
Actuarial gains and losses on plan assets	20,684		20,684	11,009	(107)	10,902
Experience adjustments	(71)	4,721	4,650	975	5,745	6,720
Adjustments related to demographic assumptions	(6)		(6)	2,493	2,527	5,020
Adjustments related to financial assumptions	2,649	(2,288)	361	(16,209)	(3,003)	(19,212)
TOTAL (CHARGE) WITH IMPACT ON OTHER COMPREHENSIVE INCOME	23,256	2,433	25,689	(1,732)	5,162	3,430
TOTAL (CHARGE) FOR THE YEAR	**9,001**	**(1,795)**	**7,206**	**(18,019)**	**1,099**	**(16,920)**

Change in financial assets used to fund the plans

(in thousands of euros)	31 décembre 2017			31 décembre 2016		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
FAIR VALUE OF ASSETS AT JANUARY 1	411,521	334	411,855	393,009	271	393,280
Interest income on assets	3,743	22	3,765	4,888	20	4,908
Contributions paid in	18,055	86	18,141	9,064	51	9,115
Translation differences	(36,508)	(25)	(36,533)	4,681	3	4,684
Benefits paid	(27,910)	(23)	(27,933)	(11,144)	(19)	(11,163)
Changes in consolidation scope and other			0	121	8	129
Actuarial gains (losses)	27,336	8	27,344	10,902		10,902
FAIR VALUE OF ASSETS AT DECEMBER 31	**396,237**	**402**	**396,639**	**411,521**	**334**	**411,855**

Analysis of plan assets by type and country at December 31, 2017

Breakdown of plan assets	France	Switzerland	United States	India	Total
Cash and cash equivalents		2.1%	2.6%		2.1%
Equity instruments		27.9%	63.4%		31.6%
Debt instruments		28.8%	26.5%		28.5%
Real estate assets		25.7%			22.9%
Assets held by insurers	82.4%			100.0%	0.3%
Other	17.6%	15.5%	7.4%		14.6%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
PLAN ASSETS *(in thousands of euros)*	**471**	**352,933**	**42,636**	**599**	**396,639**

Change in net liability

(in thousands of euros)	December 31, 2017			December 31, 2016		
	Pension plans and TB	Other benefits	Total	Pension plans and TB	Other benefits	Total
NET LIABILITY AT JANUARY 1	76,441	65,912	142,353	68,201	66,528	134,729
Charge for the year	(5,411)	(1,795)	(7,206)	18,019	(1,099)	16,920
Contributions paid in	(9,272)		(9,272)	(7,233)		(7,233)
Translation differences	(6,116)	(5,669)	(11,785)	(1,017)	2,030	1,013
Benefits paid by employer	(2,041)	(1,851)	(3,892)	(1,593)	(1,842)	(3,435)
Change in consolidation scope	139		139	359		359
Other	(60)		(60)	(295)	295	0
NET LIABILITY AT DECEMBER 31	**53,680**	**56,597**	**110,277**	**76,441**	**65,912**	**142,353**

Principal actuarial assumptions	France	Europe (excluding France)	United States	Turkey and India	West Africa & the Middle East
Discount rate					
2017	1.5%	0.7% to 1.5%	3.8%	6.9% to 9.4%	5.0% to 13.0%
2016	1.3%	0.6% to 1.3%	4.0%	6.8% to 10.0%	4.75% to 13.0%
Rate of increase in medical costs					
2017			5.5%		
2016			5.8%		

Discount rate

Discount rates are determined in accordance with the principles set out in IAS 19 (Revised), with reference to a market rate at year-end, based on the yields of high-quality corporate bonds issued in the monetary zone in question. They are determined on the basis of yield curves derived by outside experts from AA-rated public bonds.

When the corporate bond market in a zone is not sufficiently liquid, IAS 19 (Revised) recommends using government bonds as a benchmark.

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

Sensitivity analysis

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

The sensitivity of the defined benefit obligation as at December 31, 2017 corresponding to a variation of +/-50 basis points in the discount rate is € (30.0) million and € 32.0 million, respectively.

The sensitivity of the defined benefit obligation as at December 31, 2017 corresponding to a variation of +/-1% in the rate of increase of medical costs is € 19.5 million and € 2.3 million, respectively.

Average duration of benefits

The average duration of benefits under all plans within the Group is 12.4 years.

It is expected that € 13.2 million in contributions will be paid into the plans over the coming year.

NOTE 15 Other provisions

(in thousands of euros)	Restoration of sites	Demolitions	Other risks [1]	Other expenses	Total
AS AT DECEMBER 31, 2015	**47,005**	**1,414**	**26,575**	**34,149**	**109,142**
Increases	3,261	79	6,718	10,971	21,029
Reversal of provisions used	(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)
AS AT DECEMBER 31, 2016	**47,640**	**1,504**	**25,653**	**43,062**	**117,858**
Increases	3,889	171	6,865	1,295	12,220
Reversal of provisions used	(2,623)		(4,177)	(1,079)	(7,879)
Reversal of unused provisions			(864)	(75)	(939)
Change in foreign exchange rates	(2,826)	(132)	(1,948)	(261)	(5,167)
Changes in consolidation scope	1,347				1.347
Other movements	165		(70)	(94)	1
AS AT DECEMBER 31, 2017	**47,592**	**1,543**	**25,459**	**42,848**	**117,441**
of which less than one year	*100*	*0*	*7,111*	*1,527*	*8,738*
of which more than one year	*47,492*	*1,543*	*18,348*	*41,321*	*108,703*

Impact (net of expenses incurred) to income statement 2017 *(in thousands of euros)*	Additional provision expense	Reversals of unused provisions
Operating income	10,459	(932)
Non-operating income	1,762	(7)

(1) At December 31, 2017, other risks included:
- *an amount of € 2.1 million (€ 2.3 million as at December 31, 2016) 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, 2017 and December 31, 2016 (note 9);*
- *an amount of € 10.1 million (€ 11.4 million as at December 31, 2016) corresponding to the estimated amount of the deductible at year-end relating to claims in the United States in the context of work-related accidents and which will be expensed by the Group;*
- *the remaining amount of other provisions amounting to € 13.3 million as at December 31, 2017 (€ 12.0 million as at December 31, 2016) corresponds to the sum of other provisions that, taken individually, are not material.*

NOTE 16 Net financial debts and put options

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

(in thousands of euros)	December 31, 2017	December 31, 2016
Financial debts at more than 1 year	924,941	976,660
Put options at more than 1 year	3,462	3,357
Debts and put options at more than 1 year	**928,403**	**980,017**
Financial instrument assets at more than 1 year (1)	(10,790)	(53,005)
TOTAL FINANCIAL DEBTS NET OF FINANCIAL INSTRUMENT ASSETS AT MORE THAN 1 YEAR	917,613	927,012
Financial debts at less than 1 year	138,499	250,266
Put options at less than 1 year	0	0
Debts and put options at less than 1 year	**138,499**	**250,266**
Financial instrument assets at less than 1 year (1)	(232)	(19,466)
TOTAL FINANCIAL DEBTS NET OF FINANCIAL INSTRUMENT ASSETS AT LESS THAN 1 YEAR	138,267	230,800
Total financial debts net of financial instrument assets (1)	1,052,418	1,154,455
Total put options	3,462	3,357
TOTAL FINANCIAL LIABILITIES NET OF FINANCIAL INSTRUMENT ASSETS	**1,055,880**	**1,157,812**

(1) As at December 31, 2017, financial instrument assets (€ 11.0 million) are presented either under non-current assets (see note 9), if their maturity is more than 1 year (€ 10.8 million), or under other receivables, if their maturity is less than one year (€ 0.2 million). They totaled € 72.5 million as at December 31, 2016.

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

(in thousands of euros)	Financial debts and put options > 1 year	Financial instruments, assets > 1 year	Financial debts and put options < 1 year	Financial instruments, assets < 1 year	Total
AS AT DECEMBER 31, 2015	1,225,391	(64,050)	114,884	(115)	1,276,110
Issues	1,027		542		1,569
Repayments	(95,687)		(33,718)		(129,405)
Change in foreign exchange rates	(11,430)		(17,527)		(28,957)
Changes in consolidation scope	9,053		4,622		13,675
Other movements (1)	(148,337)	11,045	181,463	(19,351)	24,820
AS AT DECEMBER 31, 2016	980,017	(53,005)	250,266	(19,466)	1,157,812
Issues	106,218		41,369		147,587
Repayments	(83,425)		(159,298)		(242,723)
Change in foreign exchange rates	(9,428)		(5,994)		(15,422)
Changes in consolidation scope	(488)		726		238
Other movements (1)	(64,491)	42,215	11,430	19,234	8,388
AS AT DECEMBER 31, 2017	**928,403**	**(10,790)**	**138,499**	**(232)**	**1,055,880**

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

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16.1 Financial debts

Analysis of financial debts by category and maturity

December 31, 2017

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

Financial debts at less than one year mainly comprise bilateral credit lines relating to Sococim Industries in Senegal, NCC in the United States, Tamtas, Cozum and Bastas Cimento in Turkey, a tranche of the borrowings relating to Jambyl Cement in Kazakhstan, Sinaï Cement Company in Egypt and Vigier Holding in Switzerland, and of bank overdrafts.

December 31, 2016

(in thousands of euros)	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					
FINANCIAL DEBTS	**1,154,455**	**230,800**	**24,031**	**470,686**	**323,959**	**3,288**	**101,691**
of which commercial paper	*450,000*			*450,000*			

Analysis of borrowings and financial debts (currency and interest rate)

By currency (net of currency swaps)

	December 31, 2017	December 31, 2016
Euro	771,979	877,976
US dollar	29,228	56,812
Turkish pound	12,023	1,093
CFA franc	59,382	36,638
Swiss franc	143,390	148,324
Mauritanian ouguiya	6,754	-
Egyptian pound	27,607	19,752
Indian rupee	2,055	13,860
Kazakh tenge	-	-
TOTAL	**1,052,418**	**1,154,455**

By interest rate

	December 31, 2017	December 31, 2016
Fixed rate	392,191	477,845
Floating rate	660,227	676,610
TOTAL	**1,052,418**	**1,154,455**

The average interest rate on the Group's gross indebtedness at December 31, 2017 was 3.19%. It was 3.37% as at December 31, 2016.

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

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

The put option granted to International Finance Corporation was exercisable at the earliest in December 2013. Booking of this option resulted in the recognition of a liability of € 3.5 million at more than one year as at December 31, 2017 (€ 3.4 million as at December 31, 2016). This liability corresponds to the present value of the exercise price for the option granted to 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, 2017:

(in millions of euros)	USD	EUR	CHF
Assets	44	25	90
Liabilities and contracted commitments	(403)	(43)	(76)
Net position before risk management	**(359)**	**(18)**	**14**
Hedging instruments	360	0	(90)
Net position after risk management	**1**	**(18)**	**(76)**

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 € 0.83 million (including € 0.76 million for the Kazakhstan loan).

Moreover, the principal and interest due on loans originally issued by the Group in US dollars (USD 350 million for Vicat) was translated into euros through a series of Cross Currency Swaps, included in the portfolio presented below (see point a in next page table).

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:

(in thousands of euros)	Impact on earnings before tax (1)	Impact on equity (excluding impact on earnings) before tax (2)
Impact of a change of +100 bps in the interest rate	(3,658)	(11,030)
Impact of a change of -100 bps in the interest rate	(1,263)	10,815

(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, 2017, the Group had € 332 million in unutilized confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 359 million as at December 31, 2016).

The Group also has a € 550 million commercial paper issue program. At December 31, 2017, the amount of commercial paper issued stood at € 550 million. Commercial paper consists of short-term debt instruments backed by confirmed lines of credit in the amounts issued and classified as medium-term borrowings in the consolidated balance sheet.

Unused confirmed lines of credit are used to cover the risk of the Group finding itself unable to issue its commercial paper through market transactions. As at December 31, 2017, these lines matched the short term notes they covered, at € 550 million.

Some medium-term or long-term loan agreements contain specific covenants especially as regards compliance with financial ratios, reported each half year, which can lead to an anticipated repayment (acceleration clause) in the event of non-compliance. These covenants are based on a profitability ratio ("leverage": net indebtedness/consolidated EBITDA) and on capital structure ratio ("gearing": net indebtedness/consolidated shareholders equity) of the Group or its subsidiaries concerned. For the purposes of calculating these covenants, the net debt is determined excluding put options granted to minority shareholders. 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" (32.66%) and of "leverage" (1.77) 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, 2017, the Group is compliant with all ratios required by covenants included in financing agreements.

Analysis of the portfolio of derivatives as at December 31, 2017:

(in thousands of currency units)	Nominal value *(currency)*	Nominal value *(euro)*	Market value *(euro)*	Current maturity < 1 year *(euro)*	Current maturity 1 - 5 years *(euro)*	Current maturity > 5 years *(euro)*
CASH FLOW HEDGES (a)						
Composite instruments						
■ Cross Currency Swap $ fixed/€ fixed	350,000$	291,837	10,790 (1)		10,790	
OTHER DERIVATIVES						
Interest rate instruments						
■ Euro Caps	400,000€	400,000	(1,236)	(37)	(1,199)	
■ US dollar Caps	20,000$	16,676	(59)	(59)		
FOREIGN EXCHANGE INSTRUMENTS (a)						
Hedging for foreign exchange risk on intra-group loans						
■ Forward Sales $	17,000$	14,175	71	71		
■ Forward sales CHF	90 000CHF	76,910	161	161		
TOTAL			**9,727**			

(1) The difference between the value of the liability at the hedged rate and at amortized cost comes to € 27.7 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, 2017:

(in millions of euros)	December 31, 2017	
Level 1: instruments quoted on an active market	0,0	
Level 2: valuation based on observable market information	9.7	See above
Level 3: valuation based on non-observable market information	25.2	Note 9

NOTE 18 Other liabilities

(in thousands of euros)	December 31, 2017	December 31, 2016
Payroll liabilities	63,363	64,164
Tax liabilities	39,330	34,971
Other liabilities and accruals	109,683	105,716
TOTAL	**212,376**	**204,851**

NOTE 19 Sales revenues

(in thousands of euros)	2017	2016
Sales of goods	2,239,957	2,165,170
Sales of services	323,507	288,601
SALES	**2,563,464**	**2,453,771**

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

(in thousands of euros)	2017	Changes in consolidation scope	Change in foreign exchange rates	2017 Constant structure and exchange rates	2016
Sales	2,563,464	67,930	(114,529)	2,610,063	2,453,771

NOTE 20 Personnel costs and number of employees

(in thousands of euros)	2017	2016
Wages and salaries	310,276	303,153
Payroll taxes	109,670	102,243
Employee profit sharing (French companies)	4,047	4,010
PERSONNEL COSTS	**423,993**	**409,406**
Average number of employees of the consolidated companies	8,346	8,009

Profit sharing is granted to employees of the Group's French companies in the form of either cash or shares, at the employee's option.

The allocation price of the profit share is determined on the basis of the average of the ten closing prices between the five days before and the five days after the publication of the results.

NOTE 21 Net depreciation, amortization and provisions expenses

(in thousands of euros)	2017	2016
Net charges to amortization/depreciation of fixed assets	(188,043)	(187,569)
Net provisions expenses	(3,469)	(7,456)
Net charges to other assets depreciation	(5,508)	(4,956)
NET CHARGES TO OPERATING DEPRECIATION, AMORTIZATION AND PROVISIONS	**(197,020)**	**(199,981)**
Other net charges to non-operating depreciation, amortization and provisions (1)	(3,548)	1,125
NET DEPRECIATION AND PROVISIONS	**(200,568)**	**(198,856)**

(1) including at December 31, 2017:
- *a net reversal of € 0.3 million (zero 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 is described in note 15,*
- *a non-operating depreciation charge for some Paper business non-current assets amounting to € (3.5) million (see Note 2).*

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NOTE 22 Other income and expenses

(in thousands of euros)	2017	2016
Net income from disposals of assets	3,420	4,099
Income from investment properties	3,750	3,688
Other	16,263	16,967
Other operating income (expense)	**23,433**	**24,754**
Other non-operating income (expense) (1)	**(12,010)**	**(3,009)**
TOTAL	**11,423**	**21,745**

(1) including at December 31, 2017:
- *a charge of € 0.3 million (€ 0.3 million as at December 31, 2016) posted by the Group, corresponding to claims recorded as charges in 2017, connected with the 2006 incident described in note 15;*
- *a non-operating charge of € (3.2) million for an adjustment to the value of certain Paper business inventories (see Note 2);*
- *a charge of € (1.5) million for the remaining balance of the settlement agreement which closed all proceedings relating to the tax audit of our subsidiary, Sococim Industries in Senegal;*
- *a charge of € (1.4) million for fees to register the merger between Kalburgi Cement and Gulbarga Power Private Limited (GPPL).*

NOTE 23 Financial performance indicators

The reconciliation between gross operating income, EBITDA, EBIT and operating income is as follows:

(in thousands of euros)	2017	2016
Gross operating income	**420,737**	**433,059**
Other operating income (expense)	23,433	24,754
EBITDA	**444,170**	**457,813**
Net charges to operating depreciation, amortization and provisions	(197,020)	(199,981)
EBIT	**247,150**	**257,832**
Other non-operating income (expense)	(12,010)	(3,009)
Net charges to non-operating depreciation, amortization and provisions	(3,548)	1,125
OPERATING INCOME	**231,592**	**255,948**

NOTE 24 Financial income (expense)

(in thousands of euros)	2017	2016
Interest income from financing and cash management activities	17,127	13,467
Interest expense from financing and cash management activities	(44,792)	(43,942)
Net cost of financial debt	**(27,665)**	**(30,475)**
Dividends	2,522	1,792
Foreign exchange gains	11,403	10,159
Fair value adjustments to financial assets and liabilities	1,671	
Net income from disposal of financial assets	29	
Write-back of impairment of financial assets	140	420
Other income	27	
Other financial income	**15,792**	**12,371**
Foreign exchange losses	(9,557)	(14,047)
Fair value adjustments to financial assets and liabilities		(486)
Depreciation of financial assets	(4)	
Net expense from disposal of financial assets		(132)
Discounting expenses	(6,760)	(5,287)
Other expenses		(55)
Other financial expenses	**(16,321)**	**(20,007)**
FINANCIAL INCOME (EXPENSE)	**(28,194)**	**(38,111)**

NOTE 25 Income tax

Analysis of income tax expense

(in thousands of euros)	2017	2016
Current taxes	(55,292)	(76,434)
Deferred taxes	2,092	9,707
TOTAL	**(53,200)**	**(66,727)**

Reconciliation between the theoretical and the effective tax expense

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

(in thousands of euros)	2017	2016
Net earnings from consolidated companies	150,197	151,108
Income tax	53,200	66,727
Profit (loss) before tax	203,397	217,835
Standard tax rate	34,4%	34,4%
Theoretical income tax at the parent company rate	**(70,030)**	**(75,001)**
Reconciliation:		
Differences between French and foreign tax rates (1)	9,876	12,687
Transactions taxed at specific rates	4,876	721
Changes in tax rates (2)	(7,633)	4,810
Permanent differences	(2,178)	158
Tax credits	577	273
Other	11,312	(10,375)
ACTUAL INCOME TAX EXPENSE	**(53,200)**	**(66,727)**

(1) Differences between French and foreign tax rates relate mainly to Switzerland, Turkey and Egypt.
(2) In 2017, this item mainly concerns the change in US Federal corporation tax from 35% to 21% as from 2018; the impact on the existing stock of deferred tax at opening is close to (8) million euros.
In 2016 this mainly concerns 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.

Change in deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
(in thousands of euros)	December 31, 2017	December 31, 2016 (1)	December 31, 2017	December 31, 2016 (1)
DEFERRED TAX AT JANUARY 1	157,897	150,292	204,959	220,665
Expense/income for the year	(27,769)	(7,238)	(29,861)	(16,945)
Deferred tax recognized in other comprehensive income	(2,106)	(61)	4,205	1,954
Translation and other changes	(16,197)	14,650	(18,635)	(956)
Changes in consolidation scope	35	254	0	241
DEFERRED TAX AT DECEMBER 31	**111,860**	**157,897**	**160,668**	**204,959**

(1) After reclassification in 2016 of the total net deferred tax asset of the tax consolidation group headed by Vicat SA previously deducted from deferred tax liabilities and transferred to deferred tax assets in the amount of € 6,979 thousand.

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

(in thousands of euros)	2017	2016
Non-current assets and finance leases	18,174	5,980
Financial instruments	(178)	151
Pensions and other post-employment benefits	(16,717)	(1,218)
Accelerated depreciation, regulated provisions and other provisions	(816)	7,592
Other timing differences, tax loss carry-forwards and miscellaneous	(4,683)	(4,813)
NET DEFERRED TAX (EXPENSE)/INCOME	**(4,220)**	**7,692**
■ recognized in consolidated net income	*2,092*	*9,707*
■ recognized in other comprehensive income	*(6,312)*	*(2,015)*

Source of deferred tax assets and liabilities

(in thousands of euros)	December 31, 2017	December 31, 2016
Non-current assets and finance leases	100,790	131,650
Financial instruments	(3,950)	(4,109)
Pensions	(19,944)	(48,866)
Provisions for risks and contingencies, regulated provisions	855	4,334
Special tax depreciation	78,656	81,251
Other timing differences, tax loss carry-forwards and miscellaneous	(107,599)	(117,198)
Net deferred tax liabilities	**48,808**	**47,062**
Deferred tax assets (1)	(111,860)	(157,897)
Deferred tax liabilities	160,668	204,959
NET BALANCE	**48,808**	**47,062**

(1) The deferred tax assets mainly originate from the tax losses carried forward by subsidiaries based in the United States and India, with periods of limitation ranging from 2024 to 2037.

Deferred tax assets not recognized in the financial statements

Deferred tax assets not recognized in the financial statements as at December 31, 2017, owing either to their planned imputation during the exemption periods enjoyed by the entities concerned or to the probability of their not being recovered, amounted to € 8.3 million (€ 18.3 million as at December 31, 2016). These relate essentially to one entity benefiting from a tax exemption scheme. The drop compared with 2016 was due to the capitalisation of the losses of an entity merged in 2017 which benefited from a tax exemption scheme until the end of 2016.

Tax assessment in Senegal

Sococim Industries, a Senegalese subsidiary of the Group, was subject to a tax examination during the second half of 2016. This dispute with the Senegalese tax authority was subject to a settlement agreement in 2017 which closed all related proceedings and resulted in a net charge of € (1.5) million for the Company.

A new tax audit was launched in the 4th quarter of 2017, on the basis of which, a notification letter was issued in early 2018 which has been discussed and appealed.

NOTE 26 Segment information

a) Information by business segment

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

December 31, 2016 *(in thousands of euros, except employees)*	Cement	Concrete & Aggregates	Other Products & Services	Total
Income statement				
Operating sales revenues	1,489,540	928,350	398,727	2,816,617
Inter-sector eliminations	(245,449)	(23,454)	(93,943)	(362,846)
Sales revenues	1,244,091	904,896	304,784	2,453,771
EBITDA (*cf.* 1.22 & 23)	380,334	56,994	20,484	457,812
EBIT (*cf.* 1.22 & 23)	239,101	15,642	3,089	257,832
Balance sheet				
Total intangible and tangible assets	2,579,101	723,197	166,397	3,468,695
Net capital employed (1)	2,489,799	722,143	175,381	3,387,323
Other disclosures				
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

(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.

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

December 31, 2016 *(in thousands of euros, except employees)*	France	Europe (excluding France)	USA	Turkey, Kazakhstan & India	West Africa & the Middle East	Total
Income statement						
Operating sales revenues	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)
Sales revenues	795,269	411,183	363,456	537,648	346,215	2,453,771
EBITDA (*cf.* 1.22 & 23)	115,048	94,315	58,880	119,436	70,133	457,812
EBIT (*cf.* 1.22 & 23)	58,826	59,214	32,763	73,745	33,284	257,832
Balance sheet						
Total intangible and tangible assets	688,490	576,223	515,096	1,107,344	581,542	3,468,695
Net capital employed (1)	678,832	517,240	393,230	1,189,602	608,419	3,387,323
Other disclosures						
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

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

c) Information about major customers

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

NOTE 27 Net cash flows generated from operating activities

Net cash flows from operating activities conducted by the Group in 2017 were € 343 million, compared with € 386 million in 2016.

This decrease in cash flows generated by operating activities between 2016 and 2017 resulted from a drop-in cash flow from operations of € 6 million and a decline in the variance of working capital requirement of nearly € 37 million.

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

(in thousands of euros)	WCR at Dec 31, 2015	Change in WCR 2016	Other Change[1]	WCR at Dec 31, 2016	Change in WCR 2017	Other Change [1]	WCR at Dec 31, 2017
Inventories	407,192	11,075	(32,497)	385,770	(11,292)	(23,175)	351,303
Other WCR components	72,933	(44,407)	908	29,434	14,726	(3,193)	40,967
WCR	**480,125**	**(33,332)**	**(31,589)**	**415,204**	**3,434**	**(26,368)**	**392,270**

(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 2017 were € (187) million, compared with € (188) million in 2016.

Acquisitions of intangible and tangible assets

These reflect outflows for industrial investments (€ 179 million in 2017 and € 139 million in 2016) mainly corresponding to the following:

- in 2017 to investments made in France, the United States, Senegal and Switzerland.
- in 2016 to investments made in France, Turkey, Switzerland and the United States.

Acquisition/disposal of shares in consolidated companies

Operations for the acquisition/disposal of consolidated companies carried out in 2017 resulted in a total outflow of € (15) million (total outflow of € (26) million in 2016).

Key disbursements made by the Group in 2017 and 2016 were to improve its reach in the Concrete & Aggregates business in France, through partnership agreements and/or equity investments.

NOTE 29 Analysis of net cash balances

	December 31, 2017	December 31, 2016
(in thousands of euros)	Net	Net
Cash and cash equivalents (see note 12)	265,364	242,770
Bank overdrafts	(45,306)	(33,861)
NET CASH BALANCES	**220,058**	**208,909**

NOTE 30 Compensation of executive directors

Pursuant to the provisions of article 225.102-1 of the French Commercial Code, and in accordance with IAS 24, we hereby inform you that the total gross compensation paid to each company officer in 2017 was as follows: G. Sidos: € 880,948 and D. Petetin: € 419,122.

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 (€ 2,465 thousand in 2017 and € 2,195 thousand in 2016) 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, 2017 (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 2017 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 2017 and 2016 is as follows, broken down by type and by related party:

	December 31, 2017				December 31, 2016			
(in thousands of euros)	Sales	Purchases	Receivables	Liabilities	Sales	Purchases	Receivables	Liabilities
Affiliated companies	1,825	3,276	3,094	3,435	1,186	2,941	3,720	2,078
Other related parties	66	1,430	0	0	67	2,194	6	95
TOTAL	**1,891**	**4,706**	**3,094**	**3,435**	**1,253**	**5,135**	**3,726**	**2,173**

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 2017 and 2016 are as follows:

	KPMG Audit				Wolff & associés				Other			
	Amount (excl. tax)		%		Amount (excl. tax)		%		Amount (excl. tax)		%	
(in thousands of euros)	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
AUDIT												
Statutory auditors, certification, examination of individual and consolidated accounts	1,055	1,168	52%	54%	379	389	18%	18%	605	615	30%	28%
■ Vicat SA	*240*	*235*	*55%*	*54%*	*200*	*199*	*45%*	*46%*			*0%*	*0%*
■ Companies which are fully consolidated	*815*	*933*	*51%*	*54%*	*179*	*190*	*11%*	*11%*	*605*	*615*	*38%*	*35%*
Services other than the certification of the financial statements	4	14	20%	38%					16	23	80%	62%
■ Vicat SA	*4*		*100%*	-				-				-
■ Companies which are fully consolidated		*14*		*38%*					*16*	*23*	*100%*	*62%*
TOTAL, AUDIT FEES	1,059	1,182	51%	54%	379	389	18%	18%	621	638	30%	29%
OTHER SERVICES												
Legal, tax, employment and other matters			-	-			-	-			-	-
SUB-TOTAL, OTHER SERVICES	0	0	-	-	0	0	-	-	0	0	-	-
TOTAL	**1,059**	**1,182**	**51%**	**54%**	**379**	**389**	**18%**	**18%**	**621**	**638**	**30%**	**29%**

NOTE 33 Subsequent events

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

NOTE 34 List of main consolidated companies as at December 31, 2017

Fully consolidated: France

COMPANY	COUNTRY	CITY	December 31, 2017 % interest	December 31, 2016 % interest
VICAT	FRANCE	PARIS LA DEFENSE	-	-
ANNECY BETON CARRIERES	FRANCE	CRAN GEVRIER	49.97	49.97
LES ATELIERS DU GRANIER	FRANCE	PONTCHARRA	99.98	99.98
BETON CHATILLONAIS	FRANCE	CHATILLON SUR CHALARONNE	(1)	99.98
BETON CONTROLE COTE D'AZUR	FRANCE	NICE	99.97	99.97
LES BETONS DU GOLFE	FRANCE	PUGET SUR ARGENS	(1)	99.98
LES BETONS DU RHONE	FRANCE	SAINT LAURENT DE MURE	(1)	99.98
BETON VICAT	FRANCE	L'ISLE D'ABEAU	99.97	99.97
BETON TRAVAUX	FRANCE	PARIS LA DEFENSE	99.98	99.98
CARRIERE DE BELLECOMBES	FRANCE	BELLECOMBE EN BAUGES	49.95	49.95
DELTA POMPAGE	FRANCE	CHAMBERY	99.98	99.98
ETABLISSEMENT ANTOINE FOURNIER	FRANCE	L'ISLE D'ABEAU	(1)	99.98
GRANULATS VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
PARFICIM	FRANCE	PARIS LA DEFENSE	100.00	100.00
SATMA	FRANCE	L'ISLE D'ABEAU	100.00	100.00
SATM	FRANCE	CHAMBERY	99.98	99.98
SIGMA BETON	FRANCE	L'ISLE D'ABEAU	99.98	99.98
VICAT PRODUITS INDUSTRIELS	FRANCE	L'ISLE D'ABEAU	99.98	99.98

(1) Companies merged in 2017.

Fully consolidated: Rest of the world

COMPANY	COUNTRY	CITY	December 31, 2017 % interest	December 31, 2016 % interest
SINAI CEMENT COMPANY	EGYPT	CAIRO	56.94	56.94
JAMBYL CEMENT PRODUCTION COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
MYNARAL TAS COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
BUILDERS CONCRETE	UNITED STATES OF AMERICA	CALIFORNIA	100.00	100.00
KIRKPATRICK	UNITED STATES OF AMERICA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY OF ALABAMA	UNITED STATES OF AMERICA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY INC	UNITED STATES OF AMERICA	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA	UNITED STATES OF AMERICA	DELAWARE	100.00	100.00
NATIONAL READY MIXED	UNITED STATES OF AMERICA	CALIFORNIA	100.00	100.00
VIKING READY MIXED	UNITED STATES OF AMERICA	CALIFORNIA	100.00	100.00

COMPANY	COUNTRY	CITY	December 31, 2017 % interest	December 31, 2016 % interest
WALKER CONCRETE	UNITED STATES OF AMERICA	GEORGIA	100.00	100.00
CEMENTI CENTRO SUD SPA	ITALY	GENOVA	100.00	100.00
CIMENTS & MATERIAUX DU MALI	MALI	BAMAKO	94.90	94.90
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	SWITZERLAND	AEBISHOLZ (SOLEURE)	100.00	100.00
BETON AG BASEL	SWITZERLAND	BASEL (BASEL)	100.00	100.00
BETON AG INTERLAKEN	SWITZERLAND	INTERLAKEN (BERN)	75.42	75.42
BETONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	82.46	82.46
CREABETON MATERIAUX SA	SWITZERLAND	LYSS (BERN)	100.00	100.00
EMME KIES + BETON AG	SWITZERLAND	LÜTZELFLÜH (BERN)	66.67	66.67
FRISCHBETON AG ZUCHWIL	SWITZERLAND	ZUCHWIL (SOLOTHURN)	88.94	88.94
FRISCHBETON LANGENTHAL AG	SWITZERLAND	LANGENTHAL (BERN)	78.67	78.67
FRISCHBETON THUN	SWITZERLAND	THOUNE (BERN)	53.48	53.48
KIESTAG STEINIGAND AG	SWITZERLAND	WIMMIS (BERN)	98.55	98.55
KIESWERK NEUENDORF	SWITZERLAND	NEUENDORF (SOLEURE)	50.00	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
SOLOTHURNER ENTSORGUNGS GESELLSCHAFT	SWITZERLAND	FLUMENTHAL (SOLOTHURN)	100.00	100.00
SONNEVILLE AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
STEINBRUCH VORBERG AG	SWITZERLAND	BIEL (BERN)	60.00	60.00
VIGIER BETON JURA SA	SWITZERLAND	BELPRAHON (BERN)	81.42	81.42
VIGIER BETON KIES SEELAND AG	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIGIER BETON MITTELLAND AG	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
VIGIER BETON ROMANDIE SA	SWITZERLAND	ST. URSEN (FRIBOURG)	100.00	100.00
VIGIER BETON SEELAND JURA AG	SWITZERLAND	SAFNERN (BERN)	90.47	90.47
VIGIER CEMENT AG	SWITZERLAND	PERY (BERN)	100.00	100.00
VIGIER HOLDING AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER MANAGEMENT AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER RAIL	SWITZERLAND	MÜNTSCHEMIER (BERN)	100.00	100.00

COMPANY	COUNTRY	CITY	December 31, 2017 % interest	December 31, 2016 % interest
VIGIER TRANSPORT AG (formerly GRANDY)	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00
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	100.00	64.91
BHARATHI CEMENT	INDIA	HYDERABAD	51.02	51.02
KALBURGI CEMENT	INDIA	HYDERABAD	99.98	99.98

Equity method: France

COMPANY	COUNTRY	CITY	December 31, 2017 % interest	December 31, 2016 % interest
CARRIERES BRESSE BOURGOGNE	FRANCE	EPERVANS	33.27	33.27
DRAGAGES ET CARRIERES	FRANCE	EPERVANS	49.98	49.98
SABLIERES DU CENTRE	FRANCE	LES MARTRES D'ARTIERE	49.99	49.99

Equity method: Rest of the world

COMPANY	COUNTRY	CITY	December 31, 2017 % interest	December 31, 2016 % interest
HYDROELECTRA	SWITZERLAND	AU (ST. GALLEN)	50.00	50.00
SILO TRANSPORT AG	SWITZERLAND	BERN (BERN)	50.00	50.00
SINAI WHITE CEMENT	EGYPT	CAIRO	14.46	14.46

6.1.3. Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2017

To the General Meeting of shareholders of Vicat SA

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Vicat SA for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Long term assets valuation

Description of the risk identified

Goodwill, intangible assets and property, plant and equipment have net book values at December 31, 2017 of € 1,007 million, € 118 million and € 1,838 million, respectively, and represent a significant amount of the consolidated balance sheet. These assets are accounted and described in notes 1.4 – Business combination - Goodwill, 1.6 – Others intangible assets and 1.8 - Property, plant and equipment

These assets may present a risk of depreciation related to internal or external factors, such as the deterioration of the Group's performance, changes in the competitive environment, unfavorable market conditions and changes in legislation or regulations. These changes can have an impact on the Group's cash flow forecasts and consequently on the determination of the recoverable amounts of these assets.

Management performs impairment tests if at least once a year for goodwill or for the other non-financial assets and if there is an impairment trigger as described in note 1.11. Assets are tested at the level of the cash generating units defined by the Group, which correspond to the smallest identifiable group of assets generating independent cash inflows.

An impairment loss is recognized in the income statement if the net booked value of an asset or cash generating unit is higher than its recoverable value. The recoverable value is the higher amount between the fair value less the transfer costs and value in use. Value in use is valued according to the discounted future cash flow projections method updated over a period of 10 years, increased by the terminal value calculated on the basis of an infinite projection of the operating cash flow for the last year.

The assessment of the recoverable value of these assets is a key audit matter, given the significant potential of impairment and the high degree of estimation and judgment required by management for this assessment. The judgments include, in particular, assumptions regarding the future evolution of cement consumption and costs of main factors of production.

Our responses to the risk

We reviewed the impairment testing process implemented by the management, in order to perform impairment testing and assessed the permanence of the method used.

We adapted our audit approach whether or not significative evidence of impairment losses exist on cash generating units. Concerning valor in use, we assessed the reasonableness of key management assumptions with respect to earnings forecasts (with comparison to both budget and historical performance), of growth and discount rates.

For a selection of CGU's, we assessed the reasonableness of future cash flow projections with respect to past achievements, our knowledge of business activity supported by interviews with Group or division managers and, according to their availabilty, external datas of other companies in the same business sector.

We paid particular attention to the determination of projected to infinity normative terminal cash flow amount.This flow amount corresponds to a projected cash flow beyond the long-term plan established by the Group and, which can be reproduced indefinitely, to allow to calculate the so-called terminal value, included in the estimate of the market value of assets. We analyzed the sensibility of the impairment test to assess the materiality of the potential impacts on the recoverable value of the riskiest assets.We assessed the appropriateness of the information given in the notes to the financial statements concerning impairment tests of those assets and tested the arithmetic accuracy of the sensitivity analysis.

Recognition of deferred tax assets on tax losses carried forward

Description of the risk identified

As indicated to the consolidated balance sheet, the deferred tax assets is amounted to € 111.9 million at December 31, 2017. This balance mainly includes deferred tax assets on tax losses carried forward related to the US-based entity National Cement Company including its tax-integrated subsidiaries and the Indian-based entity Kalburgi Cement.

As mentionned in note 1.20, a deferred tax asset is only recognized if it is likely that the Group will have taxable future profits on which this asset may be to be imputed.

We have considered the determination of recoverability of such deferred tax assets on tax losses carried forward as a key audit matter due to the importance of management's estimation and judgment and the nature of the significance of their amounts. The Group's ability to recover deferred tax assets is assessed by management taking into account forecasts of future taxable results.

Our responses to the risk

We assessed the probability that the Company may use in the future its deferred tax assets on tax losses carried forward, particularly with regard to:

- review the deferred tax liabilities existing in the same tax jurisdiction, that may be charged against existing tax loss carried forward before they expire;
- the ability of each affiliate to generate sufficient future taxable profits in a foreseable future allowing the use of existing tax loss carry forward.

We reviewed the process of evaluation of deferred tax assets on tax losses carried forward implemented by Group management, which will be used either as deferred tax liabilities or future taxable profits.

For the assessment of future taxable profits, we assessed the reliability of the 5-year income tax forecasting process on the basis of which the Group assesses the probability of recovering its deferred tax assets by:

- examining the procedure for developing future taxable income which served as the basis for the estimates;
- comparing the projections of results of prior years with the actual results of the years concerned;
- analyzing the consistency tax profit forecasts with the Long Term Plan;
- analyzing the deferral periods of deficits under the tax legislation in force in India and the United States;
- assessing the consistency of the assumptions used to determine the taxable profit forecasts with those used for the valuation of the projected cash flows used to determine the value in use of the long-term assets of the cash generating units in the United States and in India;
- conducting a critical review of the assumptions used by the management to make projections of results, in particular by reviewing their consistency with the economic data of the sector in which the companies operate and the information collected during our interviews with members of the management.

Litigations and provisions

Description of the risk identified

The Group is exposed to a variety of legal risks, especially an ongoing procedings in India against one of the Group's partner in Bharati Cement.

As indicated in note 1.17, the Group books a provison each time a defined risk is likely to occur and the financial impact of such risk may be reliably estimated.

As indicated in note 11 "Receivables", a group's partner of Bharathi Cement India based company is the focus of an inquiry by the CBI (Central Bureau of Investigation). In connection with this inquiry precautionnary seizures have been made by the ED (Enforcement Directorate) for an amount of € 34 million as at December 31, 2017 (€ 36 million as at December 31, 2016); the second precautionnary seizure amount of € 21 million was reclassified by ED on its bank account on the company's name.

The Company is appealing to the administrative and judicial authorities. Any related contingent liability can not be estimated with sufficient reliance, and therefore, no provision has been accounted for in the financial statements of the Company.

We have considered the identification of risks and litigations, the valuation of provisions for such risks and litigations and the related information in the notes to the consolidated financial statements as a key audit matter given the amounts involved and the high degree estimate and judgment required by management to determine such provisions.

Our responses to the risk

In order to get a sufficient understanding of the litigations, the contingent liabilities and the related estimates, we have interviewed with the group Legal Counsel, with the management of the main subsidiries, and have performed a critical review of the Group estimates in relation with the documentation analysed, the external attorneys legal documentation, and the information provided on the main ongoing proceedings and their potential financial incidence, as commnicated by legal confirmation as part of our attorneys' confirmation procedures.

In particular, regarding the India based litigation related to CBI inquiry, we have:

- conducted a review of the internal analysis notes for the likelihood and potential impact of the risk, examining the available procedural elements as well as the legal opinions issued by the Group external attorneys;
- excercised our professional judgment to assess, in particular, the positions held by the management within risk assessment ranges and the validity of the evolution over the time of such positions.

Verification of the Information Pertaining to the Group Presented in the management report

As required by-law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were respectively appointed as statutory auditors for KPMG SA by the Annual General Meeting held on November 25, 1983 and by the Annual General Meeting held on May 16, 2007 for Wolff & Associés.

As at December 31, 2017, KPMG SA and Wolff & Associés are repsectively in the 35th year and 10th year of total uninterrupted engagement since securities of the Company were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

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

As specified in article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this audit report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris La Défense, on the February 13, 2018

KPMG Audit

Chamalières, on the February 13, 2018

Wolff & Associés SAS

The statutory auditors

French original signed by
Philippe Grandclerc

Partner

Patrick Wolff

Partner

6.2. Individual financial statements at december 31, 2017

6.2.1. Individual financial statements at december 31, 2017

Income statement

(in thousands of euros)	2017	2016
Net Sales Revenues	**406,781**	**394,713**
Production for the year	406,843	397,240
Consumption for the year	(232,572)	(222,250)
Added Value	**174,271**	**174,990**
Personnel costs	(67,864)	(66,730)
Taxes	(16,619)	(15,567)
Charges transferred and subsidies	2,130	1,207
Gross Operating Income	**91,918**	**93,900**
Other income and expenses	2,713	3,660
Net depreciation and provisions	(28,526)	(27,416)
Operating Income (Expense)	**66,105**	**70,144**
Financial income and expenses	78,184	80,287
Profit And Loss Before Non Operating Income (Expense)	**144,289**	**150,431**
Exceptional income and expenses	163	(2,654)
Employee profit-sharing	(2,515)	(2,524)
Income tax	(3,405)	(8,720)
Net Income For The Year	**138,532**	**136,533**
Operating Cash Flow	**152,288**	**163,403**

Balance sheet at December 31

(in thousands of euros)	2017	2016
ASSETS		
Intangible and tangible fixed assets		
Intangible assets		
Gross value	45,808	43,751
Depreciation and impairment	(27,490)	(23,394)
Net value	**18,318**	**20,357**
Property, plant and equipment		
Gross value	881,109	863,236
Depreciation and impairment	(649,458)	(625,234)
Net value	**231,651**	**238,002**
Financial investments		
Shares	1,864,387	1,740,467
Loans and other	43,894	40,900
Total Financial Assets	**1,908,281**	**1,781,367**
Current assets		
Inventories	85,253	87,684
Trade and other receivables	461,433	562,590
Short-term financial investments	5,051	2,932
Cash	6,690	2,912
Prepaid expenses	995	519
Total Current Assets	**559,422**	**656,637**
Expenses to be allocated	1,083	1,666
Translation adjustments – Assets		
TOTAL ASSETS	**2,718,755**	**2,698,029**
LIABILITIES		
Shareholders' equity		
Share capital	179,600	179,600
Reserves, premiums and provisions	1,122,966	1,063,389
Revaluation adjustments	11,007	11,067
Retained earnings	226,010	221,063
Net income	138,532	136,533
Total Shareholders' equity	**1,678,115**	**1,611,652**
Provisions		
For liabilities (risks)	1,224	1,167
For liabilities (charges)	43,802	44,353
Total Provisions for risks and charges	**45,026**	**45,520**
Liabilities		
Borrowings	820,864	864,236
Short-term bank borrowings and bank overdrafts	0	14,722
Trade and other payables	174,750	161,899
Deferred income		
Total debts	**995,614**	**1,040,857**
Translation adjustments – Liabilities		
TOTAL LIABILITIES	**2,718,755**	**2,698,029**

6.2.2. Notes to the 2017 individual financial statements

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 & development costs are entered as expenses.

Property, plant 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

Following the invalidation by the French Constitutional Council of the 3% tax on dividend payments, the Company received a refund from the Treasury of € 11,114 thousand (inclusive of principal and late payment interest); in return, the Company was subject to a € 1,652 thousand exceptional contribution.

The commercial repositioning of the Vizille Paper business to focus on more lucrative products (cooking, decorative, safety etc.) required industrial adaptation that affected business performance. Against this backdrop, an extraordinary adjustment was made to the value of assets in use with an extraordinary impairment of the value of certain assets amounting to € 3,473 thousand and an extraordinary charge on inventories of € 3,236 thousand resulting in an overall charge of € 6,709 thousand.

Vicat SA renewed all its bank lines of credit early, in December 2017 and January 2018, totaling € 790 million. Bilateral lines of credit were renewed in an identical amount of € 240 million for a five-year term. The syndicated loan was increased to € 550 million with a term of 5 years +1+1. Vicat has two options to extend for one year, at the end of the 1st and then the 2nd year. Exercising these options means that at the end of each of the first two years, and subject to the banks' approval, the original five-year term can be retained. This transaction improved the Company's financing terms and extended its average debt maturity which stood, pro-forma, at December 31, 2017, at 4.6 years.

NOTE 3 Subsequent events

There were no significant post balance sheet events.

NOTE 4 Sales analysis

Net sales by activity break down as follows:

(in thousands of euros)	Total
Cement	372,654
Paper	34,127
TOTAL	**406,781**

NOTE 5 Analysis of the financial statements

5.1. Intangible and tangible assets

(in thousands of euros)	Gross value at beginning of year	Increase	Decrease	Reclassification	Gross value at end of year
Concessions, patents, goodwill and other intangible assets	43,751	2,250	707	514	45,808
Land and improvements	73,017	290	203	155	73,259
Buildings and improvements	183,029	1,214	40	1,105	185,308
Plant, machinery and equipment	589,398	7,100	127	2,224	598,595
Other property plant & equipment	12,199	318	342	400	12,575
Tangible assets in progress	5,583	10,121		(4,398)	11,306
Advances and prepayments	9				9
TOTAL	**906,986**	**21,293**	**1,419**	**0**	**926,860**

The main changes in property, plant and equipment and intangible assets are related to:

- gasifier in Créchy costing € 3,446 thousand;
- installation of an SNCR plant to reduce NO_x in Peille costing € 757 thousand;
- the rotary kiln electrofilter in St Egrève costing € 623 thousand;
- renewal of the computer data storage/saving solution costing € 668 thousand;
- changes to the SAP system and, in particular, introduction of the Cement business sales module costing € 733 thousand.

(In thousands of euros)	Accumulated depreciation at beginning of year	Increase	Decrease	Reclassification	Accumulated depreciation at end of year
Concessions, patents, goodwill	23,394	4,525	429		27,490
Land and improvements	12,213	661	84		12,790
Buildings and improvements	134,088	4,845	40		138,893
Plant, machinery and equipment	468,322	18,255	127		486,450
Other property plant & equipment	10,245	1,056	341		10,960
TOTAL	**648,262**	**29,342**	**1,021**	**0**	**676,583**

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 thousand tonnes. In Phase III (2013/2020), surplus quotas totaled 2,402 thousand tonnes at the end of 2017.

In accordance with ANC Regulation No. 2013-03 article 1, quotas allocated free of charge are not recorded either as assets or liabilities.

Research & development costs recorded in expenses for the financial year and eligible for CIR (research and innovation tax credit) amounted to € 3,194 thousand. These include € 1,798 thousand for internal costs (depreciation, staff and operating costs) and € 1,396 thousand for work commissioned to external organizations.

5.1.2. Property, plant and equipment

Property, plant and equipment in progress are mainly made up of industrial sites or facilities 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 rose by € 118,844 thousand, mainly as a result of:

- changes in investments in associated companies (primarily increases in share capital of subsidiaries): +123,985;
- changes in other financial investments: (5,166);
- changes in the loans granted to our subsidiaries: +25.

118,844

Under the liquidity agreement with NATIXIS, the following amounts were recognized in the liquidity account at year-end:

- 9,382 treasury shares representing a net value of € 628 thousand;
- € 3,436 thousand in cash.

Under this agreement, 337,500 shares were purchased during the year for € 21,026 thousand and 339,606 shares were sold for € 21,037 thousand.

At December 31, 2017, financial investments included 609,382 treasury shares. An additional 75,522 treasury shares were classified as short-term financial investments.

Loans and other gross financial investments amounted to € 54,326 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 36.45%;
- employee shareholders* 1,35%;
- Family, Parfininco and Soparfi 60.67%;
- Vicat 1.53%.

* *Pursuant to article L. 225-102 of the French Commercial Code.*

5.2.2. Change in shareholders' equity

(In thousands of euros)	2017	2016
Shareholders' equity at beginning of year	1,611,653	1,547,837
Shareholders' equity at end of year	1,678,114	1,611,653
Change	66,461	63,816
Analysis of changes		
Net income for the year	138,532	136,533
Dividend (1) payments	(66,340)	(66,286)
Revaluation adjustments	(61)	(73)
Regulated provisions	(5,670)	(6,358)
TOTAL	**66,461**	**63,816**

(1) Less dividends on treasury shares.

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5.2.3. Regulated provisions

(in thousands of euros)	Amount at beginning of year	Increase during the year	Reversals	Amount at end of year
Price increase provision	4,229	473	485	4,217
Special tax depreciation	85,251	4,026	9,683	79,594
Special revaluation provision	2,361	/		2,361
TOTAL	**91,841**	**4,499**	**10,168**	**86,172**

Maturities are as follows:

(In thousands of euros)	Amount	Reversal at 1 year or less	Reversal at more than 1 year
Price increase provision	4,217	2,648	1,569
Special tax depreciation	79,594	/	79,594
Special revaluation provision	2,361	/	2,361
TOTAL	**86,172**	**2,648**	**83,524**

5.3. Provisions

(In thousands of euros)	Amount at beginning of year	Increase during the year	Decrease (with use)	Decrease (unused provision)	Amount at end of year
Provisions for quarry restoration	4,863	402	317	/	4,948
Provisions for disputes	129	128	130	/	127
Other provisions for risks and charges	40,527	61	637	/	39,951
TOTAL	**45,519**	**591**	**1,084**	**/**	**45,026**

Provisions amounted to € 45 million and covered:

- the forecast costs under the French quarry restoration 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 € 38,000 thousand for tax to be repaid to subsidiaries under the Group tax consolidation plan. Down € 0.5 million from 2016, the increased provision resulting from losses recognized over the year being set off by the drop in the corporation tax rate from 34.43% to 28.93%.

5.4. Financial Debts

During 2017, medium and long-term debt, current bank facilities and other bank borrowings decreased by € 58,094 thousand.

5.4.1. Maturities schedule

(In thousands of euros)	Gross amount	1 year or less	+1 year and 5 years or less	+5 years
Bank borrowings and financial liabilities [(1)]	819,105	0	819,105	0
Miscellaneous borrowings and financial liabilities	1,759	1,495	264	0
Short-term bank borrowings and bank overdrafts	0	0	0	0

(1) Of which commercial paper 550,000 550,000

5.4.2. Other disclosures

At December 31, 2017 the Company had € 176 million in unused confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 266 million at December 31, 2016).

The Company also has a program for issuing commercial paper amounting to € 550 million. At December 31, 2017, the amount of commercial paper issued stood at € 550 million. Commercial paper consists of short-term debt instruments backed by confirmed lines of credit in the amounts issued and classified as medium-term borrowings in the consolidated balance sheet.

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 variable 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, 2017.

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, 2017, these lines matched the commercial paper they covered, at € 550 million.

5.4.4. Financial instruments

As at December 31, 2017, derivative instruments not settled were as follows:

Type *(In thousands of currency units)*	Nominal value *Currency*	Nominal value *Euro*	Fair value *Euro*
USD forward sales	USD 17,000	14,175	71
CHF forward sales	CHF 90,000	76,910	161
Interest rate caps	€ 400,000	400,000	(1,236)
Cross Currency Swaps	USD 350,000	291,837	10,790 (1)

(1) At the same time debt increased by € 27,732 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. Customer and supplier payment terms

	Article D. 4411.2: invoices issued and unpaid at year-end that are past due					
CUSTOMERS	**0 days**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and over**	**Total (1 day and over)**
(A) : Late payment installments:						
Number of invoices	108	257	73	34	232	596
Total amount of invoices, ex. VAT	1,059,861	4,845,737	754,537	279,718	2,268,628	8,148,619
Percentage of total sales for the year, inc. VAT	0.38%	1.72%	0.27%	0.10%	0.80%	2.90%
(B) : Invoices not included in (A) relating to contested or unrecognized liabilities and receivables						
Number of invoices not included			10			
Total amount of invoices not included			426,612			
(C) : Reference payment terms used (contractual or legal deadline-article L. 441-6 or L. 443-1 of the French Commercial Code						
Payment terms used to calculate late payments	-Contractual deadlines granted when opening the customer account					

	Article D. 4411-1: invoices received and unpaid at year-end that are past due					
SUPPLIERS	**0 days**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and over**	**Total (1 day and over)**
(A) : Late payment installments:						
Number of invoices	3,254	125	60	37	212	435
Total amount of invoices, inc. VAT	16,781,133	495,278	129,192	(34,013)	581,672	1,172,128
Percentage of total purchases for the year, inc. VAT	5.97%	0.18%	0.05%	-0.01%	0.21%	0.42%
(B) : Invoices not included in (A) relating to contested or unrecognized liabilities and receivables						
Number of invoices not included			48			
Total amount of invoices not included, inc. VAT			130,236			

Company methodology excludes intra-group liabilities and receivables, these being considered, by definition, not to involve late payments.

5.7. Other balance sheet and income statement information

Other items of information are as follows:

Items relating to several balance sheet accounts *(In thousands of euros)*	**Associated companies**	**Payables or receivables represented by commercial paper**
Long-term investments	1,860,898	
Trade receivables and related accounts	24,592	14,204
Others receivables	296,026	
Trade payables and related accounts	8,646	
Other liabilities	71,380	

Transactions with related companies are carried out on arm's-length terms.

Income statement items	**Associated companies**
Financial expenses	330
Financial income excluding dividends	6,401

Transactions with associated companies and related parties are not covered by Accounting Standards Authority Regulation No. 2010-02.

Accrued liabilities *(In thousands of euros)*	**Amount**
Bank borrowings and financial liabilities	1,495
Trade payables and related accounts	22,355
Tax and employee-related payables	15,636
Other liabilities	608
TOTAL	**40,094**

Prepaid expenses *(In thousands of euros)*	**Amount**
Operating expenses	807
Financial expenses	188
TOTAL	**995**

Short-term financial investments

Short-term financial investments consist of 75,522 Vicat shares held for allocation to employees under compulsory and discretionary profit-sharing schemes and arbitraging for a net value of € 6,112 thousand. This valuation was on the basis of the average share price in December 2017 of € 66.88.

Financial Income (expense)

Net financial income included a net reversal of provisions for impairment of treasury shares amounting to € 7,914 thousand (compared with a reversal of € 1,999 thousand in 2016).

NOTE 6 Breakdown of corporate income tax and surcharges

Profit and loss line items *(In thousands of euros)*	**Profit (loss) before tax**	**Corporation tax**	**Social security contributions**	**Consolidated net income after tax**
Profit and loss before non operating income (expense)	144,289	(22,294)	(5,646)	116,349
Extraordinary net income (and employee profit-sharing)	(2,352)	19,426	5,109	22,183
Income	141,937	(2,868)	(537)	138,532

NOTE 7 Impact of the special tax evaluations

Headings *(in thousands of euros)*	**Additional expense**	**Reversals**	**Amounts**
Net income for the year			138,532
Income taxes [(1)]			1,113
Exceptional contribution			1,652
Social security contributions			640
Profit (loss) before tax			**141,937**
Change in special tax depreciation of assets	4,026	(9,683)	(5,657)
Change in special revaluation provision	/	/	/
Change in price increase provision	473	(485)	(12)
SUBTOTAL	4,499	(10,168)	(5,669)
Net income excluding special tax valuations (before income tax)			**136,268**

(1) *The corporation tax amount includes the charge appertaining to the result for tax purposes subject to deduction of tax credits, repayment of the 3% tax on dividends and the impact of the tax consolidation plan.*

Vicat has opted for a tax consolidation plan with itself as the parent company. This option relates to 17 companies. Under the terms of the tax consolidation agreement, subsidiaries pay the same tax as if there had been no tax sharing. The tax saving resulting from the tax consolidation agreement goes to the parent company, other than amounts due to subsidiaries claiming for tax losses, for which a provision is taken (see note 5.3). For 2017, this saving amounted to € 8,050 thousand.

The expenses covered by articles 223 quater and 39.4 of the French General Tax Code (CGI) amounted to € 48 thousand for 2017.

NOTE 8 Deferred tax

Headings (in thousands of euros)	Amount
Tax owed on:	
Price increase provisions	1,452
Special tax depreciation	27,404
Total increases	**28,856**
Prepaid tax on temporarily non-deductible expenses of which employee profit-sharing 866	1,084
Total tax relief	**1,084**
Net deferred tax	**27,772**

NOTE 9 Off-balance sheet commitments

Commitments given (in thousands of euros)	Amount
Pension commitments (1)	18,783
Deposits and guarantees	11,152
TOTAL	**29,935**

(1) Including € 9,198 thousand relating to the supplementary pension plan for Company officers and executives under article 39 of the French General Tax Code.

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 € 3,462 thousand as at December 31, 2017.

Commitments received (in thousands of euros)	Amount
Confirmed credit lines (1)	731,000
Other commitments received	
TOTAL	**731,000**

(1) Including € 550,000 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 used are as follows:

- discount rate: 1.50%;
- wage inflation: 3.50%;
- inflation rate: 1.75%.

NOTE 10 Compensation, workforce and CICE (Competitiveness and Employment Tax Credit)

Compensation of executives (in thousands of euros)	Amount
Compensation allocated to:	
▪ directors	312
▪ executive management	2,346

Workforce	Average	At 12/31/2017
Management	232	243
Supervisors, technicians, administrative employees	395	398
Blue-collar staff	238	232
TOTAL COMPANY	**865**	**873**
Of which Paper Division	*163*	*161*

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, 2017, comes to € 1,147 thousand.

Use of the CICE was allocated to the acquisition of fixed assets.

Subsidiaries and investments in associated companies

Company or group of companies 2017 *(in thousands of currency units: euros, USD, CFAF)*	Share Capital	Reserves and retained earnings before appropriation of income	Ownership interests (in %)	Book value of shares owned Gross	Book value of shares owned Net	Loans & advances granted by the Company and not yet repaid	Guarantees granted by the Company	Sales revenues ex. VAT for the financial year ended	Profit or loss (-) for the last financial year	Dividends received by Vicat during the year	Remarks
Subsidiaries & affiliates whose gross value exceeds 1% of Vicat's capital.											
1) Subsidiaries *(at least 50% of the capital held by the Company)*											
Beton Travaux 38081 L'Isle-d'Abeau Cedex	27,997	264,499	99.97	88,869	88,869	122,734		81	42,295	29,739	
National Cement Company Los Angeles USA	USD 280,521	USD 107,612	97.85	229,581	229,581	14,193		USD 519,765	USD 16,562		
Parficim 92095 Paris-La Defense	70,288	1,591,771	100.00	1,423,624	1,423,624	80,995			101,729	56,299	
Satma 38081 L'Isle-D'Abeau Cedex	3,841	5,391	100.00	7,613	7,613			12,924	1,026	1,320	
Cap Vracs 13270 Fos-Sur-Mer	20,540	13,558	100.00	53,404	53,404			5,464	2,102		
Sodicapei 34560 Villeveyrac	169	474	58.47	10,990	10,990	1,485		1,869	(420)		
2) Investments in associated companies *(10 to 50% of the capital held by the Company)*											
Societe Des Ciments D'Abidjan Cote D'Ivoire	CFAF 2,000,000	CFAF 47,047,705	17.14	1,596	1,596			CFAF 66,203,824	CFAF 8,741,406	1,787	2016 figures
Other subsidiaries and affiliates											
French subsidiaries (total)				1,783	1,719	0				35	
Foreign subsidiaries (total)				47,074	47,074	12,103					
TOTAL				**1,864,534**	**1,864,470**	**231,510**				**89,180**	

(1) Figures shown in USD.
(2) Figures shown in CFAF.

6.2.3. Statutory auditors' report on the financial statements

For the year ended December 31, 2017

To the General Meeting of shareholders of Vicat SA

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying financial statements of Vicat SA for the year ended December 31, 2017.

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 December 31, 2017 and of the results of its operations for the year ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory auditors' responsibilities for the audit of the financial statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1st, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in article 5(1) of Regulation (EU) N°537/2014 or in the French Code of ethics (*Code de déontologie*) for statutory auditors.

Justification of assessments – Key audit matters

In accordance with the requirements of articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Investment valuation

Key audit matter

Investments in Group companies as at December 31, 2017 amount to € 1,864 million and represent one of the most significant items of the balance sheet. As mentioned in Note 1, they are recognized at acquisition date at the purchase price and depreciated where necessary, by taking into account the equity share percentage, the estimated future profitability and stock prices when significant or market prices.

These investments' value estimate requires management estimate in the choice of the elements to be considered for each related investment. These elements may correspond in some instances to historical elements (the shareholders' equity or last-month average stock price), or to forecast (profitability).

Both competition and macroeconomic environment a number of subsidiaries are facing, as well as the geographical context for some of them, may lead to an activity downturn and to an operating result decrease.

In this context and with respect to some inherent uncertainties, in particular the forecast achievement, we considered the Investments in Group companies valuation, as well the receivables from Group companies and related provisions for risks as a key audit matter.

Audit approach

To assess the reasonnableness of Investments in Group companies valuation, on the basis of the information we have been provided with, our work consisted mainly in ensuring that the management's estimations were based on an appropriate rationale regarding the valuation method used and for the underlying datas, and:

For valuations based on historical items:

- ensure that the shareholders' equity value considered reconciles with the statutory accounts of the entities which had been subject to an audit or to analytical review;
- assess the consistency of the assumptions used by the management in the course for previous assesments undelying the valuation of the related entities and the absence of conjonctural or structural factors which would have an incidence at year-end;
- assess whether any adjustments on the shareholders' equity where relevant, have been supported by an appropriate documentation.

For valuations based on forecasts:

- obtain a cash flow forecast and an operating forecast cash flows for the various entities, which have been prepared by operationnal management and assess their consistency with the forecast used in the last stratagic plan for each entity, prepared by management and approved, when applicable, by Board of Directors;
- assess the consistency of the assumptions used based on our knowledge of the economic environment at year-end;
- compare previous forecasts with achievements in order to get a better understanding of previous forecasted realization;
- ensure that the value derived from cash flow forecast has been adjusted from the financial liabilities.

Besides our assesment of investments in Group companies valuation, our work also consisted in the appreciation of the recoverability of receivables related to theses investments in the light of analysies performed.

Verification of the management report and of the other documents provided to the General Meeting of shareholders of Vicat SA

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in other documents provided to the General Meeting of shareholders with respect to the financial position and the financial statements

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 other documents provided to the General Meeting of shareholders of Vicat SA with respect to the financial position and the financial statements.

Report on corporate governance

We attest the existence in the report of the Supervisory Board on corporate governance of the information required by the articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the members of the Board of Directors and of the Supervisory Board 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 controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Report on other legal and regulatory requirements

Appointment of the statutory auditors

We were respectively appointed as statutory auditors of Vicat SA by the Annual General Meeting held on November 25, 1983 for KPMG SA and by the Annual General Meeting on May 16, 2007 for Wolff & Associés SAS.

As at December 31, 2017, KPMG was in the 35th year of uninterrupted engagement and Wolff & Associés in the 10th year since securities were admitted trading on a regulated market.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the financial statements

Objectives and audit approach

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

As specified in article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditors exercise professional judgment throughout the audit and furthermore:

- identifie and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditors conclude that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by articles L. 822-10 to L. 822-14 of the French Commercial

Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The statutory auditors

French original signed on/by

Paris La Défense, February 13, 2018

KPMG Audit

Département de KPMG SA

Philippe Grandclerc

Partner

Chamalières, February 13, 2018

Wolff & Associés SAS.

Patrick Wolff

Partner

6.3. 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.

6.3.1. Tax audit of Sococim Industries

Sococim Industries, a Senegalese subsidiary of the Group, was audited during the second half of 2016. Once administrative and judicial redress had been sought, the dispute was settled out of court in the third quarter of 2017, resulting in a charge of € 1.5 million for 2017.

6.3.2. 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) regarding the source and the growth of his assets In connection with this inquiry, the CBI filed 14 charge sheets in September 2012 and over the course of 2013, presenting its allegations. Among these, four also involve Bharathi Cement. The CBI is interested in determining whether the investments made in this company by Indian investors were carried out in good faith in the ordinary course of business and if the mining concession was granted in accordance with regulations. The 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 charges 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. No major rulings were made last year. A ruling regarding the validity of the precautionary seizures is expected in the first half of 2018. 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 any ruling.

6.4. Significant changes to the financial or commercial position

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, 2017.

Incity Tower, Lyons, France

GENERAL MEETING

7

7.1. Agenda for the Ordinary General Meeting of April 6, 2018

- Management report of the Board of Directors;
- Board of Directors' report on corporate governance;
- General report of the statutory auditors on the financial statements for the year ended December 31, 2017;
- Report of the statutory auditors on the consolidated financial statements for the year ended December 31, 2017;
- 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, 2017;
- Approval of the consolidated financial statements for the year ended December 31, 2017;
- Appropriation of earnings for the year ended December 31, 2017 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 Eléonore Sidos as director;
- Reappointment of Delphine André as director;
- 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.

7.2. Draft resolutions for the Ordinary General Meeting of April 6, 2018

First resolution *(Approval of the financial statements and operations for the year ended December 31, 2017)*

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, 2017, 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 approves the net income for this financial year at € 138,531,898.

Second resolution *(Approval of the consolidated financial statements for the year ended December 31, 2017)*

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, 2017, 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 approves the consolidated income of the Group for this financial year at € 155,851 thousand, of which € 142,181 thousand was the Group share of net income.

Third resolution *(Appropriation of earnings and setting of dividend)*

Further to aknowledging 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 2017 financial year	€ 138,531,898
■ retained earnings carried forward	€ 226,009,985
TOTAL	**€ 364,541,883**
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	€ 67,191,883
■ retained earnings	€ 230,000,000

and accordingly fixes the dividend to be distributed for the 2017 financial year at the gross amount of € 1.50 per share (excluding levies).

This dividend shall be released for payment as from April 24, 2018, at the registered office and by the banks, pursuant to the provisions relating to the dematerialization of transferable securities.

The Ordinary General Meeting aknowledges 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
2014	€ 1.50
2015	€ 1.50
2016	€ 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.

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’ special report and the description of the share buy-back program contained in the annual report, 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 (not in 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 foster a liquid trading of 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 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, 2018, the 10% limit corresponds to a maximum number of 3,805,096 shares having a nominal value of € 4 each, representing a maximum amount of € 380,509,600.

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 18, 2017 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 Eléonore Sidos as director)*

The Ordinary General Meeting resolves to reappoint Eléonore Sidos as director for a six-year term expiring at the end of the Ordinary General Meeting to be held in 2024 to approve the financial statements for 2023.

Eighth resolution *(Reappointment of Delphine André as director)*

The Ordinary General Meeting resolves to reappoint Delphine André as director for a three-year term expiring at the end of the Ordinary General Meeting to be held in 2021 to approve the financial statements for 2020.

Ninth resolution *(Ex ante approval of the compensation policy applicable to the Chairman and Chief Executive Officer, Guy Sidos)*

The Ordinary General Meeting, having acquainted itself with the Board of Directors' 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 benefits in kind presented in the aforementioned report and attributable to the Chairman and Chief Executive Officer due to his corporate role.

Tenth resolution *(Ex ante approval of the compensation policy applicable to Chief Operating Officer, Didier Petetin)*

The Ordinary General Meeting, having acquainted itself with the Board of Directors' 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 benefits in kind presented in the aforementioned report and attributable to the Chief Operating Officer due to his corporate role.

Eleventh resolution *(Ex post approval of elements of compensation paid or allocated in respect of the financial year ended December 31, 2017 to Guy Sidos, Chairman and Chief Executive Officer)*

The Ordinary General Meeting, having acquainted itself with the Board of Directors' report provided for by article L. 225-37-2 of the French Commercial Code:

- approves the elements making up the total compensation and benefits of all kinds paid or allocated in respect of the financial year ended December 31, 2017 to Guy Sidos, Chairman and Chief Executive Officer, in relation to his corporate role;
- consequently notes that the elements of variable and exceptional compensation allocated to Guy Sidos, Chairman and Chief Executive Officer for the financial year ended December 31, 2017, will be paid to him.

Twelfth resolution *(Ex post approval of elements of compensation paid or allocated in respect of the financial year ended December 31, 2017 to Didier Petetin, Chief Operating Officer)*

The Ordinary General Meeting, having acquainted itself with the Board of Directors' report provided for by article L. 225-37-2 of the French Commercial Code:

- approves the elements making up the total compensation and benefits of all kinds paid or allocated in respect of the financial year ended December 31, 2017 to Didier Petetin, Chief Operating Officer, in relation to his corporate role;
- consequently notes that the elements of variable and exceptional compensation allocated to Didier Petetin, Chief Operating Officer for the financial year ended December 31, 2017, will be paid to him.

Thirteenth 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.

Oxygen mixer truck, zero CO_2 emissions

ADDITIONAL INFORMATION

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8.1. 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). 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). Copies may be obtained from the Company's registered office: Tour Manhattan, 6 place de l'Iris, 92095 Paris-La Défense, 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.

8.1.1. Roadshows and investor conferences

In 2017, the Company maintained its continued commitment to communication by facilitating contacts among investors, financial analysts and the Company. During 2017, Vicat organized more than ten roadshows in Europe and North America, and took part in seven investor conferences organized by banks specializing in intermediation.

8.1.2. Documents available to the public

All of the Company's latest financial news, including the 2017 and 2018 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).

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 2017, 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 Echos* 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) about a week before the event.

8.1.3. Shareholder contacts

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

8.2. Information on the Registration Document

8.2.1. 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 5.1 "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 Chapter 5.1 "Risk factors" of this Registration Document.

Investors are invited to consider carefully the risk factors, described in order of importance, in Chapter 5.1 "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 8.6 of this Registration Document.

8.2.2. 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 2017 Registration Document:

- the consolidated financial statements for the financial year ended December 31, 2016, prepared in accordance with IFRS, and the statutory auditors' report thereon set out on page 217 of the 2016 Registration Document, submitted to the *Autorité des marchés financiers* on March 18, 2017 under number D.17.0129, in addition to the information taken from the 2016 management report included on pages 44 to 60 of this 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 197 of the 2015 Registration Document, submitted to the *Autorité des marchés financiers* on March 19, 2016 under number D.16.0163, in addition to the information taken from the 2015 management report included on pages 42 to 57 of this Registration Document.

8.2.3. Person responsible for the information contained in the Registration Document

Guy Sidos, Chairman and Chief Executive Officer.

8.2.4. 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 8.6 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.

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 were covered by the statutory auditors' report appearing in section 6.1.3 of this Registration Document."

March 1, 2018

Guy Sidos

Chairman and Chief Executive Officer

8.3. Persons responsible for the audit of the financial statements

8.3.1. 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: 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 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.

8.3.2. 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: Ordinary General Meeting of 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'Eprémesnil, 78401 Chatou

Represented by Frédéric Lafay.

Member of the Regional Company of Auditors of Versailles.

First appointed on: Combined General Meeting called to approve the financial statements for the year ended 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.

8.3.3. Information on statutory auditors who resigned, were dismissed or not reappointed

Not applicable.

8.4. 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 controlling percentage determines the consolidation method to be used when consolidating subsidiaries. The percentage of interest enables the shareholders' equity and income to be broken down between Group share and minority shareholders.

The Group's fully consolidated subsidiaries are distributed across various countries as follows as at December 31, 2017:

Country	Number of companies
France	44
Europe (excluding France)	34
United States	17
Africa & Middle East	23
Asia	14
TOTAL	**132**

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, 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, 2017, 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, 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, 2017, 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, 2017, 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 Wylihof 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, 2017, 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 € 10,800,352 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, 2017, Béton Travaux held 99.98% of Béton Vicat's share capital.

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, 2017, 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, 2017, 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, 2017, 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, 2017, 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, 2017, 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, 2017, 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, 2017, 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, 2017, 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 million 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, 2017, Parficim held 51.02% 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 Indian rupees 5,459 million, 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, 2017, Parficim held 99.98% 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, 2017, 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, 2017, the Company (through Parficim, Vigier Holding and Mynaral Tas) held 100% of the share capital.

8.5. Cross-reference table of this Registration Document with European regulation 809/2004

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8.6. Cross-reference table of the annual financial report and the management report and the report on corporate governance

For greater ease of reading, the following cross-reference table outlines the main information that must appear in the annual financial report, the management report and the report on corporate governance.

8.7. Cross-reference table of social, environmental and societal 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

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Societal information

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GLOSSARY

Additive	All products incorporated into concrete that are not cements, aggregates, adjuvants, mixing water or additives (for example fibers, color pigments, etc.).
Adjuvant	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.
Agglomerate ore product	Fragment, usually of rock, used as an aggregate in concrete or mortar. The term aggregate is more appropriate. See "Aggregate".
Aggregate	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.
Alternative fuel	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".
Bagging machine	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.
Binder	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.
Calcination	Conversion of a limestone into lime by firing at high temperature.
CEM	This designation applies to cements complying with European standard EN 197-1. "CEM" cements consist of various materials and are of statistically homogeneous composition.
CEM I	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: ■ CEM I SR0: cement where the clinker's C3A content = 0% ■ CEM I SR3: cement where the clinker's C3A content ≤ 3% ■ CEM I SR5: cement of which the clinker's C3A content ≤ 5%
CEM II	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".
CEM III	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: ■ 35% to 64% clinker and 36% to 65% slag: this cement is then designated "CEM III/A"; ■ 20% to 34% clinker and 66% to 80% slag: this cement is then designated "CEM III/B"; ■ 5% to 19% clinker and 81% to 95% slag: this cement is then designated "CEM III/C". 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.
CEM IV	Refers to "Pozzolana cement".
CEM V	Refers to "composite cement".

Cement	Hydraulic binder, *i.e.* 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.
Cement type	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.
Clay	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".
clinker for natural quick-setting cement	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.
clinkerization	Conversion of raw materials (limestone, silica, alumina and iron oxide) into clinker, occurring at a temperature of 1,450°C for a Portland clinker.
Concrete	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.
Concrete batching plant	Stationary equipment for the industrial production of ready-mixed concrete.
Cooler	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.
Crushed aggregate	Aggregate produced by crushing rocks.
Crusher	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).
Crushing	Breaking rocks into small pieces by grinding or pounding.
Decarbonation	Reaction releasing the CO_2 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.
Energy recovery	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.
Fine gravel	Aggregate having a diameter between 1 and 63 mm.
Fly ash	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.
Formulation	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.
Fresh concrete	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.
Granulometry	a) Measurement of the granularity of an aggregate, *i.e.* 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.
Greenfield	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.

Grinding	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.
Gypsum	Natural calcium sulfate or a by-product from industries manufacturing phosphoric acid or citric acid. It is added to cement as a setting regulator.
Handleability	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".
Heat balance	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.
Homogenization	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.
Hopper	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.
HPC	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.
Hydration (of cements)	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.
Lime	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.
Limestone	Sedimentary rock containing primarily calcium carbonate (CaCO3). 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.
Marl	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.
Material recovery	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 units) and are used to replace, completely or partially, natural gypsum or anhydrite in cement to control the setting time.
Meal feed	Name given to the cement kiln raw material after grinding (the size of the grains corresponds to that of flour).
Mixer truck	Vehicle used to transport fresh concrete from the production location to the construction site. Also known as a transit mixer truck or truck mixer.
Mortar	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.
Natural quick-setting cement	Quick-setting cement comprised of the clinker for natural quick-setting cement only, grounded, and not requiring a setting regulator.
Plaster	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).
Portland cement	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.
Portland clinker	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).

Pozzolana	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.
Precalcination	System enabling combustion to be started before entry into the kiln and thus reducing the quantity of energy required in the kiln.
Precalciner	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”.
Precast concrete products	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.
Preheater	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.
Prehomogenization	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).
Pumping	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).
Quarry	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.
Raw material	Name given to the raw material processed in the cement kiln.
Raw mill	Grinding plant. In a cement works, this may be a ball mill, roller mill or vertical mill.
Ready-mixed concrete	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.
Roller aggregate	Aggregate of alluvial origin made up of round-shaped grains.
Sand	Aggregate of diameter < 6.3 mm.
Screed	Thin layer of cement mortar (3 to 5 cm) poured on to a concrete floor in order to render it flat.
Setting	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).
Setting regulator	Cement component intended to slow down the hydration reactions. Gypsum and calcium sulfate are most commonly used.
Setting time	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).
Silica fume	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 (SiO2) 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: ■ by a granular effect related to the shape and the extreme fineness of the powder; ■ by pozzolanic reaction due to the high amorphous silica content.

Silo	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".
Slag	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.
Standard	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.
Strength of a concrete	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.
Sulfoaluminous clinker	Basic component of a sulfoaluminous cement, comprised of raw materials that essentially contain the following oxides: CaO, Al2O3, SiO2, Fe2O3, SO3, and other minor elements. This clinker is obtained by firing at a temperature of around 1,300°C.
Therm (th)	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.
Truck mixer	See "Mixer truck".
Ultra-High-Performance Fiber-Reinforced concrete (UHPC)	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.
X-ray diffraction (analysis)	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.
X-ray fluorescence (analysis)	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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and on the Autorité des marchés financiers (AMF),
French market regulator website (www.amf.france.org)

BICENTENARY OF THE INVENTION
OF ARTIFICIAL CEMENT BY LOUIS VICAT