REGISTRATION DOCUMENT

AND ANNUAL FINANCIAL REPORT

2018

VICAT

The annual financial date are clearly identified in the table of contents via the AFR pictogram

2018 REGISTRATION DOCUMENT

including the annual financial report

PROFILE

The VICAT Group in 2018

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

Vicat recorded a satisfactory performance in 2018, in a highly contrasted environment marked by strong seasonal trends. The dynamic work of the Group's commercial teams, combined with good cost control, provided a buffer against challenging monetary and geopolitical conditions in some of the markets where the Group operates. Free cash flow generation enabled the Group to reduce its debt level further, in line with its undertakings, and to resume its targeted external growth strategy with the acquisition of Ciplan in Brazil.

Given its sound financial position, the Vicat group is now well positioned to pursue its profitable growth strategy.

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MESSAGE
FROM THE CHAIRMAN AND CEO

“There is simply no alternative to cement to meet the need for construction materials in the years to come.

Guy SIDOS

Invented by Louis Vicat 200 years ago, is cement still a material of the future?

There is simply no alternative to cement to meet the need for construction materials in the years to come. Given the scale of population growth, cement, that is locally produced, is simply the only material available in sufficient quantity and at a sufficiently affordable price.

The manufacturing and usage of this material that has brought quality housing to so many people and provided protection and comfort to users for two centuries is changing in line with sustainable development policies and circular economy principles.

As the only French cement group, what are the advantages of the Group’s family identity? What is the secret of its longevity?

Seven generations of family entrepreneurs have successively held the reins since artificial cement was invented in 1817, guiding the Vicat group along a path of consolidation, vertical integration and international expansion.

Each generation has successfully adapted the company to the contingencies of the times and nurtured it with passion before passing it on to the next generation, ever respectful of the admirable work of the Group’s equally passionate employees, without whom this growth would not have been possible.

In a global environment where business cycles in different countries are not necessarily synchronized, our model brings resilience through geographic diversification.

The Group now operates in 12 countries, what are your international expansion priorities?

The Group’s international expansion dates back close to 45 years, when we took our first steps in the United States. Now operating in five geographies (Europe, the Americas, West Africa, the Mediterranean and Asia), the company is pursuing growth in emerging countries, where demand for construction materials will be the strongest in the coming years.

“

We take a proactive approach to sustainability, making it an integral part of the Vicat Group’s overall strategy.

In some countries, the Vicat group has developed complementary activities to its three core businesses (Cement, Concrete and Aggregates), which enable it to develop synergies, optimize production costs and improve customer service: construction chemicals, prefabrication of concrete products and transportation of materials are complementary activities that add value to our products. Together, they represented 15% of the Group’s sales in 2018.

What is your view of the Group’s performance in 2018?

The last year saw the resumption of our external growth with the acquisition of Brazilian cement producer Ciplan. This acquisition gives us a foothold in South America, a continent with great potential.

We are pursuing our balanced development strategy, which allows us to weather the economic turbulence of our unstable world by spreading the risks geographically. This reinforces our Group’s long-term stability.

Vicat’s 2018 results are stable, despite considerable volatility in currencies stemming from geopolitical tensions.

For instance, in the summer, the tremendous momentum of the first half of the year in Turkey was halted by the sharp depreciation of the lira in August.

Overall, the year’s results are satisfactory, but paint a contrasting picture depending on the country, with growth notably in France, the United States and Kazakhstan.

How would you describe the Group’s approach to sustainability?

We take a proactive approach to sustainability, making it an integral part of the Vicat Group’s overall strategy. Action taken to reduce the drain on natural resources, to encourage the recycling of construction materials and to promote waste as an energy source are key parts of the process.

Our cement plants are links in the short chains of circular economy. More than 20% of the cement coming out of our plants is derived from the transformation of waste formerly stored in landfills. The latter is now being reused for the energy it provides, replacing fossil fuels, or for the raw material it represents. We have launched the “Vicat Circulère” offer in France to extend this know-how. The proper use of raw materials and the recovery of waste are becoming more widespread thanks to this determined, responsible and profitable approach.

At the same time, the Group is committed to promoting biodiversity and safeguarding ecosystems in its host communities. We have acquired expertise in the redevelopment of our quarries, not only during the operational phase, but also at the end of their lives.

All this is made possible by the attention paid to relations with stakeholders, both external and internal. We firmly believe that that this environmental industrial approach will be supported by our customers.

Ever since the days of Louis Vicat, innovation has been one of the keys of Vicat’s success. What are the priorities of your innovation strategy?

Our R&D focuses on the performance of our materials, the environment, the ease of use of our products and restrained used of resources.

The Vicat group works across the entire spectrum of the construction system, including sustainable urban mobility (“Transpolis” laboratory city), biodiversity (“Odyssey” project), connectivity, 3D printing, concrete solar collectors, quick repair solutions for roads and building insulation.

The ultimate goal of innovation in construction is to rethink housing and cities, and to invent accessible new models of cohabitation and mobility that are respectful of the environment and biodiversity.

The Ciplan cement factory, near Brasilia, in Brazil

PRESENTATION OF THE GROUP

1

1.1. Profile

The Vicat Group has real know-how in the Cement, Ready-mixed Concrete and 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 2018.

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. At the start of 2019, the Group established a foothold on a new continent with the acquisition of cement manufacturer Ciplan in Brazil.

Beginning in 1974 with the acquisition of a cement factory in the United States, the Group's international expansion has continued since then 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 63% in 2018 (including 32% in emerging countries).

Wherever justified by market conditions, the Group pursues a policy of vertical integration into Ready-mixed Concrete & Aggregates, which accounted for 38% of consolidated sales revenues in 2018.

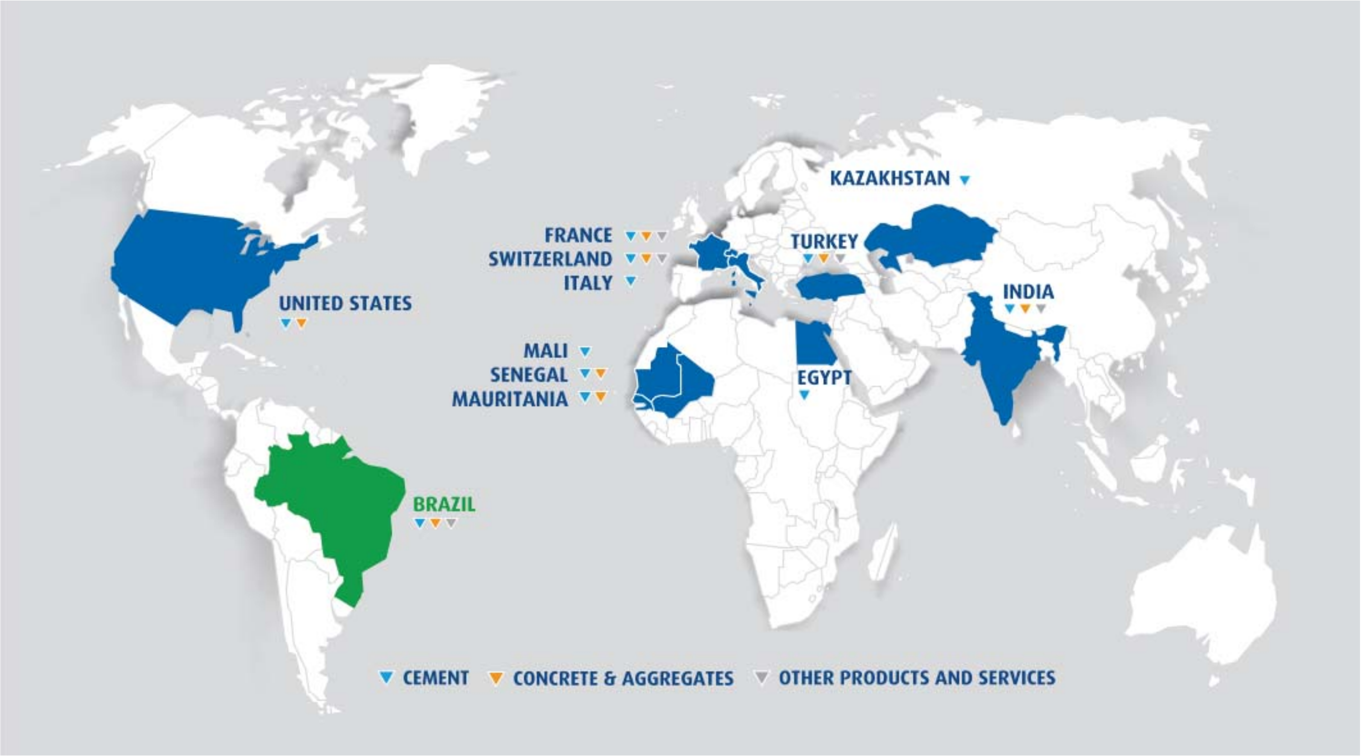
The Group also benefits from synergies with complementary activities (Precast Concrete Products, Construction Chemicals, Transport, Paper and Bags businesses) carried on in certain markets to consolidate its range of products and services, and to strengthen its regional positioning.

€2,582 M
sales revenues

8,684
employees

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

1



Vicat has a presence in South America in Cement, Concrete & Aggregates, having finalized its acquisition of a majority shareholding in Ciplan in Brazil in early 2019.

12 countries
where Vicat operates in 2019 with Brazil

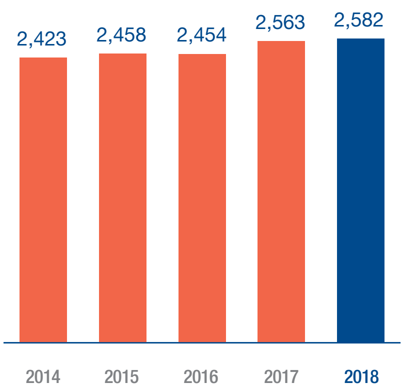
22.8
million tonnes of **cement**

9.0
million m^3 of **concrete**

22.7
million tonnes of **aggregates**

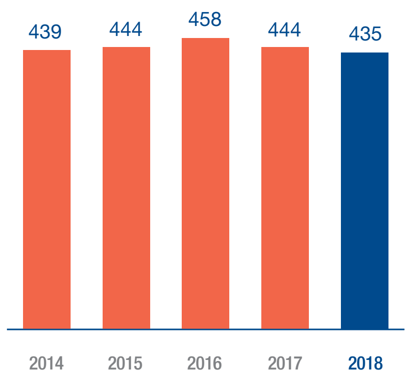
1.2. Key figures

SALES REVENUES
(in millions of euros)



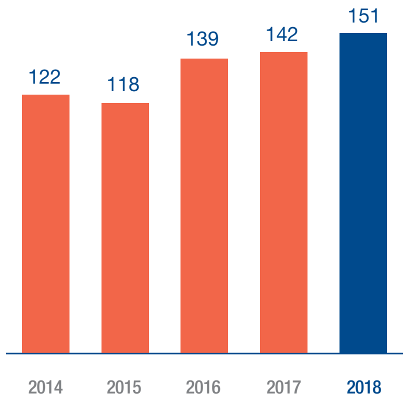
Consolidated sales revenues for 2018 were € 2,582 million, up 0.7% and 5.9% at constant consolidation scope and exchange rates compared with 2017.

EBITDA(*)(1)
(in millions of euros)



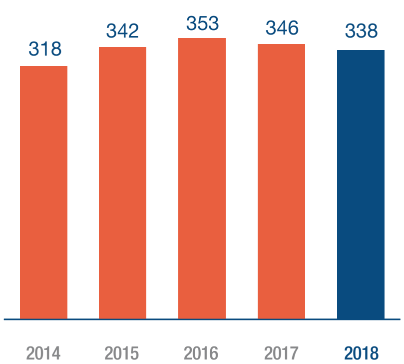
Group consolidated EBITDA, at € 435 million, was down 2.2% compared with 2017 but up 2.7% at constant consolidation scope and exchange rates.

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



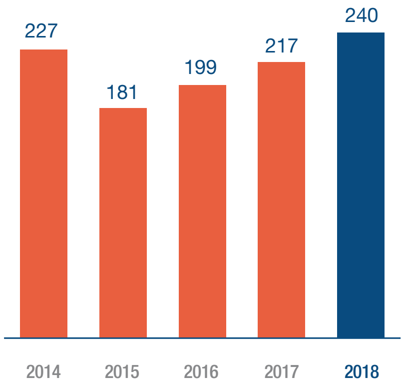
Consolidated net income, group share was € 151 million, up 12% compared with the 2017 result at constant consolidation scope and exchange rates.

OPERATING CASH FLOW(*)
(in millions of euros)



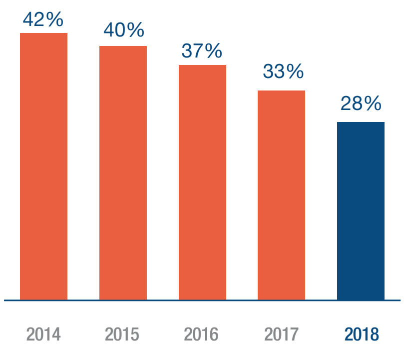
Operating cash flow amounted to € 338 million, generating free cash flow of € 167 million in 2018.

TOTAL INVESTMENTS(*)
(in millions of euros)



Investments in 2018 amounted to € 240 million, following the same trend as the past four years, in accordance with the Group's strategy.

NET DEBT/EQUITY
(in %)



The gearing ratio (2) was 27.8% of the consolidated shareholder's equity as at December 31, 2018, compared with 32.7% as at December 31, 2017.

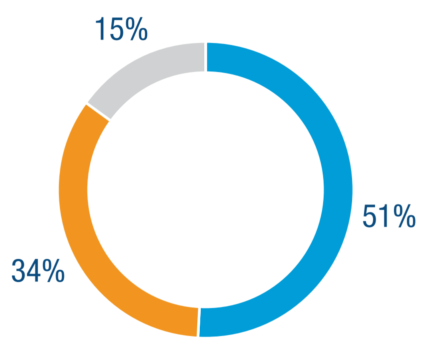
* *Figures for 2014 and 2015 have been restated in accordance with the new accounting method applied to greenhouse gas emission rights. The nature of these restatements is explained in note 1.7 to the consolidated financial statements.*

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

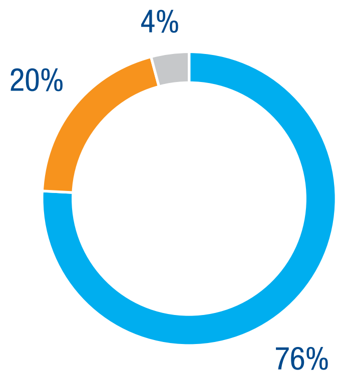
(2) *Gearing is a ratio analysing the financial structure and is equal to net debt divided by consolidated shareholders' equity.*

BY BUSINESS SEGMENT (2018)

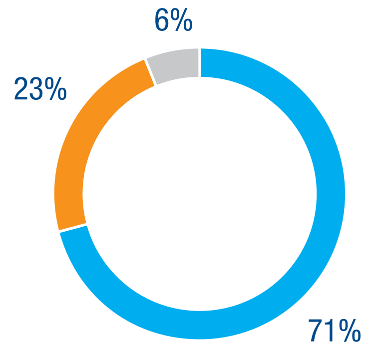
OPERATING SALES



EBITDA



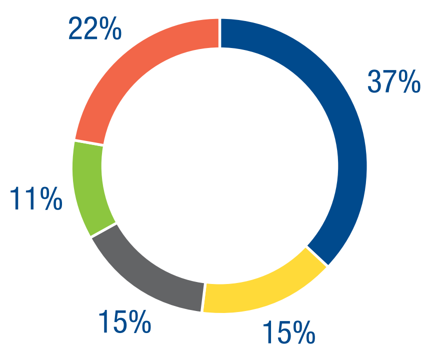
NET CAPITAL EMPLOYED



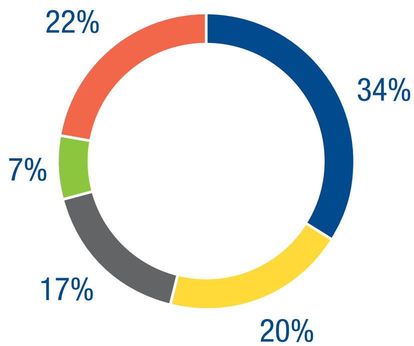
CEMENT CONCRETE & AGGREGATES OTHER PRODUCTS & SERVICES

BY GEOGRAPHICAL AREA (2018)

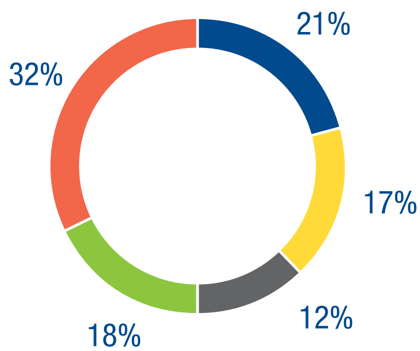
OPERATING SALES



EBITDA



NET CAPITAL EMPLOYED



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

1.3. History

1817

Louis Vicat invented artificial cement

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

1853

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

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

1875

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

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

1922–1929

Construction of the Montalieu and La-Grave-de-Peille factories

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

1960–1974

Development of the Group's Cement business in France

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

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

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

1974

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

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

1984

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

1980–1990

Vertical integration in France with the development of the Group's Concrete & Aggregates businesses

In France, the Group continued its development with the acquisition of the SATM Group (Transport, Concrete & Aggregates) and of a number of companies active in Ready-mixed Concrete & Aggregates, thus gradually building up a network of concrete batching plants and quarries in the 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 tonnes. The Group has supplemented its operations in this country with activities in Ready-mixed Concrete & Aggregates.

1999

Acquisition of Sococim Industries in Senegal

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

2001

Acquisition of Vigier in Switzerland

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

2003

Acquisition of Cementi Centro Sud in Italy

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

2004

Establishment in Mali

Construction of a cement distribution station in Bamako.

2003

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.

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 external growth. 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.

2018

Signature of an agreement for the acquisition of a majority holding in Ciplan, Brazil.

Ciplan (Cimento do Planalto) operates a cement factory near Brasilia with an annual production capacity of 3.2 million tonnes, 9 concrete batching plants and 2 aggregate quarries.

2019

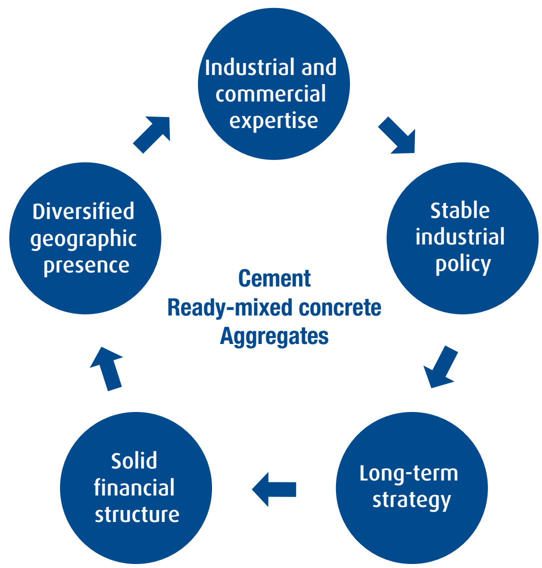
On January 21, 2019, completion of the equity holding purchase of Ciplan in Brazil up to 64.74% of the share capital.

Vicat Group acquires a foothold in South America, and now operates in 12 countries.

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 consumption 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.

The Group intends to take advantage of its strong market positions, the quality of its production facilities and its strict cost controls in order to maximize cash flow and cut debt, so enabling further growth transactions.

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. The Brazil acquisition project launched in 2018 and completed in 2019 was based on these criteria.

CONSTRUCTION OF GREENFIELD PLANTS

The Group may also seize opportunities to enter new developing markets by building new factories on 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 Kalburgi 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 industrial sites or facilities or by acquiring existing producers.

The Group's objective in investing in this business is vertical integration while prioritizing the flexibility and mobility of its production facilities 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 operates in 11 - soon to be 12 - countries. It recorded 36.8% of its consolidated sales revenues in France, 15.1% in Europe (excluding France), 15.7% in the United States, and 32.4% 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 offers 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.

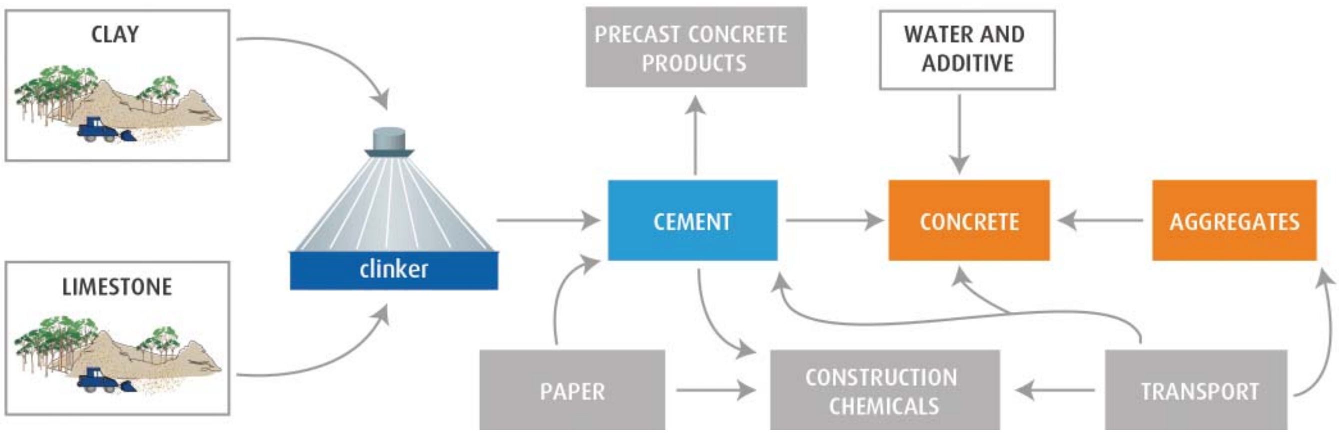
1.5. Description of businesses

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; its raw materials are 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, 2018, the Group employed 8,844 people worldwide, and recorded 63% 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	▼		
USA	▼	▼	
Egypt	▼		
Senegal	▼	▼	
Mali	▼		
Mauritania	▼	▼	
Turkey	▼	▼	▼
India	▼	▼	▼
Kazakhstan	▼		

Consolidated sales revenues by business segment in 2018

(in millions of euros)	2018	%
Cement	1,252	48.5
Concrete & Aggregates	990	38.3
Other Products & Services	340	13.2
TOTAL	**2,582**	**100.0**

The share of the Group's core business contributed by Cement, Concrete & Aggregates remained fairly stable in 2018 at almost 87% of consolidated sales revenues.

EBITDA by business segment in 2018

(in millions of euros)	2018	%
Cement	330	75.9
Concrete & Aggregates	85	19.7
Other Products & Services	19	4.4
TOTAL	**435**	**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, 2018, 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 2018 (before intra-group eliminations) amounted to 22.8 million tonnes (compared with 22.9 million tonnes in 2017 and 21.9 million tonnes in 2016). In 2018, this segment thus accounted for 48.5% of the Group's consolidated sales revenues (48.6% in 2017 and 51.7% in 2016) and 75.9% of the Group's EBITDA (79.6% in 2017 and 83.1% in 2016).

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 where Vicat 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 cement	
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

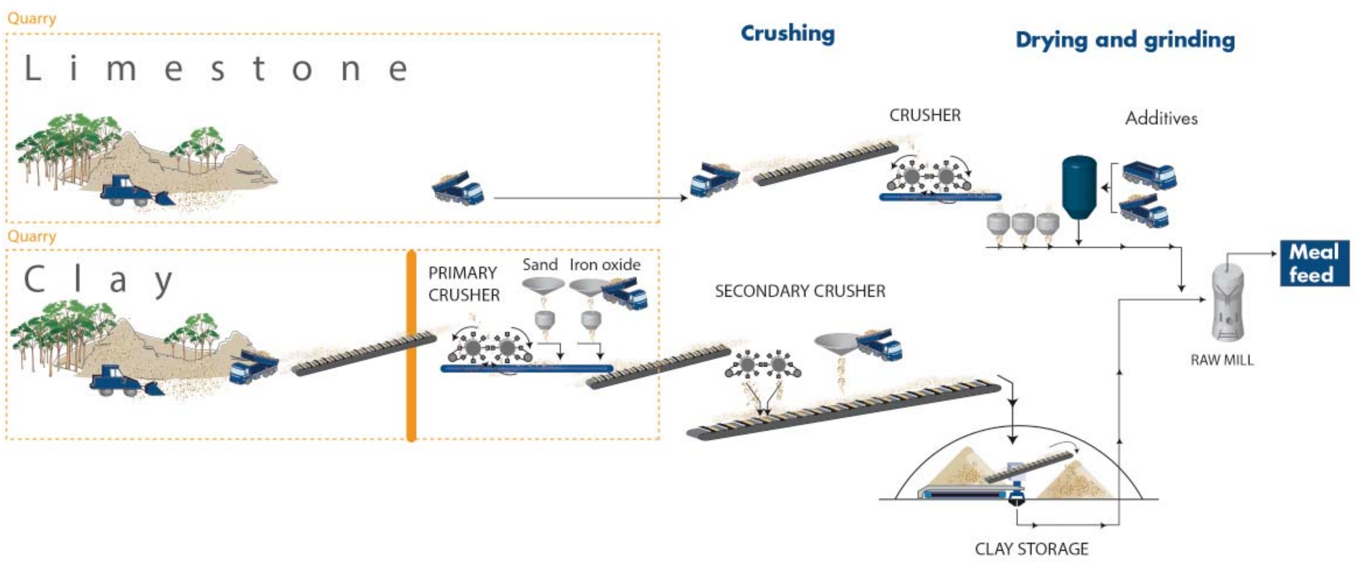
Natural quick-setting cement has been added to these categories: a special quick-hardening cement, whose strength is immediately superior and increases gradually over time. For 160 years, the Group has produced its quick-setting cement from a natural alpine stone, with an exceptional performance offering 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).

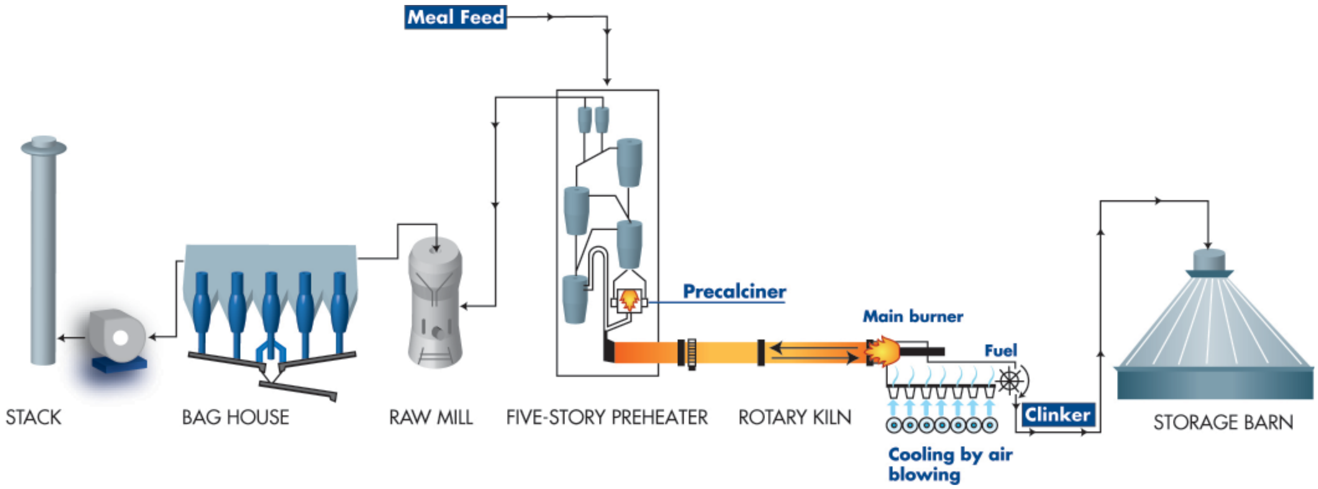
1.5.1.2. Manufacturing methods

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 meals 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;

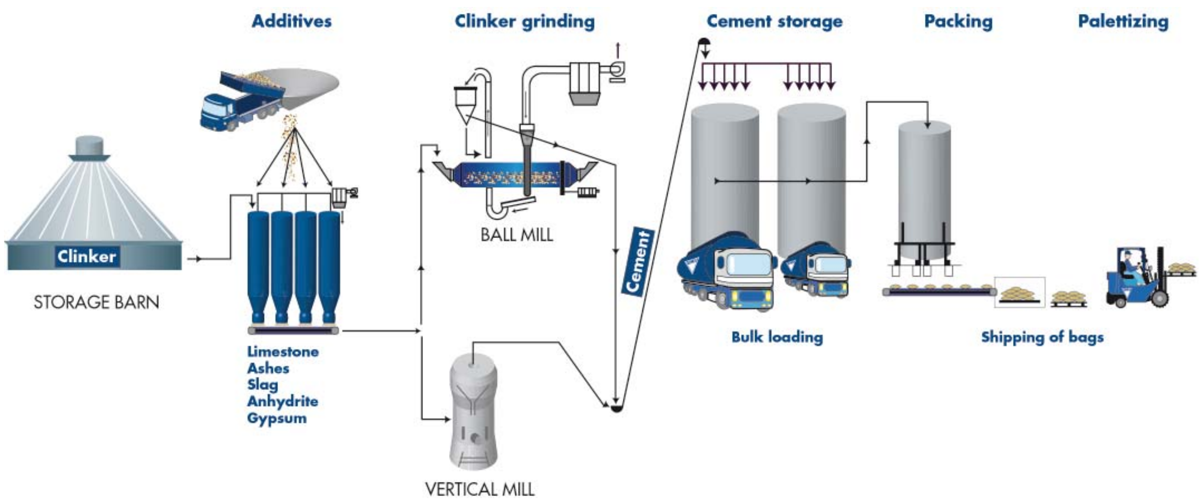


- the kiln system includes a heat exchanger cyclone tower, where the raw meal is introduced after being heated by the exhaust fumes from the revolving kiln (pre-calcination phase). The raw meal undergoes complex chemical reactions during this firing: first, limestone is decarbonated under the action of the heat at a temperature approaching 900°C and is converted into lime, while clays are broken down into silicates and aluminates. The unit then recombines these at a temperature of approximately 1.450°C into lime silicates and aluminates. This chemical process creates a semi-finished product called clinker, which has the properties of a hydraulic binder. This firing takes place in tilted revolving kilns lined with refractory bricks.



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

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



There are three types of Cement manufacturing processes, each characterized by the specific treatment of the raw materials before firing, namely the dry, semi-dry/semi-wet, and wet processes. The technology used depends on the source of the raw materials. The source and nature of the clay or limestone, together with the water content, are particularly important. In recent decades, the cement industry has invested heavily in a planned migration from the wet to the dry process, which consumes less energy, when raw material resources permit. 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 2018, energy costs for the Group as a whole amounted to over € 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 2018, the share of alternative fuels in the Group's Cement manufacturing business was 25.7% on average (compared with 25.2% in 2017 and 24.6% in 2016), 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 3.2.1.1 "Recovering the materials and energies at its local sites" in the Statement of Extra-Financial Performance 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. Also refer to section 3.3.3.2. "Producing by managing the land footprint and consumption and by emitting less" in the Statement of Extra-Financial Performance included in this Registration Document.

1.5.1.3. Operating sites and production equipment

The Group manufactures cement in all 11 - soon to be 12 - 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 has also developed solid positions in the southeastern states (Alabama, Georgia) and California in the USA, the western half and center of Switzerland, in Central Anatolia, Turkey, and the Sinai region and Cairo in Egypt. The Group also estimates that it has a leading position in Senegal and the countries bordering it. In addition, the Group has a grinding plant and shipping terminals in Italy. Finally, by establishing facilities in Kazakhstan and in the southern Indian states of Karnataka and Andhra Pradesh, the Group confirms its geographic diversification and its international dimension.

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

Country	Production capacities	Sites	Key dates
France	**4.6 MT**	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 South-East France, in the Rhône-Alpes region.
USA	**2.6 MT**	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.
Turkey	**4.8 MT**	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	**3.4 MT**	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 MT**	Reuchenette (1 dry process kiln)	The acquisition of Vigier in 2001 allowed the Group to expand its presence in Europe.
Egypt	**3.6 MT**	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 40km from El Arish port.
Italy	**0.5 MT**	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	**1.5 MT**	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 MT**	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 MT**	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.

The acquisition of a shareholding in Ciplan, Brazil, will provide an additional 3.2 million tonnes in capacity in the Brasilia region.

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

The cement industry is highly capital-intensive, requiring significant investments. The cost of building a cement factory generally amounts to between € 150 million and € 300 million per million tonnes of capacity, depending on the type of work, the production capacity planned and the country where it is built. The Group takes care to maintain its production facilities at a high level of performance and reliability. Accordingly, it has regularly 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 47 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 paragraph 3.2. “Protecting ecosystems and biodiversity” in the Statement of Extra-Financial Performance in chapter 3 of this Registration Document.

1.5.1.4. Competitive position

A trend toward concentration has occurred in recent decades, first in Europe, then in the United States, followed by the rest of the world, leading to the emergence of powerful global players. From this standpoint, 2015 and 2016 were prolific years for concentrations of key players. Nevertheless, the worldwide cement industry remains fragmented: in 2017, the world leader had a global market share of less than 7% [(1)].

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) and 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, 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 where Vicat operates to another according to the maturity of the market and local construction practices.

The Group sells its cement in bags or in bulk, depending on the level of development in the country where it operates. 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 247 concrete batching plants distributed over five countries as at December 31, 2018, and its companies sold more than 9.0 million m^3 of concrete during the year. The network will be strengthened with 9 more batching plants in 2019 with its arrival in Brazil.

(1) Source Global Cement Report.

1.5.2.1. Products

Concrete's main qualities are its strength under compression, its durability and rapid setting time, 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 adhered to rigorously. 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 the 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 & 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	*Flexiperf adapts to all situations for flawless quality*
Stylperf	Decorative concrete floors	Colored, deactivated, forged, stabilized, luminescent 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 vary, 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. Operating sites and production equipment

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

As at December 31, 2018, the Group operated 247 concrete batching plants, located near its principal cement production sites, forming regional networks in order to supply construction sites and urban centers:

- France: 146 concrete batching plants;
- Switzerland: 19 concrete batching plants;
- United States: 44 concrete batching plants;
- Turkey: 37 concrete batching plants;
- Mauritania: 1 concrete batching plant.

In 2019, 9 plants will be added to this industrial tool in Brazil with the acquisition of Ciplan.

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 22.7 million tonnes of aggregates in 2018, produced by its 70 quarries. In 2019, two aggregate quarries will be added to this industrial tool in Brazil with the acquisition of Ciplan.

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 quarry operations take 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. 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. Aggregates on the processing site are generally transported using conveyor belts.

1.5.3.3. Operating sites and production equipment

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

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

As at December 31, 2018, the Group operated 70 quarries:

- France: 40 quarries;
- Switzerland: 20 quarries;
- Turkey: 7 quarries;
- Senegal: 2 quarries;
- India: 1 quarry.

In 2019, 2 aggregate quarries will be added in Brazil.

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 Statement of Extra-Financial Performance in chapter 3.2. "Protecting ecosystems and biodiversity" in 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.

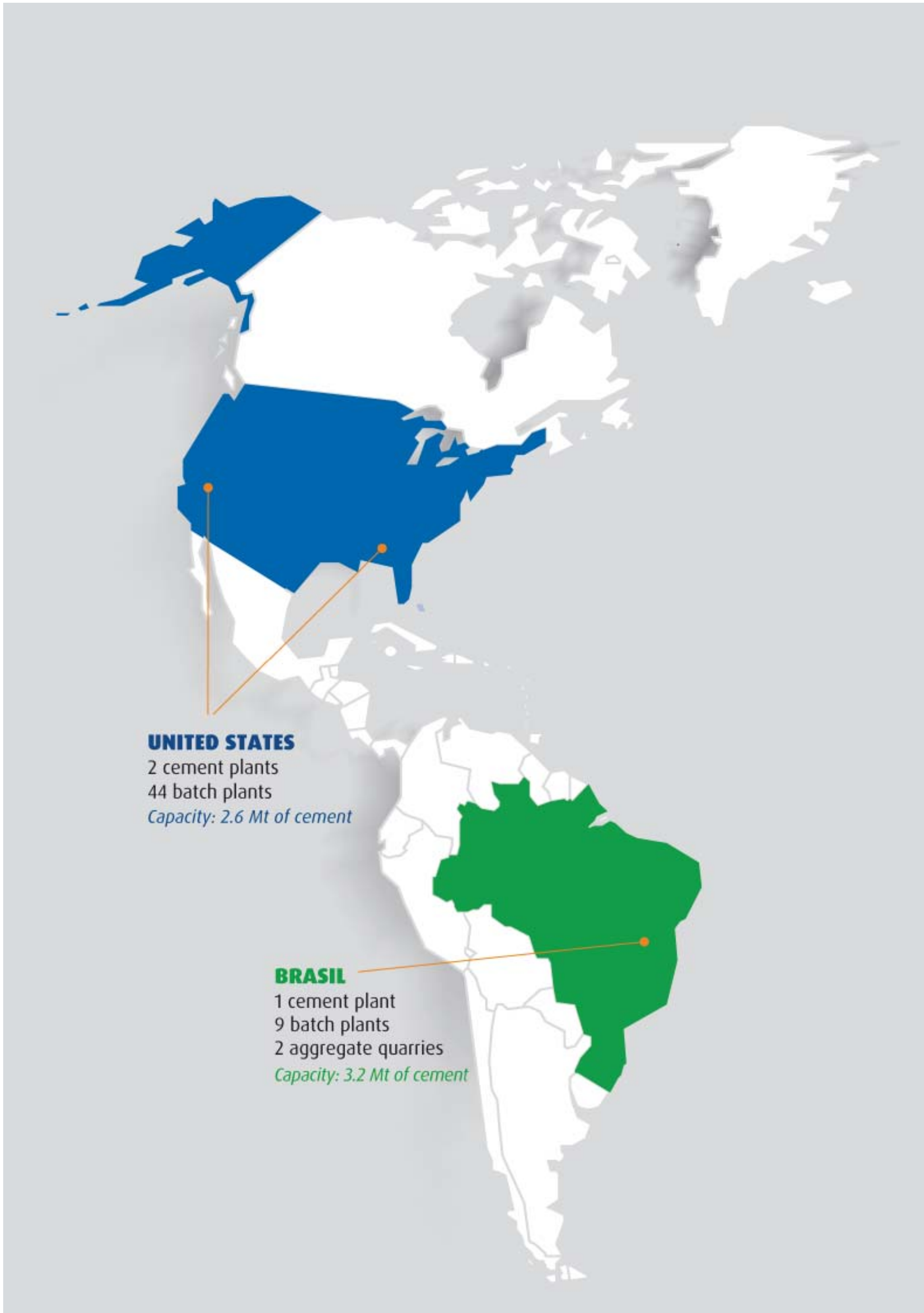
1.5.4. Other products and services

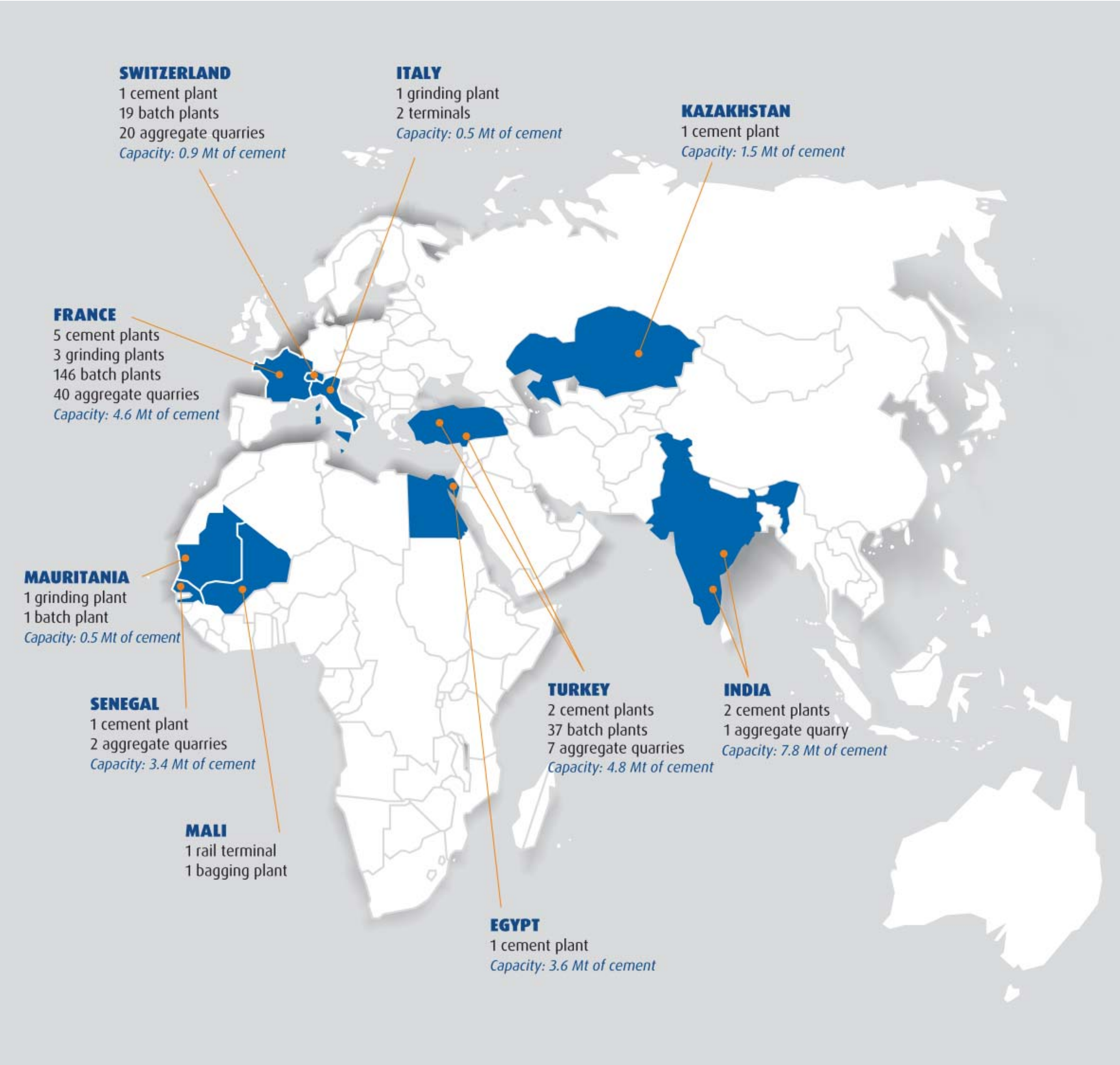
In France, Switzerland, Turkey and India, the Group also has operations in activities complementary to its main businesses. These activities are transport, construction chemicals, the production of paper and paper bags, and precast concrete products.

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. Operating sites and production equipment

2018	With the Ciplan acquisition in Brazil in 2019
15	**16** Cement plants
5	**5** Grinding plants
30	**33** million tonnes of cement capacity
247	**256** Concrete batching plants
70	**72** Aggregate quarries

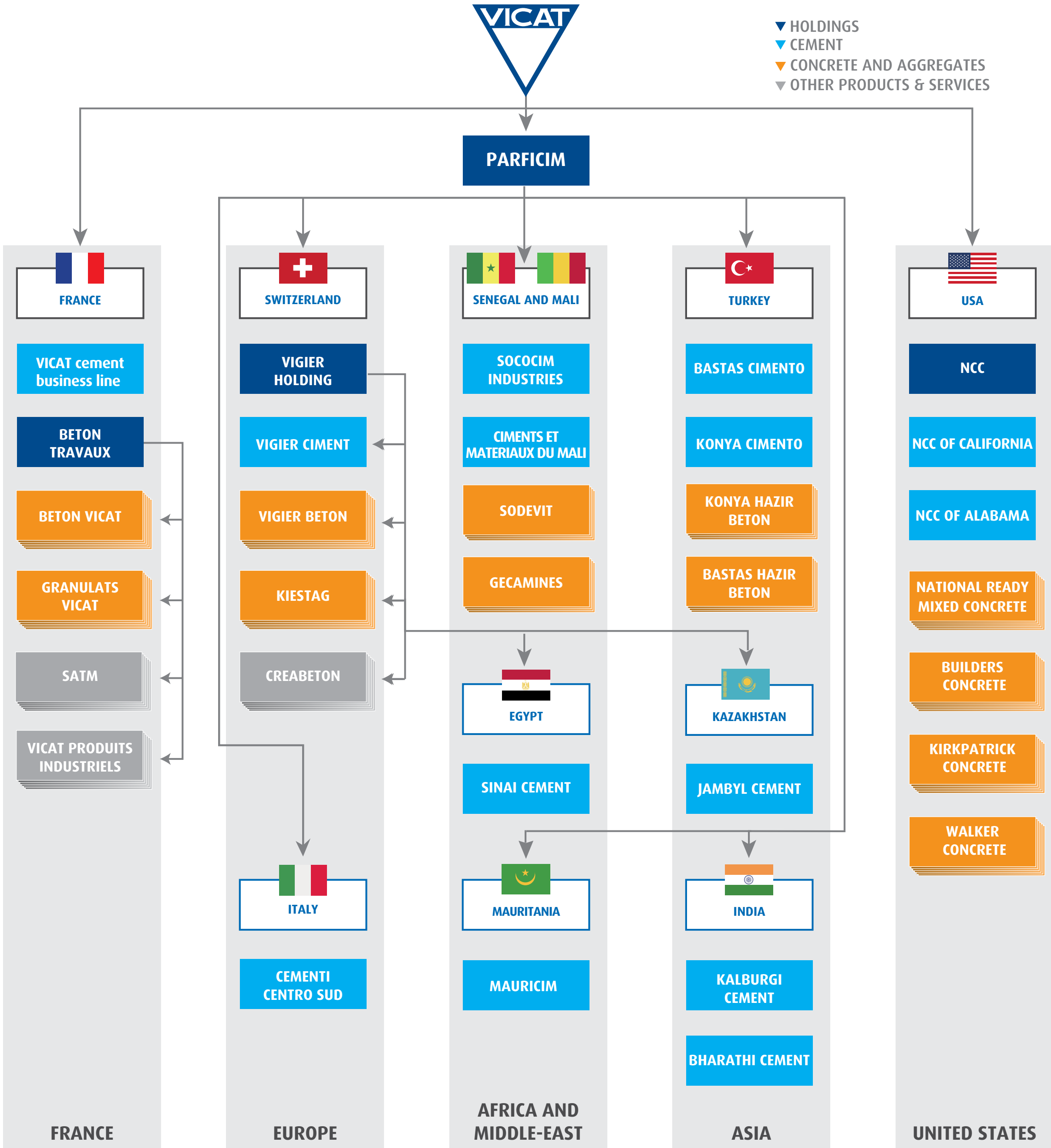



SWITZERLAND
1 cement plant
19 batch plants
20 aggregate quarries
Capacity: 0.9 Mt of cement
ITALY
1 grinding plant
2 terminals
Capacity: 0.5 Mt of cement
KAZAKHSTAN
1 cement plant
Capacity: 1.5 Mt of cement
FRANCE
5 cement plants
3 grinding plants
146 batch plants
40 aggregate quarries
Capacity: 4.6 Mt of cement
MAURITANIA
1 grinding plant
1 batch plant
Capacity: 0.5 Mt of cement
SENEGAL
1 cement plant
2 aggregate quarries
Capacity: 3.4 Mt of cement
MALI
1 rail terminal
1 bagging plant
TURKEY
2 cement plants
37 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 (134 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.



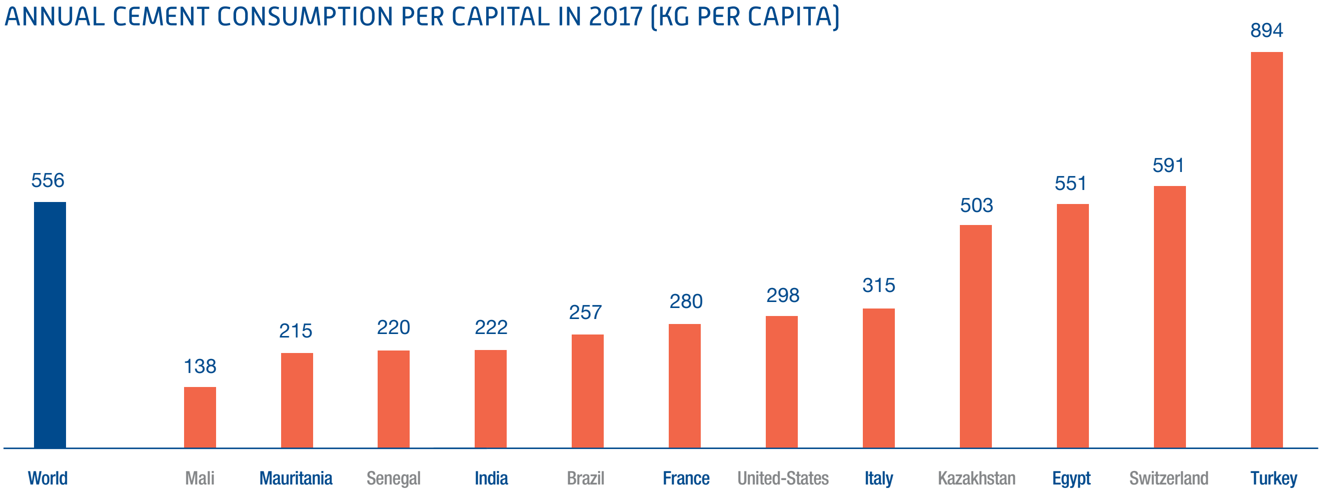
Some of the subsidiaries directly and indirectly controlled by the Group have minority shareholders who may be industrial or financial partners, or historical shareholders in the subsidiary in question before it was acquired by the Group. The presence of these minority shareholders may lead to the signing 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" in 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 CAPITAL IN 2017 (KG PER CAPITA)



Sources CemBureau and 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.

Breakdown of consolidated sales revenues by geographical area in 2018

(in millions of euros)	2018	%
France	950	36.8
Europe (excluding France)	390	15.1
USA	404	15.7
Africa & Middle East	274	10.6
Asia	564	21.8
TOTAL	**2,582**	**100.0**

Due to the Group's significant geographical diversification efforts in recent years, the portion of sales revenues generated in emerging countries with strong economic growth reached 32.4% of the Group's consolidated sales revenues in 2018.

CEMENT SALES VOLUMES

The Group has 15 cement factories spread over eight countries, as well as five clinker grinding plants established in three countries. Sales were 22.833 thousand tonnes of cement and clinker.

(in thousands of tonnes) (1)	2018	2017	2016
France	3,061	2,970	2,953
Switzerland	870	936	924
ITALY	183	186	182
USA	2,244	2,165	2,005
Senegal/Mali/Mauritania	2,806	2,834	2,955
Egypt	1,260	2,407	2,624
Turkey	4,280	4,648	4,034
India	6,588	5,472	4,835
Kazakhstan	1,541	1,345	1,363
TOTAL	**22,833**	**22,943**	**21,875**

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

Intra-group cement sales accounted for 16.9% of this business in the Group, with a significant disparity, ranging from 0% to 32% depending on the operating regions.

CONCRETE VOLUMES SOLD

The Group operates 247 concrete batching plants which produced and sold 9.039 thousand m^3 of concrete in 2018.

(in thousands of m^2	2018	2017	2016
France	3,274	3,336	2,888
Switzerland	655	703	741
USA	2,155	2,215	2,054
Turkey	2,936	3,429	3,140
Mauritania	19	2	5
TOTAL	**9,039**	**9,686**	**8,828**

AGGREGATES SALES VOLUMES

The 70 quarries operated by the Group's Aggregates business sold 22.657 thousand tonnes of aggregates in 2018.

(in thousands of tonnes)	2018	2017	2016
France	10,074	9,842	8,967
Switzerland	2,497	2,732	2,971
Senegal	3,947	3,554	2,862
Turkey	5,497	7,864	6,578
India	641	415	727
TOTAL	**22,657**	**24,407**	**22,105**

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. In France, the Group also operates in activities complementary to its three main businesses.

Group sales volumes in France

	2018	2017	Change
Cement *(in thousands of tonnes)*	3,061	2,970	+3.1%
Concrete *(in thousands of m^3)*	3,274	3,336	-1.9%
Aggregates *(in thousands of tonnes)*	10,074	9,842	+2.4%

The French economy continued to grow in 2018, but at a slightly slower pace than the previous year, at close to 1.5%. This was also the situation in the euro zone, and, more generally, the world economy which also saw slower growth.

According to the Fédération Française du Bâtiment, around 404,900 new homes were built in 2018, a decrease of -6% compared with 2017. Around 480,000 new homes were authorized in 2018, down by a similar proportion [1].

Public Works business continued its upward trend (+10.6% [2] year-on-year to end-November) driven by some major projects (Grand Paris Express, autoroute stimulus plan, Very High Speed France plan, etc.) and dynamic public orders.

1.7.1.1. Cement

The French cement market is mature, with consumption of around 18 million tonnes in 2018. This volume remains low, due to the deteriorated economic situation that has lasted for over 8 years. Consumption per capita was approximately 270 kg of cement.

The French cement industry is concentrated; four groups account for approximately 94% of the market: these are LafargeHolcim, Ciments Calcia (HeidelbergCement Group), Vicat and Eqiom (CRH). Vicat has become the only French operator in this market, which has changed considerably over the last few years.

Between 2007 and 2015, market volumes fell by more than 30%; 2016 marked the end of this contraction. The first figures available for 2018 show stable consumption in 2018 compared with 2017 [3] with a slight increase expected for the full-year 2018.

In 2018, Vicat's sales were up +3.1% in volume compared with 2017, despite a slight fall in exports. Average selling prices were up slightly, with a favorable geographical mix offsetting the unfavorable customer mix.

The operating performance improvement plan continues to be deployed in plants, enabling production costs to be managed despite the inflationary environment, particularly for energy costs. Use of fossil fuel alternatives increased by over 4 points, to 57% for all plants. This positive performance enabled Vicat to absorb the significant increase in the cost of fossil fuels of almost 13% on average in 2018, and to reduce its CO_2 footprint.

1.7.1.2. Ready-mixed Concrete & Aggregates

In 2018, the ready-mixed concrete market in France should top 40 million m^3 by volume, given the +3.6% increase noted at end October [4]. There are nearly 1,900 concrete batching plants and more than 500 companies throughout France.

The Group's 146 concrete batching plants cover 10 of the 19 French regions, mainly located in eastern France, and sold nearly 3,274 thousand m^3 in 2018, accounting for over 8% of the national market. After years of falls, in 2018, prices continued the rise begun in 2017.

The French aggregates market rose to about 314 million tonnes in 2018 [1] (excluding recycled materials), a progression of about 1.5% compared with 2017. 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 40 sites, including 40 quarries, which enabled it to produce and market 10,074 thousand tonnes of aggregates in 2018, corresponding to around 3% of the national market. Sales volumes in 2018 rose 2.4% compared with 2017.

(1) Source: Fédération Française du Bâtiment (French Building Federation).

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

(3) Syndicat Français de l'Industrie Cimentière (French Cement Industry Union - SFIC).

(4) Source: Union nationale des industries de carrières et matériaux de construction (National union of quarries and construction materials - Unicem).

1.7.1.3. Other Products & Services

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

Breakdown of sales revenues by business

(in millions of euros)	2018	2017	Change
Transport and Major Projects	159.8	137.8	+16.0%
Vicat Produits Industriels	71.1	70.1	+1.6%
Paper	39.5	38.2	+3.6%

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 revenues 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 sales revenues 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 for this business in 2018 were up +17.9%, mainly due to internal growth, and one acquisition.

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. 2018 sales revenues were up significantly (+31%) compared with 2017. In 2018, SATM continued the project to supply concretes for the coastal road in Réunion and for work on the Grand Paris Express 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 1.6% en 2018, to € 71.1 million thanks particularly to the masonry and structural work range, which saw positive momentum.

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:

	2018	2017	Change
Writing and printing paper *(in tonnes)*	17,385	17,141	+1.4%
Bags *(in thousands of units)*	55,870	61,624	-9.3%

SPECIAL PAPER PRODUCTION

The "Printing/Writing" business focuses on the production of specialty papers with higher 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.

In 2018, the Company generated 63% of its sales revenues through exports in line with its strategy of taking positions in growing niche markets. Significant sales efforts were made in North America, where food papers have seen strong growth.

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.

Demand for bags in 2018 was uneven, but overall new orders were adequate during the year. Whilst volumes were generally down, the healthy increases in selling prices had a moderating effect on the fall in revenue.

1.7.2. Europe (excluding France)

Group sales volumes in Europe (excluding France)

	2018	2017	Change
Cement *(in thousands of tonnes)*	1,054	1,102	-4.4%
Concrete *(in thousands of m^3)*	655	703	-6.9%
Aggregates *(in thousands of tonnes)*	2,497	2,732	-8.6%

1.7.2.1. Switzerland

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

Growth in Switzerland was strong in 2018 at close to +2.6%. The Swiss franc depreciated on average against the euro between 2017 and 2018.

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 increased by +0.4% in 2018 compared with 2017[(1)], but total consumption probably declined slightly.

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. Lafarge Holcim has a significant presence in the east of the country, whereas JuraCim and Vigier operate in the western part of the country. Through its subsidiary Vigier, the Group is ranked the 3rd largest cement manufacturer in Switzerland.

After excellent years in 2016 and 2017, Vigier Ciment returned to more normal volumes in 2018 with 870 thousand tonnes, down -7.1% compared with 2017, notably due to the completion of several major projects. Price trends were slightly more favorable, however, after several difficult years.

Ready-mixed Concrete & Aggregates

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

Through Vigier and its subsidiaries, the Group owns 19 concrete batching plants spread over the western half of Switzerland. These plants produced 655 thousand m^3 in 2018, down 6.9% compared with the previous year.

2018 saw the completion of major projects and sales volumes returned to a more usual 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 by -8.6% compared with the previous year, tracking the fall in concrete sales, to 2,497 thousand tones in 2018.

In a country where the environment is a leading concern, there was a very strong increase in recycling (+123%) led by the northwest and the Berner Oberland region, which launched its new recycling station at the start of 2018.

Other income & 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 € 125 million in 2018, up from € 135 million in 2017, representing 411 thousand tonnes of precast concrete products. The 7.8% decrease in sales revenues in euros, despite a small increase in tonnage, is mainly due to exchange rate effects, with the rest due to an unfavorable product mix effect.

1.7.2.2. Italy

With consumption of slightly over 18 million tonnes of cement in 2018 [(2)], the market in Italy has stabilized at very low levels after ten years of crisis during which volumes fell 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 183 thousand 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) Source CemSuisse

(2) Estimated value.

1.7.3. United States

Group sales volumes in the United States

	2018	2017	Change
Cement *(in thousands of tonnes)*	2,244	2,165	+3.7%
Concrete *(in thousands of m³)*	2,155	2,215	-2.7%

The American market remained in excellent health in 2018 with GDP growth expected to be around +3% compared with +2.3% in 2017.

At the national level, construction expenditure is still rising (+2%) mainly thanks to the retail sector and housing. Public works expenditure saw growth of +8.5% compared with 2017, thanks to expenditure in road infrastructure (+5.2%) and education (+9.2%).

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 then. Domestic consumption is estimated to be 99 million tonnes in 2018 [(1)] representing growth of 2.0% compared with 2017. Per capita consumption remains moderate for a developed market (around 297 kg of cement per year), due in particular to a preference for construction using wood. Roads, however, are most often made of concrete.

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)	2018	2017	Change
South-East	11.3	10.7	+5.2%
California	10.9	10.2	+6.7%
TOTAL UNITED STATES	**99.1**	**97.2**	**+2.0%**

The Group has two factories in the United States which are more than 3,000 km apart and which therefore serve separate markets: California and 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 3.7% in 2018 compared with 2017, an average of these two zones masking the specific regional factors.

Sales revenues in the South-East increased strongly in 2018 compared with the previous year (+13% in dollars), thanks to better weather conditions and more sustained activity. Price increases were able to be passed on from April in all of the region's states. Sales revenues in California also rose, despite a slowing of activity in the south of the State, due to the wildfires and storms.

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 274 million m³ in 2018[(1)]. After falling by over 40% in the period between 2007 and 2010, the market began to recover in 2011. With growth of about 3% in 2018, it is now nearly back to its peak.

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 2018, the Group's ready-mixed concrete market in the South-East (Alabama and Georgia) accounted for a production of nearly 12 million m³, around a 7% increase over 2017 [(3)]. The ready-mixed concrete market in California accounted for a production of almost 30 million m³ in 2018, up about 6% compared with the previous year [(3)].

The Group has grown through successive acquisitions and runs 44 concrete batching plants in North America, mainly through Kirkpatrick Concrete, National Ready Mixed, Walker Concrete and Builders Concrete. These plants produced a combined total of 2,155 thousand m³ in 2018 (of which 72% in California and 28% in the South-East), down -2.7% compared with total production in 2018 which included a number of major projects. Price movements were slightly favorable overall.

In October 2018, National Ready Mix started up a new, high-capacity concrete factory in Vernon enabling it to produce for major works projects in the center of Los Angeles.

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

1.7.4. Africa & the Middle East

Group sales volumes in Africa and Middle East

	2018	2017	Change
Cement *(in thousands of tonnes)*	4,066	5,241	-22.4%
Aggregates *(in thousands of tonnes)*	3,947	3,554	+11.1%

1.7.4.1. Senegal and Mali

The Senegal economy continues its growth trajectory, started in 2014 with the implementation of the first phase of the "Plan Senegal Emergent". This growth is driven by public investment and is mainly due to the dynamic trend observed in the primary and tertiary sectors and to a lesser extent, in the secondary sector. In 2018, GDP growth of 7.2% is expected, exceeding 2017 and budgetary forecasts. Inflation remains under control at less than 1%.

Several structural works projects are in their finishing phase: Ila Touba and airport autoroutes towards Mbour and Thiès, Farregni bridge. The flagship Train Express Regional (TER) project was delivered on January 14, 2019.

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, Gambia, Guinea-Conakry, Burkina Faso and Mauritania. Together, these countries accounted for cement consumption in the order of 10 million tonnes.

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, and is thought to have grown by close to 11% in 2018. The market has more than doubled in size over the past 15 years, with annual consumption climbing to nearly 4.1 million tonnes in 2018. Per capita consumption is estimated to be about 250 kg per year in 2018.

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 an average selling price, however, a partial recovery has since been seen thanks to the overall increase in volumes and 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 national 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 2,650 thousand tonnes, up 1% compared with 2017, but increasing strongly in the domestic market, Sococim Industries has kept its leading position with around 53% market share. Prices remained generally stable compared with 2017, with rises limited by regulatory caps.

Despite what is still a complicated security situation in Mali, another year of economic growth was registered in the country, with latest estimates at over +5% for 2018, the same as in 2017. Cement consumption was around 2.6 million tonnes in 2018, a rise of some 1%. 40 thousand tonnes were sold by Ciments et Matériaux du Mali, plus 350 thousand tonnes of direct sales by Sococim Industries. This represents a 47% fall for the Group which has adopted a more selective policy in order to support the average selling price.

Construction of a cement grinding plant in Diago, with capacity of 500 thousand tonnes, was launched. Commissioning is scheduled for Q3 2019. This new plant will enable the Group to significantly develop its sales in this region.

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 remained favorable in 2018 with sustained demand for aggregates thanks to the "Plan Senegal Emergent" and the creation of new communications infrastructure.

The Group had a good year with 3.9 million tonnes in 2018 and volumes rising by 11.1% compared with 2017, thanks to a new capacity increase in 2018.

1.7.4.2. Mauritania

The Mauritanian economy should grow by around 3% in 2018 (World Bank estimate). Consumption significantly slowed during the second half year following the increase in consumer goods' prices.

Annual cement consumption in Mauritania was slightly down during 2018 due to the sluggish activity during the second half year. It should be slightly over 1 million tonnes according to the Group's estimates.

Mauricim (formerly 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.

With a new competitor coming on-stream, Mauricim's sales fell by over -25% to 155 thousand tonnes. There was a slightly negative impact on prices.

The Group supplements its operations with a small ready-mixed concrete business which saw a very strong increase in sales in 2018.

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.

After several difficult years and strong devaluations of the Egyptian pound, Egypt's economic situation is improving, as shown by different indicators (return of foreign investment, gradual upturn in tourism, etc.). GDP growth rate went from 4.2% in 2016/17 to 5.3% in 2017/18, and the inflation rate fell back to 12% in December 2018.

The improvement of the macroeconomic environment, however, has been slow to show results from a microeconomic point of view; demand remains weak and the purchasing power for the majority of the Egyptian population has considerably decreased.

North Sinai continues to experience sometimes violent conflict between the Egyptian army and terrorist cells. A large-scale military operation was launched on February 9, 2018 by the Egyptian army in North Sinai, initially for three months, but which remains on-going. These events considerably affected the activity of our plant in this region, mainly during the first part of the year.

Since the devaluation on November 3, 2016, the construction and public works market has slowed considerably, as a result of the strong increase in steel prices, which is mainly imported, and the lack of liquidity, particularly in the residential construction sector.

The government has nevertheless launched a number of infrastructure projects, notably the construction of a new administrative capital between Cairo and Suez. This US$ 25 billion project is on-going and completion is planned for 2022. Another major project is the development of the Suez Canal zone. The outlook for this country with very high demographic growth remains positive.

In the absence of more recent data than the end of July 2018, we estimate that cement consumption did not recover during the second half of 2018, and that annual consumption is at a level similar to 2017 (53.8 million tonnes, down 5.3% compared with 2016).

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

Since the 2016 devaluation, the profitability of the cement companies located in Egypt has significantly deteriorated, with production costs increasing due to three economic factors: devaluation of the pound, increase in fuel prices and continued low market prices.

In this particularly difficult context, sales by Sinaï Cement Company came to 1,260 thousand tonnes, down -47.6% compared to 2017.

1.7.5. Asia

Group sales volumes in Asia

	2018	2017	Change
Cement *(in thousands of tonnes)*	12,409	11,465	+8.2%
Concrete *(in thousands of m³)*	2,936	2,429	-14.4%
Aggregates *(in thousands of tonnes)*	6,138	8,279	-25.9%

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.

After first half growth of 6.2%, the Turkish economy slowed and is even set for negative growth in Q4 2018. The 2018 annual growth rate is expected to be around 3%. During August, several political, diplomatic and economic factors led to a sharp depreciation of the currency, an acceleration in inflation and finally, a crisis that could prove lasting.

The easing of diplomatic tensions with the USA and the inclusion of Turkey on the list of countries exempt from the second round of American sanctions against Iran, have led to an appreciation of the Turkish new lira over the last few months. The reduction in oil prices has also improved the impact of energy costs on prices.

The construction sector, which generally drives overall economic growth, stagnated over the first 9 months of 2018, despite a favorable base effect. The public works sector was also considerably affected, and the government announced a 20-30% cut in ministerial investment budgets, which will inevitably lead to the postponement of some major projects.

Cement

The latest figures published by the TCMB (Professional cement union in Turkey) on cement consumption date from October 2018. Given the current situation, a decline of around 20% over the second half year 2018 is to be expected, with annual consumption likely to be around 68 million tonnes, down -8% on a national level.

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.

In this context, cement sales in Turkey came to 4,280 thousand tonnes, down -7.9% despite a good first half year. The Group has 6.3% of the national market, but is well- placed in the two regions where it operates.

Ready-mixed Concrete & Aggregates

The Turkish ready-mixed concrete market was estimated at approximately 101 million m³ in 2018 [(1)], down 12% compared with the previous year. The Ankara market (about 10 million m³) declined sharply in 2018, by around 17%. The market in Konya and surrounding provinces (about 3.4 million m³) registered an estimated decrease of -12%.

The Group has 37 concrete batching plants around its two cement plants. Over the first nine months of 2018, activity was sustained for our two concrete subsidiaries by the start of major works projects. But the events of August 2018 rapidly led to a slowdown in major projects, notably in the Ankara region. Production by Bastas Concrete and Konya Concrete ended 2018 at 2.9 million m³, down -14.4%.

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

Sales of aggregates decreased by -30.1% in 2018 compared with 2017.

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 plant's main markets are in the regions surrounding Almaty and Astana, the capital, and to a lesser extent the southern region of the country.

After a very positive trend over the first half year 2018, economic activity slowed during the last quarter, with a slowdown in industrial growth and the decrease in oil prices. GDP growth for 2018 in Kazakhstan should be close to +3.4%.

In the residential construction sector, 2018 was marked by strong growth. In public works, 2018, like the previous year, was marked by weak infrastructure development activity. Several projects saw their financing postponed to the end of 2018 or 2019.

Cement consumption (domestic market) decreased by around 5% over 2018 compared with 2017, with total volumes reaching slightly over 8.5 million tonnes compared to 2017 which came out at slightly over 9 million tonnes. Exports doubled between 2017 and 2018 to nearly 2 million tonnes.

In 2018, sales by Jambyl Cement finally achieved a new record with a 14.6% increase. This sales volume was only possible thanks to our strong production capacity and logistics during the high season and dynamic export performance. Jambyl Cement is recognized for its quality products and reliable cement delivery.

1.7.5.3. India

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.

According to the World Bank, India should regain its position as the most dynamic economy worldwide, with growth of 7.4% during the 2018/19 tax year and 7.5% over the next two tax years, compared to 6.7% during the 2017/18 tax year. The economy is in a cyclical recovery driven by investment and consumption.

The central government and the states have launched numerous infrastructure projects: construction and renovation of airports, construction of new cities, launch of the Smart City program (100 cities involved), Delhi Mumbai Industrial corridor, highway and irrigation projects, which is favorable for the cement industry. The construction of the new capital of Andhra Pradesh began, but very slowly.

Cement

The cement market in India was estimated at 297 million tonnes in 2017 [(2)], 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 more than 200 kg per

(1) Estimate provided by the THBB.

(2) Source Global Cement Report.

year, there is still much growth potential in the market in view of infrastructure requirements, population dynamics and continuing urbanization.

In 2018, 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 110.6 million tonnes, up 18% compared with 2017. Despite this recovery in cement consumption, after several slow years, the context of overcapacity has led to some volatility in the selling price.

The Group markets the production of its two factories under the Bharathi Cement label through a broad network of distributors. In 2018, the Group sold nearly 6.6 million tonnes of cement, up 20.4%. In addition to commercial activity on domestic markets, the Group develops a regular flow of exports, about 0.5 million tonnes in 2018.

Aggregates

Bharathi Rock Products operates an aggregate quarry approximately 50 km from Bangalore, in Karnataka. This Company sold 0.6 million tonnes of aggregates in 2018, a 54% increase. Whilst the renewal of the expired licenses for quarry operations is still on-going, Bharathi Rock Products was able to return to a level close to that of 2016.

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 2018, this Company sold 51.7 million polypropylene bags, down 1.4% compared with the previous year at the same period, two-thirds of which to the Group's two companies in India.

1.7.6 Brazil

Brazil had brisk and relatively regular growth from 2002 to 2014, followed by a marked recession in 2015 and 2016. GDP grew by 1% in 2017, and is expected around 1.3% in 2018. Per capita GDP stabilized at about USD 8,500.

The unemployment rate, which had been reduced by the 2002-2014 boom to under 7%, before almost doubling to more than 13% in 2016, is now receding again and should be close to 12% at end 2018, as net job creation is positive once again, but at a slow pace.

Presidential elections and Jair Bolsonaro's victory in October were key events in 2018. Uncertainty over the outcome generated a wait-and-see attitude among economic actors, and volatility in foreign exchange and interest rates.

The economic outlook points to a limited but positive growth for the next two years, at close to 2.5 to 3%.

Cement

Cement consumption in 2018 is estimated at about 52.9 Mt [(1)], down 1.5% primarily reflected in a decrease in imports. This downturn is coming after four consecutive years of decline, totaling -26.2% since 2014 [(1)].

Per capita cement consumption, which was close to 354 kg/yr in 2014, fell back drastically to about 253 kg/yr [(1)] in 2018, broadly stable compared to the previous year.

Today, the cement market in Brazil is fragmented, with more than 20 actors, including several international groups, significant national actors, and companies operating regionally.

1.8. Research & development

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

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;

(1) Source: Sindicato Nacional da Industria do Cimento (SNIC), 2018 preliminary data (consumption) and CIA World Factbook (population).

- recyclability of materials to protect natural resources;
- renovation of buildings to improve their thermal and acoustic performance;
- 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 € 4.2 million in 2018 (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 2018, the use of alternative fuels avoided the consumption of the equivalent of 644,000 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 regards to end-of-life recycling. The recycling of products from deconstruction is therefore naturally an important area of research & development. In particular, Vicat is 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 line 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 ultrahigh 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.

Finishing a concrete slab at the Medipôle site in Lyon, France

COMMENTS ON RESULTS AND FINANCIAL POSITION

2

2.1. Selected information

Balance sheet items

(in millions of euros)	2018	2017	2016
Total assets	4,534	4,437 (1)	4,728 (1)
Shareholders' equity	2,492	2,410	2,470
Net financial debt (excluding put options)	692	787	912

Income statement items

(in millions of euros, unless otherwise indicated)	2018	2017	2016
Consolidated sales revenues	2,582	2,563	2,454
EBITDA (2)	435	444	458
EBIT (3)	249	247	258
Financial Income (expense)	(19)	(28)	(38)
Consolidated net income	161	156	165
Group Share of consolidated net income	151	142	139
Net earnings per share *(in euros)*	3.37	3.17	3.10
Dividend per share *(in euros)*	1.50	1.50	1.50

Investments

(in millions of euros)	2018	2017	2016
Industrial investments	188	187	136
Financial investments	51	29	63

Cash flows

(in millions of euros)	2018	2017	2016
Operating cash flow	338	346	353
Cash flows from operating activities	333	343	386
Cash flows from investing activities	(213)	(187)	(188)
Cash flows from financing activities	(68)	(129)	(205)
Free cash flow	167	179	254

Consolidated financial ratios

	2018	2017	2016
Net debt/total equity *(in %) (gearing)*	27.8	32.7	36.9
Net debt/EBITDA *(leverage)*	1.59	1.77	1.99
Coverage of net financial expenses			
by EBITDA	21.1	16.1	15.0
by EBIT	12.1	8.9	8.5

Indicators by business segment

(in millions of euros)	2018	2017	2016
Cement			
Consolidated sales revenues	1,252	1,245	1,244
EBITDA	330	353	380
Net capital employed	2,255	2,337	2,490
Industrial investments	104	85	89
Concrete & Aggregates			
Consolidated sales revenues	990	988	905
EBITDA	85	65	57
Net capital employed	737	694	722
Industrial investments	62	91	29
Other income & Services			
Consolidated sales revenues	340	331	305
EBITDA	19	26	20
Net capital employed	201	170	175
Industrial investments	23	12	17

Non-financial indicators

	2018	2017	2016
Sales volumes			
Cement *(in millions of tons)*	22.8	22.9	21.9
Concrete *(in millions of m³)*	9.0	9.7	8.8
Aggregates *(in millions of tons)*	22.7	24.4	22.1
Use of alternative fuels (Cement)	**25.7%**	**25.2%**	**24.6%**
Workforce as at December 31	**8,844**	**8,460**	**8,101**

(1) *After reclassification, for 2016, of the net deferred tax assets of the tax consolidation group to deferred tax assets for € 7 million (see note 25 of the consolidated financial statements for 2017) and, for 2016 and 2017, restated in accordance with notes 1.1 and 15 (2) of the 2018 consolidated financial statements.*

(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 2018 and 2017", 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 2018 results

In 2018, the Group operated in 11 countries where it conducted its main businesses, namely Cement, Ready-mixed concrete and Aggregates. With the acquisition of Ciplan in Brazil, finalized on January 21, 2019, the Group now operates in 12 countries.

Country	Cement	Concrete & Aggregates	Other Income & Services
France	▼	▼	▼
Switzerland	▼	▼	▼
Italy	▼		
United States	▼	▼	
Egypt	▼		
Senegal	▼	▼	
Mali	▼		
Mauritania	▼	▼	
Turkey	▼	▼	▼
India	▼	▼	▼
Kazakhstan	▼		
Brazil (from 2019)	▼	▼	▼

In 2018, the Group's total shipments in its main businesses amounted to 22.8 million tons of cement, 9.0 million m^3 of concrete and 22.7 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 2018 financial year came to € 2,582 million, representing an increase of +0.7% on a reported basis or +5.9% at constant scope and exchange rates compared with 2017.

In particular, consolidated sales were held back by a negative currency effect of almost € 138 million. All of the Group's foreign currencies declined sharply against the euro, particularly the Turkish lira, which accounted for almost half of the negative effect, the Indian rupee, the US dollar and the Swiss franc.

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

- solid growth in France in all businesses, supported by higher cement and aggregates volumes. However, the Group's strategy of price rises meant that concrete volumes fell slightly in 2018. Selling prices improved slightly in Cement and Aggregates, and more substantially in Concrete;
- buoyant business levels in Asia, supported by strong sales growth in Kazakhstan and India, and also in Turkey but less so because of the impact of the devaluation at the end of the year. Cement volumes rose significantly in India and Kazakhstan but fell in Turkey. Selling prices were up substantially in Kazakhstan and Turkey but down in India;
- further improvement in the United States, supported by an increase in cement volumes and selling prices, despite disruption caused by wildfires and more difficult weather conditions in California;
- higher business levels in West Africa, supported by the Cement and Aggregates businesses in Senegal, and despite declines in Mali and Mauritania.

These positive factors made up for:

- a slight fall in sales in Europe (excluding France), with Swiss sales falling across all businesses, although sales in Italy rose significantly;
- and a substantial fall in sales in Egypt due to military operations, where a sharp decline in volumes was only very partially offset by higher selling prices.

Change in 2017/2018 sales revenues by business and geographical area

	France		Outside France		Total	
	In millions of euros	Change 2018/2017	In millions of euros	Change 2018/2017	In millions of euros	Change 2018/2017
Cement	265	+6.7%	987	-0.9%	1,252	+0.6%
Concrete & Aggregates	473	+4.8%	517	-3.7%	990	+0.2%
Other income & Services	212	+5.6%	128	-8.6%	340	+2.8%
TOTAL	**950**	**+6.7%**	**1,632**	**-2.5%**	**2,582**	**+0.7%**

The Group's consolidated EBITDA fell -2.2% on a reported basis to € 435 million, but rose +2.7% at constant scope and exchange rates. On that basis, EBITDA margin on consolidated sales was 16.8% *versus* 17.3% in 2017.

The rise in the euro against all of the Group's other currencies dragged down EBITDA by € 22 million in 2018. That impact was particularly large in Turkey and India.

In 2018, the year-on-year increase in EBITDA at constant scope and exchange rates resulted from:

- higher EBITDA generated in France in the Cement business and more especially in the Concrete & Aggregates business;
- further improvement in EBITDA in the United States. Higher volumes and average selling prices in the Cement business offset the decline in EBITDA in the Concrete business;
- higher EBITDA in Kazakhstan, with increases in both selling prices and volumes.

These good performances offset lower EBITDA in:

- West Africa, where weaker performance in the Cement business in Senegal, resulting from a substantial increase in production costs, was only partly offset by solid EBITDA growth in the Aggregates business;
- India, where volumes grew very strongly but selling prices fell and energy costs rose;
- Turkey where, after a very good first half of the year, the substantial devaluation of the Turkish lira in the second half and its impact on the macroeconomic and sector environment caused EBITDA to fall very sharply in that period. Against this weak background, the steep decline in volumes in the second half of the year and the significant increase in production costs was only partly offset by the substantial increase in selling prices;
- Egypt, where the very sharp decline in volumes, caused by the security situation and strong production cost inflation, was only very partially offset by higher selling prices. Against this backdrop, Egypt recorded a loss at the EBITDA level in 2018;
- Switzerland, which was affected by lower volumes in the Cement and Precast businesses.

Consolidated EBIT came to €249 million, up 0.8% year-on-year and up 5.9% at constant scope and exchange rates. EBIT margin on consolidated sales was 9.7% in 2018, compared with 9.6% in 2017.

Net financial expense improved sharply by €8.9 million and amounted to -€19.3 million, mainly because of:

- a €7.1 million decrease in the cost of net debt;
- a €1.8 million improvement in other financial income and expenses, primarily resulting from a €2.7 million improvement in net foreign exchange gains/losses, and from a greater net impact of fair-value adjustments relating to derivative instruments (negative effect of €2.0 million) that was partly offset by a €1.3 million decrease in discounting expense.

Tax expense rose by €13.5 million because of:

- a €5.3 million increase in the current tax expense compared with 2017, because the non-recurrence of tax income recorded in 2017 in France, the reduction in the US tax rate from 35% to 21%, a reduced withholding tax charge on intragroup dividends, and the 10% increase in reported income before tax and non-recurring items;
- an €8.1 million increase in net deferred tax expense compared with 2017 because of strong earnings growth in the United States, which led to substantial use of tax loss carryforwards. In addition, 2017 deferred tax included the use of tax losses at a merged company that had until then benefited from a tax exemption.

Consolidated net income totalled €160.8 million, up 3.2% on a reported basis and up 8.6% at constant scope and exchange rates. Net margin (consolidated net income / consolidated sales) was 6.2% as opposed to 6.1% in 2017. Net income Group share amounted to €151.1 million, an increase of +12% compared to 2017 at constant scope and exchange rates.

On the basis of net income, Group share, earnings per share amounted to €3.37 in 2018 versus €3.17 in 2017.

The Group generated cash flow of € 338 million during 2018 compared with € 346 million during 2017, representing a decrease of -2.3% on a reported basis but an increase of +3.0% at constant scope and exchange rates.

At December 31, 2018, the gearing ration represented 27.8% of consolidated shareholders' equity *versus* 32.7% at December 31, 2017.

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.

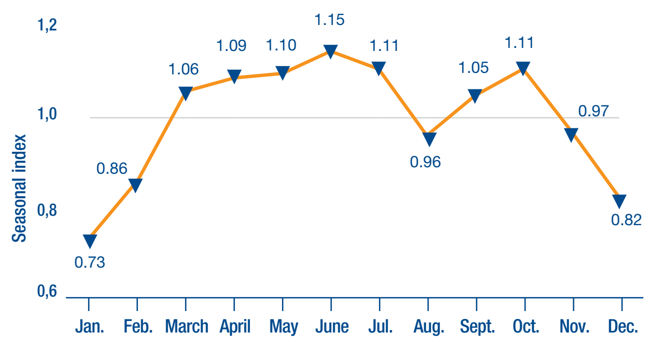
The price levels applicable to each market are determined by the production costs of existing operators and the competitive intensity of the product markets.

(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 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 0.73 on average in January to almost 1.15 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, and 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 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 granting it tax exempt status because of its major investment program, the main benefits of which are exemption from corporate income tax, a capping of the occupational and land taxes for a period of 15 years (until the end of the 2020 fiscal year), 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 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, 2018 for its accounting policies.

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

The accounting policies and methods applied in the consolidated financial statements as at December 31, 2018 are consistent with those applied for the 2017 annual financial statements with the exception of standards that must be applied for periods beginning January 1, 2018 and that the Group did not early adopt, and the restatement of the tax refund provision of Vicat SA explained in note 15 "Other provisions" of the consolidated financial statements, in Chapter 6 of this Registration Document.

The Group adopted the "Revenue from contracts with customers" IFRS 15 standard as of January 1, 2018 without restating comparative information from previous years. On the basis of the detailed analysis conducted to identify the main differences between the current accounting policies – IAS 18 – and those of the IFRS 15 standard, the Group concluded that implementation of this standard does not lead to any significant impact on its financial statements and to any material change in the accounting principles applied, given the nature of its business. These policies are described in note 1.18. "Sales revenues" of the consolidated financial statements, in Chapter 6 of this Registration Document.

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

This standard has three components:

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

Furthermore, the Group pursued project to implement the IFRS 16 “Leases” standard which is mandatory as of January 1, 2019 to determine its potential impacts on the Group’s financial statements. The company has set up the necessary resources (training, project team, collection matrix, and IT tools) to identify all the leases concerned and quantify the estimated impact of the adoption of this standard. The Group decided to adopt the full retrospective approach upon its actual implementation. The main impacts estimated on the basis of the data collected at the end of December 2018 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 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 2018.

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 2018 consolidated financial statements, sales revenues recomputed at constant consolidation scope and exchange rates compared to 2017. 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 net financial income as exchange rate gains or losses.

2.2.2. Comparison of earnings for 2018 and 2017

(in millions of euros)	2018	2017	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Consolidated sales revenues	2,582	2,563	+0.7%	+5.9%
EBITDA	435	444	-2.2%	+2.7%
Margin (in %)	*16.8*	*17.3*		
EBIT	249	247	+0.8%	+5.9%
Margin (in %)	*9.7*	*9.6*		
Consolidated net income	161	156	+3.2%	+8.6%
Margin (in %)	*6.2*	*6.1*		
Group Share of consolidated net income	151	142	+6.3%	+12.0%
Operating cash flow	338	346	-2.3%	+3.0%

Throughout this analysis, and unless indicated otherwise, all changes are stated on a consolidated, year-on-year basis (2018/2017), 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 2018 financial year came to € 2,582 million, representing an increase of +0.7% or +5.9% at constant scope and exchange rates compared with 2017.

The change in consolidated sales revenues for the financial year 2018 by activity, compared to 2017 is as follows:

			Change (%)	
(in millions of euros, apart from %)	2018	2017	Reported	At constant consolidation scope and exchange rates
Cement	1,252	1,245	+0.6%	+8.0%
Concrete & Aggregates	990	988	+0.2%	+3.8%
Other income & Services	340	331	+2.8%	+4.4%
TOTAL	**2,582**	**2,563**	**+0.7%**	**+5.9%**

The distribution of the Group's operational sales by activity (before intersegment eliminations) is as follows:

(as a percentage)	2018	2017
Cement	50.8	51.0
Concrete & Aggregates	34.5	34.5
Other income & Services	14.7	14.5
TOTAL	**100.0**	**100.0**

The breakdown of operational sales by activity shows that the contribution from the Group's main businesses, Cement, Concrete & Aggregates, was stable at over 85% of operational sales.

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

	2018	2017	Change
Cement *(in thousands of tonnes)*	22,833	22,943	-0.5%
Concrete *(in thousands of m^3)*	9,039	9,686	-6.7%
Aggregates *(in thousands of tonnes)*	22,657	24,407	-7.2%

Change in operating sales by activity:

- **operational sales in the Cement business** rose +6.5% at constant scope and exchange rates and fell very slightly on a reported basis (down -0.5%). The increase in sales at constant scope and exchange rates was due to higher selling prices in all countries except Mali and India. However, volumes edged lower because of steep declines in Egypt, Turkey and to a lesser extent Switzerland and West Africa. Those declines were partly offset by substantial improvements in India, Kazakhstan, the United States and France;
- **operational sales in the Concrete & Aggregates business** was stable on a reported basis (up +0.2%) and rose +3.4% at constant scope and exchange rates. That resulted from lower volumes in Concrete (down -6.7%) and Aggregates (down -7.2%) in all regions, except for Aggregates in Senegal. Lower volumes fell for reasons that varied between regions, but also because of the Group's strategy to focus on raising selling prices and restoring margins against a background of rising costs;
- **operational sales in Other Products & Services** rose +1.6% on a reported basis and +4.6% at constant scope and exchange rates. The improvement in business levels in France, particularly in the Transport segment, offset lower sales in Switzerland.

Breakdown of consolidated sales revenues by geographical area:

(in millions of euros)	2018	%	2017	%	Change	
					Reported	PCC
France	950	36.8	890	34.7	+6.7%	+6.6%
Europe (excluding France)	390	15.1	410	16.0	-4.9%	-2.7%
United States	404	15.6	393	15.3	+2.9%	+7.4%
Asia	564	21.8	579	22.6	-2.5%	+15.2%
Africa & Middle East	274	10.6	291	11.4	-6.0%	-5.2%
TOTAL	**2,582**	**100.0**	**2,563**	**100.0**	**+0.7%**	**+5.9%**

Breakdown of operational sales in 2018 by geographical area and by business activity:

(in millions of euros)	Cement	Concrete &Aggregates	Other Products & Services	Inter-segments eliminations	Consolidated sales revenues
France	379	479	281	(189)	950
Europe (excluding France)	153	158	125	(46)	390
United States	217	248	-	(62)	404
Asia	514	73	26	(48)	564
Africa & Middle East	222	51	-	0	274
Operational sales	**1,486**	**1,010**	**432**	**(345)**	**2,582**
Inter-segments eliminations	(233)	(20)	(92)	345	
CONSOLIDATED SALES	**1,252**	**990**	**340**	**-**	**2,582**

2.2.2.2. Operating income

(in millions of euros)	2018	2017	Change *(%)*	
			Reported	At constant consolidation scope and exchange rates
Sales revenues	2,582	2,563	+0.7%	+5.9%
EBITDA	435	444	-2.2%	+2.7%
EBIT	249	247	+0.8%	+5.9%
Operating income	243	232	+4.9%	+10.2%

The Group's consolidated EBITDA declined -2.2% on a reported basis, to € 435 million, but was up +2.7% at constant consolidation scope and exchange rates. As a result, the EBITDA margin on consolidated sales came to 16.8%, compared with 17.3% in 2017.

In 2018, the strengthening of the Euro against all other currencies had a negative impact on EBITDA of € (22) million. This impact was particularly marked in Turkey and India.

Operating income by geographical area

INCOME STATEMENT, FRANCE

(in millions of euros)	2018	2017	Change *(%)* Reported	Change *(%)* At constant consolidation scope
Consolidated sales	950	890	+6.7%	+6.6%
EBITDA	148	129	+14.4%	+14.4%
EBIT	92	69	+32.5%	+32.5%

In 2018, the gradual upturn in the French market continued, supported by a more favourable macroeconomic and sector environment and, at the start of the year, milder weather conditions than in 2017. The infrastructure, industrial and commercial markets comfortably offset a slight contraction in the residential market, caused by the absence of new tax incentives.

The Group's performance improved, with sales rising +6.6% and EBITDA +14.4% despite higher energy costs. This reflects an improvement in selling prices, particularly in Concrete, and improved operating conditions.

- in the **Cement business**, operational sales rose +4.8% in 2018. This growth came on the back of a +3% increase in volumes. Prices rose slightly in the domestic market and more substantially in export markets. As a result, and given higher energy costs, EBITDA rose +3.3% over the year as a whole. EBITDA margin on operational sales was therefore almost unchanged in 2018;
- in the **Concrete & Aggregates business**, operational and consolidated sales rose by +4.6%. The strategy adopted by the Group with the aim of restoring profitability in the Concrete business, particularly through a selective sales approach, resulted in a significant increase in concrete selling prices that comfortably offset a 2% decline in volumes. In Aggregates, volumes rose again, by more than +2%, in a strongly positive price environment. As a result of these factors, EBITDA generated by this business in France doubled compared with 2017, and EBITDA margin on operational sales was up 320 basis points;
- in the **Other Products & Services business**, operational sales rose +9.8% year-on-year.

  EBITDA was down -8.4%, mainly because of a decline in the paper business, while EBITDA margin on operational sales fell 60 basis points.

INCOME STATEMENT FOR EUROPE EXCLUDING FRANCE

(in millions of euros)	2018	2017	Change *(%)* Reported	Change *(%)* At constant consolidation scope and exchange
Consolidated sales	390	410	-4.9%	-2.7%
EBITDA	87	95	-7.8%	-4.7%
EBIT	60	62	-2.5%	+0.9%

In **Europe excluding France**, 2018 saw a slowdown in Switzerland related to the absence of major infrastructure projects that had strongly supported business levels in previous years, particularly in the regions in which the Group operates. In Italy, after business levels had been affected by a difficult macroeconomic and sector context for a long time, 2018 brought an upturn in the construction sector.

In **Switzerland**, consolidated sales came to € 375 million in 2018, down -5.7% on a reported basis and down -3.4% at constant scope and exchange rates.

EBITDA was down -8.7% on a reported basis to € 84 million (down -5.6% at constant scope and exchange rates). EBITDA margin on consolidated sales fell 70 basis points in 2018:

- in the **Cement business**, operational sales moved -6.7% lower on a reported basis and -3.1% lower at constant scope and exchange rates. The decline was due to the absence of major infrastructure projects in 2018, which had given a boost to the Group's business levels in previous years. That led to a -7% decline in volumes last year. On the plus side, after a long period of pressure on selling prices starting in late 2015, the competitive environment gradually improved in 2018, resulting in higher selling prices.

  On that basis, and against a background of rising energy costs, EBITDA fell -3.8% over the full year at constant scope and exchange rates. EBITDA margin on operational sales was almost stable;
- in the **Concrete & Aggregates business**, operational sales moved -3.2% lower on a reported basis and -2.8% lower at constant scope and exchange rates. The decline was caused by a fall in the number of major infrastructure projects, which led to a sharp contraction in volumes in both Concrete (almost -7%) and Aggregates (almost -9%). As regards selling prices, after several years of significant competitive pressure, 2018 saw them stabilise and then improve gradually, particularly in the Concrete business. As a result, selling prices were higher over the year as a whole.

  Against that background, EBITDA was up +9.0% in 2018 as a whole at constant scope and exchange rates, and EBITDA margin on operational sales rose by 170 basis points;
- the **Precast business** posted a -4.3% decline in operational sales at constant scope and exchange rates (a -7.9% fall on a reported basis), with lower selling prices in mass-market products partly offset by further deliveries to the rail sector.

EBITDA fell -38.6% in 2018 as a whole at constant scope and exchange rates, and EBITDA margin on operational sales was down 400 basis points.

In **Italy**, after several difficult years, the market trend improved significantly in the second quarter of 2018, and the Group posted a +20.2% increase in consolidated sales over the year as a whole, supported by a near +11% increase in volumes and an uptick in selling prices related to an improved product mix.

EBITDA grew +33.2% and EBITDA margin was up 170 basis points in 2018.

INCOME STATEMENT FOR THE UNITED STATES

(in millions of euros)	2018	2017	Change *(%)* Reported	Change *(%)* At constant consolidation scope and exchange
Consolidated sales	404	393	+2.9%	+7.6%
EBITDA	72	60	+19.4%	+24.9%
EBIT	46	34	+34.9%	+41.1%

In the **United States**, the macroeconomic and sector improvement continued in 2018, particularly in the regions in which the Group operates, although there was some variation because of exceptional events (such as strong rainfalls and wildfires in California). The Group's activity improved in all its businesses in 2018, with consolidated sales up +7.4% at constant scope and exchange rates.

EBITDA grew +24.9% at constant scope and exchange rates. EBITDA margin on consolidated sales rose by 240 basis points. 2018 EBITDA includes € 10.6 million received as settlement of a legal dispute relating to loss of business arising in the Cement business before 2018. Excluding that item, the Group's EBITDA in the United States is up +6.8% at constant scope and exchange rates and EBITDA margin is almost unchanged:

- in the **Cement business**, operational sales grew by +9.0% at constant scope and exchange rates (up +4.2% on a reported basis). Volumes rose almost +4%, supported by strong growth in the South-East region, whereas they fell slightly in California because of certain adverse factors relating mainly to weather conditions and wildfires in August and November 2018. Selling prices rose fairly significantly again, particularly in California.

EBITDA in the Cement business rose by +30.3% at constant scope and exchange rates, with EBITDA margin on operational sales rising by 520 basis points. Excluding the € 10.6 million settlement payment, EBITDA was up +10.8% at constant scope and exchange rates, and EBITDA margin on operational sales rose by 20 basis points;

- in the **Concrete business**, operational sales advanced +3.3% at constant scope and exchange rates in 2018 (down -1.3% on a reported basis). Volumes fell by almost -3%. The slight increase in the South-East region, despite highly adverse weather conditions in the fourth quarter, failed to offset the decline in California, where volumes were affected by wildfires that destroyed towns composed of wood-based houses. Selling prices rose in both regions, but more significantly in California than in the South-East;
- EBITDA in the Concrete business was down -44.3% at constant scope and exchange rates because of higher costs, particularly raw materials and transport costs, and a sharp decline in efficiency caused by bad weather and wildfires in the second half of the year.

INCOME STATEMENT FOR ASIA (TURKEY, INDIA, KAZAKHSTAN)

			Change (%)	
(in millions of euros)	2018	2017	Reported	At constant consolidation scope and exchange
Consolidated sales	564	579	-2.5%	+15.2%
EBITDA	97	118	-17.5%	-4.0%
EBIT	54	72	-23.9%	-11.3%

In **Asia**, the situation varied considerably between countries and between the first and second halves of the year. Business levels in Kazakhstan reached a new peak, but the positive trend in Turkey reversed, after the devaluation of the Turkish lira in the third quarter. In India, demand rebounded strongly in the construction sector, in a still competitive environment. As a result of these factors, while sales rose +15.2% at constant scope and exchange rates, EBITDA was down -4.0%.

In **Turkey**, after a particularly strong first half of the year because of favourable weather conditions and the positive sector environment, the sharp devaluation of the Turkish lira in the third quarter caused macroeconomic and sector trends to go sharply into reverse. In the region as a whole, therefore, sales totalled € 165 million, down -23.3% on a reported basis but up +6.1% at constant scope and exchange rates.

Given the new environment and against a background of sharply rising operating costs, EBITDA generated in Turkey in 2018 amounted to € 22 million, down -40.6% on a reported basis and -17.9% at constant scope and exchange rates, with EBITDA margin on consolidated sales at 13.3%, down from 17.2% in 2017:

- in the **Cement business**, the Group recorded an increase in its full-year operational sales of +8.8% at constant scope and exchange rates. However, the severe devaluation of the Turkish lira meant that operational sales were down -21.3% on a reported basis. After a very buoyant first semester, the trend turned in the second half of the year because of the direct impact that the August 2018 devaluation had on the macroeconomic and sector environment. After volumes rose almost +12% in the first six months of 2018, they fell almost -22% in the second half of 2018, resulting in an -8% decline over the year as a whole. Selling prices rose sharply, but not enough to offset rapid inflation in production costs.

  As a result, EBITDA in this business posted a decrease of -19.6% at constant scope and exchange rates (down -41.9% on a reported basis), with EBITDA margin on operational sales down almost 6 percentage points over the full year;
- in **Concrete & Aggregates**, operational sales rose +2.9% at constant scope and exchange rates but fell -25.6% on a reported basis. As in the Cement business, the impact of the devaluation was felt in the third quarter, and was more severe in the fourth quarter. Volumes contracted by more than -14% in Concrete and by more than -30% in Aggregates over the year as a whole. Average selling prices rose substantially in both Concrete and Aggregates, offsetting the impact of lower volumes and higher production and logistics costs. As a result, EBITDA rose +23.8% at constant scope and exchange rates (down -10.5% on a reported basis), with EBITDA margin on operational sales very slightly higher than in 2017.

In **India**, 2018 saw a very sharp upturn in cement consumption, driven in particular by renewed work on major infrastructure projects. Against that background, the Group posted consolidated sales of € 336 million, up

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+17.9% at constant scope and exchange rates and +7.4% on a reported basis. That growth resulted from an increase in volumes, which rose more than +20% over the year to almost 6.6 million tonnes, reflecting the strategy pursued by the Group since 2015 to seize opportunities related to the improving macroeconomic and sector environment. However, the competitive environment remained tough, causing average selling prices to decline in 2018.

As a result of these factors and rapid inflation in production costs, the Group's EBITDA in India fell -13.1% at constant scope and exchange rates (down -20.9% on a reported basis). EBITDA margin on operational sales fell to 15.4%, down from 20.9% in 2017.

In **Kazakhstan**, supported by its particularly efficient production facilities, the Group performed very well in a buoyant market, both at the national level and in terms of exports. Consolidated sales came to € 63 million, up 37.5% at constant scope and exchange rates and up +24.5% on a reported basis. This good operating performance was driven by a +15% increase in volumes, along with a further improvement in selling prices over 2018 as a whole.

As a result, EBITDA generated during the period posted strong growth, rising +69.3% at constant scope and exchange rates and +53.3% on a reported basis. EBITDA margin on operational sales improved significantly to 37.0%, up from 30.1% in 2017.

INCOME STATEMENT FOR AFRICA AND THE MIDDLE EAST

(in millions of euros)	**2018**	**2017**	**Change** *(%)* Reported	**At constant consolidation scope and exchange rates**
Consolidated sales	274	291	-6.0%	-5.2%
EBITDA	31	43	-28.0%	-29.0%
EBIT	(3)	11	n.s.	n.s.

The **Africa and Middle East region** suffered from a very sharp fall in activity in Egypt, caused by security conditions. In West Africa, business levels improved in a growing market. In the region as a whole, sales fell -6.0% on a reported basis and -5.2% at constant scope and exchange rates.

EBITDA fell sharply in 2018, coming in at € 31 million, down -29.0% at constant scope and exchange rates. The decline was due to a deterioration in operating conditions in Egypt because of the security environment, but also a substantial increase in production costs, and particularly energy costs, in West Africa.

In **Egypt**, consolidated sales came to € 38 million in 2018, down -37.8% at constant exchange rates and down -40.4% on a reported basis. That contraction resulted from a near -48% drop in volumes during the year because of the plant's shutdown and the halt of sales during March and April linked to military operations in the Sinai, along with the slowdown in Egypt's construction market as a result of the downturn in the country's economy. Average selling prices rose markedly over 2018 as a whole, but the increase was not sufficient to make up for the very rapid cost inflation caused by the devaluation and deteriorating operating conditions, particularly in logistics.

In those circumstances, the Group recorded a € 10.8 million loss at the EBITDA level.

In **West Africa**, consolidated sales totalled € 235 million, up +4.1% at constant scope and exchange rates and up +3.8% on a reported basis. That performance resulted from growth in the Cement business in Senegal and in the Aggregates business, which offset declines in Mali and Mauritania. Cement volumes in the region as a whole fell -1%, while Aggregates volumes were up more than +11%. Selling prices in the Cement business were limited in Senegal, due to regulatory constraints. Aggregates prices rose sharply. However selling prices in Mali fell.

As a result of these factors, along with rapid inflation in production costs and the deterioration in operating conditions in Senegal, EBITDA was down -18.3% 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 2018 and 2017.

CEMENT

(in millions of euros)	2018	2017	Change (%) Reported	Change (%) At constant consolidation scope and exchange rates
Operational sales	1,486	1,493	-0.5%	+6.5%
Inter-segments eliminations	(234)	(248)		
Consolidated sales	1,252	1,245	+0.6%	+8.0%
EBITDA	330	353	-6.7%	-1.0%
EBIT	201	220	-8.3%	-2.7%

Operational sales in the Cement business rose +6.5% at constant scope and exchange rates and fell very slightly on a reported basis (down -0.5%). The increase in sales at constant scope and exchange rates was due to higher selling prices in all countries except Mali and India. However, volumes edged lower because of steep declines in Egypt, Turkey and to a lesser extent Switzerland and West Africa. Those declines were partly offset by substantial improvements in India, Kazakhstan, the United States and France.

EBITDA came to € 330 million, down -1.0% at constant scope and exchange rates compared with 2017.

The decline resulted from the slight decrease in volumes, higher production costs and weaker operating conditions in certain countries, mainly caused by events outside of the Group's control. Those factors were only partly offset by the overall increase in selling prices. EBITDA margin on operational sales fell to 22.2% in 2018 from 23.7% in 2017.

EBIT in the Cement business was down -2.7% at constant scope and exchange rates in 2018 (down -8.3% on a reported basis), coming in at € 201 million compared with € 220 million in 2017.

READY-MIXED CONCRETE & AGGREGATES

(in millions of euros)	2018	2017	Change (%) Change	Change (%) Change (constant consolidation scope and exchange rates)
Operational sales	1,010	1,008	+0.2%	+3.4%
Inter-segments eliminations	(20)	(20)		
Consolidated sales	990	988	+0.2%	+3.8%
EBITDA	85	65	+32.3%	+34.6%
EBIT	42	18	+131.8%	+130.5%

Operational sales in the Concrete & Aggregates business was stable on a reported basis (up +0.2%) and rose +3.4% at constant scope and exchange rates. That resulted from lower volumes in Concrete (down -6.7%) and Aggregates (down -7.2%) in all regions, except for Aggregates in Senegal. Lower volumes fell for reasons that varied between regions, but also because of the Group's strategy of focusing on raising selling prices and restoring margins against a background of rising costs.

As a result of these factors, **EBITDA** rose +34.6% at constant scope and exchange rates, with substantial improvements in France, Turkey, Senegal and Switzerland, comfortably offsetting the decline in the United States. EBITDA margin on operational sales improved to 8.5% as opposed to 6.4% in 2017.

EBIT rose very sharply to € 42 million in 2017, compared with € 18 million in 2017.

OTHER PRODUCTS & SERVICES

(in millions of euros)	2018	2017	Change	Change (constant consolidation scope and exchange rates)
Operational sales	432	425	+1.6%	+4.6%
Inter-segments eliminations	(92)	(94)		
Consolidated sales	340	331	+2.8%	+4.4%
EBITDA	19	26	-26.6%	-24.9%
EBIT	6	10	-35.4%	-34.3%

Operational sales in Other Products & Services rose +1.6% on a reported basis and +4.6% at constant scope and exchange rates. The improvement in business levels in France, particularly in the Transport segment, offset lower sales in Switzerland.

EBITDA fell sharply to € 19 million from € 26 million in 2017, with a slight decline in France and a steeper drop in Switzerland in the Precast business. EBITDA margin on operational sales came in at 4.5%, down from 6.2% in 2017.

Full-year **EBIT** fell -34.3% at constant scope and exchange rates to € 6 million from € 10 million in 2017.

FINANCIAL INCOME

(in millions of euros)	2018	2017	Change
Cost of net borrowings and financial liabilities	(20.6)	(27.7)	+7.1
Other financial income and expenses	1.3	(0.5)	+1.8
Financial Income (expense)	(19.3)	(28.2)	+8.9

Net financial expenses improved by €8.9 million to -€19.3 million, mainly because of:

- a €7.1 million decrease in the cost of net financial indebtedness, reflecting:
  - a €2.5 million fall in the cost of financial indebtedness in France, mainly due to the impact in 2018 of the Group's refinancing at end-December 2017, which improved financing terms and more than offset the absence of the €4 million in accrued interest received in 2017 following a court ruling,
  - falls in the cost of financial indebtedness in Egypt (-€3.0 million) and India (-€1.9 million), mainly due to higher interest income;
- a €1.8 million improvement in other financial income and expense, mainly from:
  - a €2.7 million improvement in foreign exchange gains/losses.
  - a greater net impact from fair value adjustments to derivative instruments of -€2.0 million, partly offset by a lower discounting charge of +€1.3 million.

INCOME TAXES

(in millions of euros)	2018	2017	Change
Current taxes	(61.1)	(55.8)	(5.3)
Deferred taxes	(5.5)	2.6	(8.1)
Total taxes	(66.7)	(53.2)	(13.5)

Tax expense rose by €5.3 million compared to 2017, mainly due to:

- a 10% rise in reported profit before non-operating income and tax;
- absence of the €9.9 million tax rebate paid by the French tax authorities in 2017 after the constitutional court struck down the 3% dividend tax;
- a cut in the US Federal tax rate from 35% to 21%;
- a €1.4 million reduction in the tax withholding on intragroup dividends.

Net deferred tax expense rose by €8.1 million, mainly due to changes in tax rates - principally in the United States, where strong earnings also allowed for substantial use of tax loss carryforwards. Also, deferred tax in 2017 included the use of tax losses from a merged company which had previously been tax exempt.

CHANGE IN NET INCOME

Consolidated net income totalled € 160.8 million, up 3.2% on a reported basis and up 8.6% at constant scope and exchange rates. Net margin (consolidated net income/consolidated sales revenues) was 6.2%, against 6.1% in 2017. Net income, Group share was €151.1 million, +6.3% compared to 2017 on a reported basis and +12.0% at constant scope and exchange rates.

On the basis of **net income, Group share**, earnings per share amounted to € 3.37 in 2018 versus € 3.17 in 2017.

2.2.3. Comparison of earnings for 2017 and 2016

The comparative analysis of the earnings for 2017 and 2016 is presented in the 2017 Registration Document in section 2.2.2, pages 45-52 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, 2018	December 31, 2017
Share capital	180	180
Additional paid in capital	11	11
Translation reserves	(400)	(360)
Consolidated reserves	2,329	2,203
Consolidated net income	151	142
Shareholders' equity	**2,271**	**2,176**
Minority interests	221	233
Consolidated shareholders' equity	**2,492**	**2,410**

Consolidated shareholders' equity increased by € 83 million from December 31, 2017 and amounted to € 2,492 million as at December 31, 2018 including a Group share of € 2,271 million, and minority interests of € 221 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 2018 consolidated financial statements" of this Registration Document.

2.3.2. Cash flows

Cash flows are analyzed by category 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 shareholders' 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)	2018	2017	2016
Operating cash flow	338	346	353
Change in WCR (excl. exchange rate and consolidation scope effects) (1)	(5)	(3)	33
Net operating cash flows	333	343	386
Net investment cash flows	(213)	(187)	(188)
Net financing cash flows	(68)	(129)	(206)
Impact of exchange rate fluctuations on cash resources	(10)	(16)	(8)
CHANGE IN CASH POSITION	**42**	**11**	**(16)**

(1) *Working Capital Requirement.*

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

(in millions of euros)	2018	2017	2016
Cash flow from operations	333	343	386
Industrial investments net of disposals	(166)	(164)	(132)
***FREE CASH* FLOW**	**167**	**179**	**254**

In 2018, the Group generated a free cash flow of € 167 million a decrease of € 12 million compared with 2017. Operating cash flow, net of the change in WCR, with a slight increase in net industrial investments of € 2 million, led to a € 95 million reduction in the Group's net indebtedness in 2018. At € 692 million, net indebtedness, excluding put options, represented 27.75% of consolidated shareholders' equity as at December 31, 2018, and 1.59 times 2018 consolidated EBITDA.

2.3.2.1. Net cash flows from operating activities

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

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

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

(in millions of euros)	WCR at Dec. 31, 2016	Change in WCR 2017	Other changes (1)	WCR at Dec. 31, 2017	Change in WCR 2018	Other changes (1)	WCR at Dec. 31, 2018
Inventories	386	(12)	(23)	351	39	(5)	385
Customers	390	38	(20)	408	8	(9)	407
Suppliers	(306)	(21)	16	(311)	(38)	10	(339)
Other receivables & payables	(55)	(2)	1	(56)	(4)	(6)	(66)
WCR	**415**	**3**	**(26)**	**392**	**5**	**(10)**	**387**

(1) *Exchange rates, 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)	2018	2017
Investments in tangible and intangible fixed assets	(180)	(179)
Disposal of tangible and intangible fixed assets	14	15
Net investments in shares of consolidated companies	(23)	(15)
Other net financial investments	(24)	(8)
CASH FLOWS FROM INVESTING ACTIVITIES	**(213)**	**(187)**

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

2.3.2.2.1. Investment and disposal of tangible and intangible assets

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

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

In 2018, 55% of these investments were made in the Cement business line (45% in 2017), 33% in the Concrete & Aggregates business line (48% in 2017) and the remaining 12% in the Other Products & Services business line (6% in 2017).

Disposals of tangible and intangible assets generated total cash inflows of € 14 million in 2018 (€ 15 million in 2017).

2.3.2.2.2. Net investments in shares of consolidated companies

Acquisitions of consolidated companies carried out in 2018 resulted in a total outflow of € (23) million (€ 15 million in 2017).

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

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

2.3.2.2.3. Other net financial investments

Other net financial investments resulted in a net cash outflow of € (24) million in 2018 and € (8) million in 2017.

2.3.2.3. Net cash flows from financing activities

Net cash flows related to financing activities conducted by the Group in 2018 amounted to € (68) million, compared with € (129) million in 2017.

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 (€ (73) million in 2018 compared with € (70) million in 2017);
- the drawdown, net of repayments, on credit lines and borrowings taken out by the Group amounting to € (63) million in 2018 (€ (95) million in 2017) including payment of annual installments relating to finance leases;
- The net inflow related to the disposal by the Company of its treasury shares:
  - € 68 million in 2018 including the overall payment, net of taxes, of € 67 million by Group subsidiaries, further to the capital reduction of the Soparfi holding company, a shareholder in Vicat SA, in November 2018;
  - € 41 million in 2017, 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.

2.3.3. Debt

2.3.3.1. Group financial policy

The Group's financial policy is set by the General Management. This policy aims at maintaining a balanced financial structure characterized by the following:

- controlled gearing (see section 2.3.3.4 "Net 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.

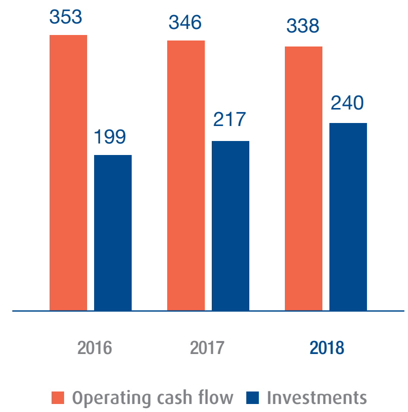
This policy should make it possible to finance industrial investments through cash flows from operations, available surplus financial resources being used by the Group to reduce its indebtedness, and financing in whole or in part external growth operations.

To secure resources in excess of its operating cash flow, the Group has set up confirmed medium-term lines of credit and medium and long-term borrowings.

These financings guarantee the Group, in addition to the liquidity of its balance sheet, even in the 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 (78%), 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 the United States, Turkey, Mauritania, Switzerland and Senegal.

THE GROUP'S OPERATING CASH FLOW AND INVESTMENTS BETWEEN 2016 AND 2018
(in millions of euros)



As at December 31, 2018, the Group had the following confirmed financing facilities, used and/or available:

Types of facility at December 2018	Borrower	Starting year	Currency	Authorization in millions		Utilization (€M)	Maturity	Rate type
				Currencies	€			
US private placement	**VICAT SA**	**2011**	**$**	**350.0**	**264.1**	**264.1**	**2020 and 2022**	**fixed rate**
Syndicated Loan	VICAT SA	2018	€	550.0	550.0	(1)	2024	floating rate
Bank bilateral lines	VICAT SA	2017	€	240.0	240.0	(1)	2022 and 2023	floating rate
Total bank lines (1)	**VICAT SA**		**€**	**790.0**	**790.0**	**489.0**		**floating rate**
Bank bilateral lines	Sococim	2018	CFAF	50.000.0	76.2	58.7	2019	fixed rate
Bank loan	Sodevit	2018	CFAF	4.500.0	6.9	6.0	2020	fixed rate
Bank loan	Sodevit	2018	CFAF	6.000.0	9.1	7.7	2020	fixed rate
Bank bilateral lines	Vigier	2015	CHF	200.0	177.5	29.8	2020	floating rate
Bank loan	Vigier	2009	CHF	7.0	6.2	6.2	2019 and 2020	fixed rate
Bank bilateral lines	Tamtas	2017	TRY	9.0	1.5	1.5	2020	fixed rate
Bank bilateral lines	Bastas	2017	TRY	65.0	10.7	10.7	2019	fixed rate
Bank bilateral lines	Aktas	2018	TRY	5.0	0.8	0.8	2020	fixed rate
Bank loan	NCC	2017	$	4.5	3.9	3.9	2019 and 2020	fixed rate
Bank loan	Mauricim	2017	Mauritanian ouguiya (MRU)	200.0	4.8	4.8	2019	fixed rate
Bank loan	Mauricim	2018	Mauritanian ouguiya (MRU)	200.0	4.8	4.8	2019 to 2023	fixed rate
TOTAL SUBSIDIARIES' BORROWINGS OR BILATERAL LINES					**302.4**	**134.9**		
Fair value of derivatives						15.6		
TOTAL MEDIUM-TERM					**1356.5**	**903.6**		
Other liabilities						102.6		
TOTAL GROSS INDEBTEDNESS (2)					**1356.5**	**1006.2**		

(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 € 790 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, 2018, € 489 million of the € 550 million syndicated loan had been used to cover commercial paper. Bilateral lines had not been drawn down at December 31, 2018. 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 indebtedness used does not include the liability relating to put options (€ 4.12 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-year 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 five international banks and matures in January 2023 with two additional one-year options, the first of which has been activated. The interests are payable at the Euribor rate for the drawdown period. At December 31, 2018, € 489 million had been allocated to hedge liquidity risk on commercial paper.

BANK BILATERAL LINES

Vicat SA's bilateral lines for € 240 million were renewed in December 2017 with six banks for a five-year term, with two additional one-year extension options, the first of which has been activated. The interests are payable at the Euribor rate for the drawdown period.

At December 31, 2018, these lines had not been drawn down.

COMMERCIAL PAPER

The Company has a program for issuing commercial paper amounting to € 550 million. At December 31, 2018, the amount of commercial paper issued stood at € 489 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, 2018, they were drawn down for a total amount of CFAF 38.5 billion. The interest rate that applies to each drawdown is jointly determined with the bank up to a maximum cap determined for the term of the line.

An 18-month, CFAF 6.0 billion line and a 24-month, CFAF 4.5 billion lines were put in place at Sodevit They were drawn down on December 31, 2018, for CFAF 9 billion.

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, 2018, the residual amount was CHF 7 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, 2018, the line was drawn in the amount of CHF 33.5 million.

TURKEY

In 2018, financing lines were set up in Turkey for 65 million Turkish lira (Bastas Cemento), 9 million Turkish lira (Tamtas) and 5 million Turkish lira (Aktas). These were fully drawn down at December 31, 2018.

MAURITANIA

A medium-term fixed-rate credit line maturing in 2019 for 200 million Mauritanian Ouguiyas was set up in 2017 on BSA. This was fully drawn down at December 31, 2018.

A second line for 200 million Mauritanian Ouguiyas, repayable over 5 years, was set up in 2018 and was also drawn down in full.

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, 2018 the residual amount was US$ 4.5 million.

2.3.3.1.4. Credit risk hedged by the Group

As at December 31, 2018, the Group had a total of € 468 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 activities 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, 2018, 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 does 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 2018" of this Registration Document).

2.3.3.2. Gross indebtedness

As at December 31, 2018, gross indebtedness of the Group, excluding put options, was € 1,006 million compared with € 1,052 million at December 31, 2017. It is broken down by type as follows:

(in millions of euros)	2018	2017	Change
Borrowings from US investors	264	264	0%
Bank borrowings	660	725	-9.0%
Residual debt on finance leases	3	2	+33.1%
Other borrowings and financial debts	14	6	+127.3%
Current bank facilities and bank overdrafts	65	55	+18.7%
GROSS INDEBTEDNESS	**1,006**	**1,052**	**-4.4%**
of which less than one year	154	138	
of which more than one year	852	914	

26% of the gross financial liabilities 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 67% in euros.

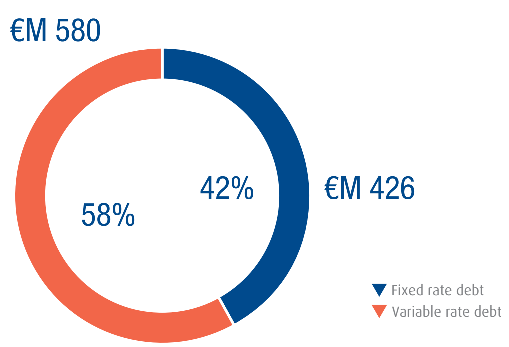
The structure of the Group's gross indebtedness as at December 31, 2018, by type of rate and due date is as follows:

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, 2018, € 580 million, or 58% 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 € 500 million and maturing in 2019, 2020 and 2023.

FIXED-RATE/VARIABLE RATE INDEBTEDNESS AT DECEMBER 31, 2018 *(in millions of euros)*



MATURITY

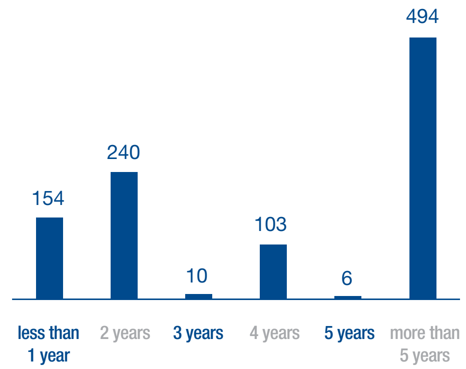
The average maturity at December 31, 2018 was 3 and half years.

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

- debt at less than one year is mainly debt maturing from the Sococim loan in Senegal (€ 58.7 million), the Bastas, Tamtas and Aktas borrowings in Turkey (€ 10.7 million), NCC in the United States (€ 2.6 million), Vigier in Switzerland (€ 1.8 million), Mauricim in Mauritania (€ 5.7 million) and miscellaneous short-term debts (€ 73.7 million);
- in 2020, repayments mainly correspond to the maturity of the Vicat SA USPP (€ 173.4 million), the Sodevit debt in Senegal (13.7 million) and Vigier in Switzerland (€ 34.2 million);
- the due date for the last tranche of the Vicat SA USPP (€ 90.7 million) accounts for almost the entire 2022 maturity;
- after 2023, € 489.0 million of the € 493.7 million (net of the € 4.3 million impact of IAS 39) relates to Vicat SA.

See maturities schedule in section 5.1.4.5 of this Registration Document.

MATURITIES SCHEDULE FOR GROSS INDEBTEDNESS AT DECEMBER 31, 2018 *(in millions of euros)*



2.3.3.3. Cash surplus

Cash and cash equivalents include cash at bank (€ 141.3 million as at December 31, 2018) and short-term investments maturing in less than three months and with no risk of a change in the value of the principal (€ 173.3 million as at December 31, 2018).

Cash is managed country-by-country, under the control of the Group's Finance Department, with cash pooling systems by country. Any surplus is either invested locally or reinvested 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)	2018	2017	Change
Gross indebtedness	1,006	1,052	-4.4%
Cash and cash equivalents	315	265	+18.6%
NET INDEBTEDNESS	**692**	**787**	**-12.1%**

The gearing ratio was 27.8% at the end of 2018, compared with 32.7% at December 31, 2017.

The ratio of net financial indebtedness/EBITDA (leverage) was 1.59 at the end of 2018, compared with 1.77 at the end of 2017.

Overall, the Group had a total amount of € 783 million corresponding to unused lines of financing (€ 468 million) and cash (€ 315 million) available to finance its growth in addition to cash generated from operations.

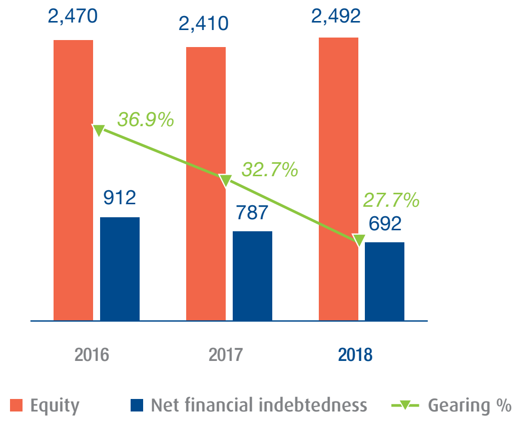
After a period of sustained industrial and financial investments, gearing and leverage ratios at December 31, 2018 are improving, giving the Group a solid financial structure and satisfactory flexibility.

Previously, during active acquisition periods for the Group, the gearing ratio was between 50% and 70%. Its average over the last five years was 35.8%. 2018 therefore remains within the defined strategic direction.

After a large-scale industrial investment program between 2006 and 2012, the Group took advantage of the generation of free cash flow to significantly improve its gearing and leverage ratios. This enabled it to kick start its external growth with the acquisition of Ciplan in Brazil in early 2019.

The Group's objective is to reduce its net indebtedness and to improve these ratios through free cash flow. These ratios could nonetheless rise in future, depending on what external growth opportunities arise. If a significant acquisition came up that offered the prospect of major strategic gains, the Group would accept a significant rise in this ratio, while setting itself the target of reducing it subsequently to levels near those of the abovementioned period.

NET INDEBTEDNESS AND SHAREHOLDERS' EQUITY BETWEEN 2016 AND 2018 *(in millions of euros)* AND GEARING RATIOS



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, 2018 and 2017:

(in millions of euros)	2018	2017
Contractual commitments for the acquisition of fixed assets	58.6	27.1
Guarantees and deposits paid	-	-
TOTAL	**58.6**	**27.1**

As at December 31, 2018, the off-balance sheet liabilities of the Group were € 58.6 million (€ 27.1 million as at December 31, 2017) and concerned contractual obligations relating to industrial investments. These liabilities correspond primarily to investments made to upgrade industrial sites or facilities in West Africa, France 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)	2018	2017	2016
Cement	112	96	118
Concrete & Aggregates	90	109	61
Other income & Services	38	12	20
TOTAL	**240**	**217**	**199**
Of which financial investments	*51*	*29*	*63*

2.4.1.1. Main investments made in 2018

The total amount of industrial investments made in 2018 was € 188 million. These are shown below for each of the Group's main businesses. Financial investments amounted to € 51 million in 2018. These mainly correspond to financing activities and new acquisitions aimed at bolstering the Group's presence in the Ready-mixed Concrete market in France and the Aggregates market in Senegal (by acquiring a minority interest in Gécamines SA).

Cement: € 103 million of industrial investments

- **France**: investments were geared towards maintaining production facilities at the highest standards of financial and environmental performance and included investment in a gasifier at the Créchy factory.
- **United States**: in general, the investments made were intended to optimize the industrial and environmental performance of production sites.
- **Turkey**: the Group invested in projects aiming to increase the use of alternative fuels.
- **Switzerland**: the factory invested in projects to increase its capacity to use alternative fuels and materials.
- **India**: Installation of a new cement storage and distribution site for the Mumbai market.
- **Mali**: Construction of a cement mill continued.

Concrete & Aggregates: € 62 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 completed its increase in Aggregates processing capacity with the introduction of a third installation at its Diack site.
- **United States**: the construction of a new concrete batching plant in California was completed.
- **Switzerland**: the Group continued its strategy of investing in recycling centers, material treatment plants, landfills and renewing aggregate and landfill reserves.

Other Products and Services: € 23 million in industrial investments

The investments made aimed to improve the productivity of activities in France. In Switzerland, investments focused on improving prefabrication methods with, in particular, a site dedicated to rail products and new product development.

2.4.1.2. 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 strengthening the Group's presence in the Ready-mixed Concrete market in France and increasing its mineral reserves.

Cement: € 85 million 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 equipment.
- **Switzerland**: the Group continued its investment strategy for recycling centers, material treatment plants and landfills.
- **Other Products and Services: € 12 million of industrial investments**.

2.4.2. Main investments in progress and planned

Investment in Brazil

On January 21, 2019, the Group announced the acquisition of the Brazilian cement manufacturer, Cimento do Planalto ("Ciplan"). The transaction was carried out as a € 295 million reserved capital increase, which will allow the repayment of the bulk of Ciplan's existing debt.

Ciplan's net indebtedness after the capital increase is around € 75 million. 2018 estimated sales revenues (pre-audit) were € 140 milion (Brazilian Reals 605 million), with more than 2 million tonnes of cement and more than 1.9 million tonnes of aggregates sold and nearly 420,000 m^3 of concrete delivered.

With strong positions in local markets and a well-known brand, Ciplan operates a modern plant, in the vicinity of Brasilia, with a total installed cement capacity of 3.2 million tons per year. It is backed by high quality and abundant mineral resources. Ciplan also operates 9 ready-mixed concrete plants and 5 quarries (including 2 aggregates quarries).

Ciplan operates in the Mid-West market with an estimated market share of around 23%, making it the 3rd largest operator after Votorantim (whose market share is estimated to be around 43%) and Intercement (market share of around 28%). Volumes from other regions account for around 6% of consumption. Installed production capacities are around 13 million tons with a capacity utilization rate of nearly 46%.

Ciplan primarily sells its cement in bags via a retail network which stretches across its entire marketing zone.

Ciplan operates 9 concrete batching plants right across its marketing zone, but mainly around Brasilia. The Company manages and adapts its network in line with the geographical development of the market. It has a fleet of 137 mixer trucks and 36 pump trucks. Own consumption of cement, used to manufacture concrete, accounts for around 5% of Sobradinho factory production.

Ciplan also produces aggregates for the manufacture of ready-mixed concrete from its Sobradinho and Guapo quarries.

Other investments

In addition, the total amount of industrial investments for 2019 should be around € 185 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 activities;
- **West Africa**: in Senegal, investment will focus on reducing electricity requirements as well as on building a photovoltaic power plant on the quarry site. In Mali, the cement mill is due to be commissioned in the second semester;
- **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;
- **Egypt**: investments will optimize production and site maintenance costs.

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

2.5.1. Business outlook in the Group's markets

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

- in France, the decrease in residential work permits may be compensated by good momentum in public works, in a context of rising prices;
- in Switzerland, the macroeconomic environment is likely to improve very slightly and the Group anticipates a gradual improvement in volumes and selling prices in Cement, Concrete and Aggregates. Competition in the Precast business is likely to remain tough;
- in Italy, the Group's performance should benefit from an ongoing upturn in the macroeconomic and sector background;
- in the United States, the macroeconomic and sector context should remain favourable. The Group expects an improvement in volumes, with a stronger increase in California than in the South-East, and a further rise in prices;
- in Turkey, the sharp deterioration in the macroeconomic and sector environment following the devaluation of the Turkish lira in August 2018 is likely to have an impact throughout 2019, particularly the first semester because of the very high base for comparison. The expected increase in selling prices is likely to offset the combined impact caused by lower volumes and higher production costs. In this context, the Group nevertheless expects its performance in Turkey to deteriorate sharply in 2019 as a whole;
- in India, the impact of government reforms should continue, benefiting the entire economy and the construction sector in particular. Against that background, cement consumption should see further substantial growth in 2019 and the competitive context is likely to improve gradually as all market players see their utilisation rates rise. Although selling prices may remain highly volatile, particularly at the start of the year, they should rise sharply over the year as a whole;
- in Kazakhstan, the 2018 performance constitutes a high-basis of comparison in a context that should nevertheless remain favourable;
- in Egypt, the security situation is likely to remain highly volatile and operating costs are expected to remain high. The steady improvement in market conditions and the investments that the Group is planning in order to improve its performance should take effect very gradually, particularly in the second half of the year;
- in West Africa, the construction market is expected to grow, while the operating environment is likely to remain competitive. The Group expects Cement volumes to rise across the region as a whole, and selling prices to increase sharply;
- in Brazil, after several years characterised by a very sharp drop in cement consumption, the latter has stabilised gradually in the last 24 months to reach 54 million tonnes in 2018. Given recent political developments and planned reforms, 2019 should show the first signs of a gradual upturn.

2.5.2. Group objectives

In 2019, the macroeconomic context is likely to include broadly firm economic growth, although certain emerging-market regions will continue to face an uncertain political and sector environment. The Group expects strong seasonal variations in 2019. The first half is likely to suffer from a very high base for comparison in certain regions because of:

- highly favourable weather conditions in the first half of 2018, particularly in France and Turkey;
- the reversal of the trend in Turkey in the third quarter of 2018 following the devaluation of the Turkish lira, whereas the first part of 2018 had been particularly buoyant in that country;
- political uncertainties in Senegal and in India mainly because of elections at the start of the year, along with security concerns in Egypt.

Finally, consumed energy prices are likely to show a further increase in early 2019, before the situation becomes more favourable in the second half given the recent decline in energy prices and the Group's policy of hedging its energy requirements.

Against this background, the Group's main objective is to improve its operational profitability by implementing a pro-active but balanced commercial policy, focusing on increasing volumes sold, raising selling prices where the competitive situation permits, and continuing its policy of optimising production costs.

Fountain in the town of Mladá Boleslav in the Czech Republic, created by the artist Veronika Psotková, made from Vicat's natural quick-setting cement

SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION: STATEMENT OF EXTRA-FINANCIAL PERFORMANCE - 2018

3

The business Model

> *"Cement gave the world safety and comfort. Now, it is the key material for meeting the challenges of population and climate."*

M. Guy Sidos, Chairman and Chief Executive Officer

ITS VALUES, ITS STRENGTHS*

Its values and its strengths on which the Company relies to achieve its ambitions

INTELLECTUAL

- Louis Vicat's invention of artificial cement in 1817.
- Recognized know-how in Cement, Ready-Mixed Concrete & Aggregates.
- Industrial and commercial expertise.
- A tradition of innovation and technical excellence.
- Participation in countless civil engineering structures.

HUMAN

- High-quality employee relations founded on respect.
- Nearly 9,500 committed employees passionate about these shared values.

INDUSTRIAL

- A high-quality, modern, high-performance industrial base.

ENVIRONMENTAL

- A rich and diversified footprint: forests, wetlands, wilderness areas, industrial sites that work as biodiversity reserves.
- Major geological reserves.

SOCIAL

- Institutional, scientific, and technical partnerships.
- Local identity prioritized.
- Two corporate foundations, Sococim and Louis Vicat.
- Close relationships with local communities.
- Its customers' trust.
- Leading suppliers.

FINANCIAL

- Financially solid – high equity - limited indebtedness.
- Geographical diversification.

** See Chapter 1 "Presentation of the Group" and Chapter 3 "Social, environmental and societal information: S.E.F.P. 2018"*

ITS AMBITIONS [1]

What the Company wants to do

Given the scale of the challenges of population and climate, the most affordable material for the greatest number of people is cement (accessible, available all over the world, scalable, and compatible).

MEETING NEEDS [2]

- Offering high-quality, affordable, safe, and scalable products for construction.
- Designing products that are adapted for the effects of climate change, putting its analytical ability toward the energy transition, and educating and training its stakeholders in combating climate change.
- Sharing the value created with the communities where it operates by giving preference to hiring locally, to strengthen the circular economy.
- Supporting its employees' skills acquisition and development to foster the concept of employability.

PROVIDING A SERVICE [3]

- Developing comprehensive offerings for the transformation of raw materials and waste in the regions where they are extracted or produced, and being an active participant in the circular economy.
- Supporting its customers' projects by ensuring the best use of its products with the right specifications and the support of digital services (PIM and BIM).
- Promoting diversity and equal treatment.
- Offering the greatest number of people access to essential services through educational, cultural, health, and environmental actions.

PRODUCING IN THE BEST CONDITIONS [4]

- Respecting personal integrity through high-quality employee relations and guaranteeing a safe, healthy working environment [5].
- Protecting ecosystems and biodiversity.
- Constantly improving the global performance of its production facilities, by wasting and consuming less.

(1) See the three sections of the S.E.F.P. Report.
(2) See Section 1 of the S.E.F.P. Report.
(3) See Section 2 of the S.E.F.P. Report.
(4) See Section 3 of the S.E.F.P. Report.
(5) See Vicat group's Code of Ethics and the Six Key Rules of Prevention.

Vicat is a French industrial enterprise, operating in twelve countries, committed to a long-term industrial policy, and intent on respecting its environment and addressing the major issues of population and climate change. It is both rooted in history and fully modern; it is accessible and close to its markets. Its foundation is sustainable governance, stable family ownership, and the strong, passionate commitment of its employees.

ITS RESULTS

What the company gains by relying on its values and assets when its ambitions are achieved

1 CONTRIBUTING TO THE ENERGY TRANSITION (6)

- Reduction of its carbon footprint.
- Delivery of innovative products to the markets and its customers.
- Development of new strategic partnerships (customers, suppliers, and scientific partners).
- Dynamic research & development programs commensurate with its resources and widespread recognition for its expertise.
- Ability to look ahead to technology, practices, and market or competitor trends.

2 HELPING CONSERVE RESOURCES (7)

- Improved recycling rates.
- Improved recovery of materials and energy.

3 BEING AN INCLUSIVE BUSINESS (8)

- An improved health and safety culture.
- Diversity as a factor in company performance.
- Gender equality, no wage gap.
- Enhanced multi-generational appeal.
- Team commitment.
- Guaranteed work/life balance (balanced seniority, low absentee rate, low turnover of employees).

4 PRESERVING BIODIVERSITY (9)

- Restored habitats and the arrival of new species of animals and plants.
- Recognition of its contribution to conserving ecosystems and limiting the effects of deforestation.

5 SUPPORTING DEVELOPMENT IN THE COMMUNITIES (10)

- Respect for human rights with the same resolve in every country.
- Impact of its societal actions and acclaimed philanthropic foundations.
- Support for public health policies.
- Contribution to the vitality of the communities where it operates.
- Building lasting relationships.
- Secure territorial network and regional positioning.

6 FINANCIAL PERFORMANCE (11)

Optimized asset value.
Return on capital employed.
Increased operating profitability.

(6) See Sections 1.8., 1.2., 2.1., 3.3. of the Registration Document.
(7) See Sections 2.1., 3.3. of the Registration Document
(8) See Sections 1.3., 2.2., 3.1. of the Registration Document.
(9) See Section 3.2. of the Registration Document
(10) See Sections 1.3., 2.2., 3.1. of the Registration Document.
(11) See Chapter 6 of the Registration Document.

VICAT'S OBJECTIVES

What Vicat wants to do to go even further

ENHANCE PUBLIC RECOGNITION OF THE LOW CARBON FOOTPRINT OF CEMENT AND ITS APPLICATIONS OVER ITS WHOLE LIFE CYCLE

- Ensuring its resistance to climate change.
- Achieving a 75% clinker rate in cement and 40% usage of alternative fuels in the energy mix (of which 15% for biomass) by 2030.

COMBATING RESOURCE DEPLETION

- Being part of the circular economy for sustainable resource management.

ZERO ACCIDENTS

- 100% of employees to undergo at least one health and safety training session by 2020.
- Achieving a frequency rate of 5 and a severity rate of 0.3 in 2020.

PROMOTING EQUAL TREATMENT AS AN ASSET IN THE COMPANY'S OVERALL PERFORMANCE

- Bringing more women into the industry.
- As from 2021, having at least one woman in the top 10 salaried positions.
- Mainstreaming the index for eradicating gender-based wage gaps by 2019.
- Giving disadvantaged groups access to jobs.
- Taking action in the disability arena.
- Supporting more projects per year in culture, health, and education.

HELPING PRESERVE BIODIVERSITY

- Welcoming biodiversity in the city with its products and on its sites, which are genuine reserves for all species.

MAXIMIZING VALUE CREATION FOR ALL STAKEHOLDERS

- Pursuing targeted organic and external growth and lasting profitability.

Vicat is an international/multi-site industrial group and a French family business that was established nearly 165 years ago. The family is a descendant of Louis Vicat, who invented artificial cement in 1817.

With its roots in history and a forward-looking ethos, its business model rests on the development of products and services for all sectors of the construction industry that are local and support the circular economy. Its corporate social responsibility engagements are translated into concrete initiatives which benefit the countries where it operates. They rest on three pillars:

- the energy and ecological transition: its cement factories are short links in the chain of the circular economy. Increasing its use of raw materials from recycling or recovery of waste generated by human activities enables us to limit its intake of natural raw materials and water resources. Alongside this, the Group has taken action to promote biodiversity and protect the ecosystems in the countries where it operates;
- the demographic transition and growing urbanization: construction materials are the foundations for the growth of intelligent cities. Cement is the material of the city of the future because it is readily available, inexpensive, easy to use and can be incorporated into different functions (connectivity tools);
- the social transition: it remains a priority for the Group to place its employees at the heart of its business as it reinforces its safety culture in all the countries where it operates. It develops a proactive and inclusive policy for employment, training and diversity based on the specific nature of each of these countries and the needs of their teams.

Building together.

This document is prepared in accordance with the provisions of article L. 225-102-1 and R. 225-105 of the French Commercial Code. Its purpose is to describe the business model, the main risks [(1)] inherent in the Vicat Group's activities, the policies and procedures implemented and the results, including a presentation of the key extra-financial performance indicators, for the year ended December 31, 2018. The methodology used to produce the Statement of Extra-Financial Performance (hereinafter the Statement) and to map its key risks is explained at the end of the document. This information was audited by Grant Thornton, an independent third-party body, whose limited assurance report is attached to this document.

The components of the performance statement which follow show that the Vicat Group's corporate social responsibility is fully-integrated into its global geographical growth strategy, its businesses and its product offering. It consists in a series of good practices aimed at reducing the environmental impact of its activities and enabling it to contribute 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") [(2)]. It involves all employees, the number one ambassadors of the Group's values. Implementing this approach in each of the Group's countries furthers their socioeconomic development. As an economic player that proudly advocates responsible practices, the Vicat Group also contributes to SDGs number 5 and 8 ("Gender equality" and "Decent work and economic growth").

3.1. A sustainable solution

Its first priority is to meet the demand for construction materials and this has been the case since artificial cement was invented by Louis Vicat in 1817. As a recognized expert in its main businesses, it is aware of the importance of bringing effective, sustainable solutions to as many customers as possible. They benefit from the fruits of its R&D in a broad range of quality products which it ensures contribute to the energy transition and are guaranteed to be resilient to climate change.

3.1.1. Safe and affordable quality construction products

Product quality is important for the Vicat Group and its aim is to produce materials for the restoration - and thus enhancement - of building stock.

(1) These key risks are explained in Chapter 5 in the Registration Document and the identification and monitoring methodology note appears in section 3.5.2. of this chapter.

(2) 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.

3.1.1.1. A broad range of construction solutions

Vicat Group makes and sells different categories of cement. The products on offer vary according to the maturity of the market. It manufactures different grades of concrete, from ordinary concrete to special concrete. It produces aggregates that are differentiated by chemical composition, physical qualities, size and color. You will find full details of its products in section 1.5 of the Registration Document.

Although the availability and affordability of its products is a key concern, Vicat has built its brand image on quality and compliance with local regulations. The vast majority of the products it produces and sell comply with non-mandatory standards which define the quality and safety levels it commits to achieve.

Its products undergo regular checks by different organizations, selected according to internal or external procedures, who certify their compliance with the relevant regulations and standards.

Ensuring its products meet these standards is part of a progress and continuous improvement policy for the benefit of all involved. In Turkey, 15% of the products put on the market already have a quality label or specific certification. In France, Béton Vicat (the Group's ready-mixed concrete subsidiary) not only commits to meet the criteria of NF EN 206-1 for the ready-mixed concrete sold on that market, it also has the Guarantee of French Origin label. This label guarantees customers that all stages of ready-mixed concrete production are carried out in France and at least 50% of the unit cost price per cubic meter of ready-mixed concrete is generated there too. It illustrates its teams' customer service focus and the short chain circular economy priority of the Group's industrial policy.

3.1.1.2. Producing materials for building restoration

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. Several solutions were recognized at the 8th awards ceremony of the International Cultural Heritage Show on October 24, 2018 in the "Innovation Grand Prix for Vicat and its partners" category. The first two were for innovations in France and the third in Turkey:

- SMARTUP, Ultra-High-Performance Fiber-Reinforced concrete (UHPC) for the renovation of the Grand Pont bridge in Thouaré-sur-Loire (44);
- Biosys (partnership between Vicat SA and *Vieille Matériaux*) is a building system constructed from blocks of dry-stack (tongue and groove) hempcrete blocks made from PromptUP natural cement and hemp chaff. The blocks provide the formwork and filling for a conventional reinforced concrete post and beam framing. Because they interlock without mortar or adhesive, they are faster and more efficient to use and offer exceptional alignment and plumb. The result is a genuine single wall solution which does not require any additional insulation;
- Q-Flash 2/20 quick-dry concrete used to reconstruct the Sabiha Gökçen airport runway in Istanbul.

3.1.2. Products designed to help adapt constructions to climate change

The effects of climate change are a priority consideration for the Vicat Group, a fact borne out by the focus of its R&D and the low-carbon products it has put on the market.

3.1.2.1. Expert analysis to further the energy transition

To respond to the climate and demographic challenge, it has committed to setting up an active document watch at all levels of the organization. The work of the IPCC (Intergovernmental Panel on Climate Change) is one of the resources used.

To help decide how best it can shift to a low-carbon economy, the Vicat Group became a member of the Shift Project, a French think tank on the energy transition, composed of international experts and players from the business world. For the record, the Shift Project wrote a manifesto which calls on European countries *"to launch policies now which can achieve greenhouse gas emissions as close to zero as possible by 2050*".

The Vicat Group also has a number of strategic partnerships led by its Louis Vicat technical center whose work is described in Chapter 1.8.4. of the Registration Document.

It takes part in various discussion forums on environmental performance. It works with the IFPEB (the French institute for the environmental performance of buildings) to define the conditions for an ambitious and effective market-appropriate energy and environmental transformation for the real estate and construction industries.

The Vicat Group is pragmatic in its policy, taking an interest in - and contributing to - more experimental approaches.

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 2018, innovative solutions for the well-being of building users were trialed during a major specifications project and a prototype of Artésys, a cladding solution for visible façades, was created.

In the final phase of the COMEPOS project for the design and construction of positive energy houses, the brainchild of the Ministry for Housing managed by the ADEME and coordinated by the French

Atomic Energy Commission, the Vicat Group helped to create a new POSITIVIX demonstrator in Auvergne (France), bringing to 15 the number of ultra-energy-efficient houses delivered. Feedback from future occupants will help to shape the forthcoming environmental regulations (on the energy consumption of individual houses) announced for 2020. As a reminder, a positive energy house is a house that can produce more energy than it consumes.

To further its open approach to innovation, in 2018 the Vicat Group joined the Ruche Industrielle, an association with firm roots in the conurbation of Lyon set up to encourage the exchange of expertise between major groups such as Bosch, Renault Trucks, Volvo, Aldes, the SNCF and SMEs.

To launch a debate on questions such as “What will our roads and cities of tomorrow look like?” “How can cement be used in the future?”, the Vicat Group created a number of events. The challenge launched by the competition for students - “How can we regenerate the city?” - illustrates its commitment to societal issues and partnerships and was recognized by the CSR prize it was awarded at Apave’s Prévision conference.

The industrial division oversees its ongoing efforts to mitigate the effects of climate change by structuring them and aligning the main thrusts of Vicat Group’s low-carbon strategy with the goal of containing global warming below a 2ºC threshold by the end of the century. To do this, its research & development department has been tasked with investigating ways to:

- bring low-carbon products to market (cements with additives and cement with low-carbon clinker);
- improve its energy efficiency with physical improvements such as waste heat recovery (heat lost in the manufacturing processes and not re-used) and the development of biomass channels (to substitute for fossil fuels);
- reuse products and employ carbon-friendly solutions in the construction of new buildings and renovation of older housing;
- reuse emitted CO_2 and concrete carbonation. Together with the ATILH (Industries Technical Association of Hydraulic Binders) and IFSTAR (Institute for the Science and Technology of Transport, Development and Networks), Vicat is currently working on the national FASTCARB project for the permanent storage of CO_2 through the carbonation of recycled concrete. The aim is to speed up concrete’s ability to capture the CO_2 in the atmosphere naturally during its service and demolition phase. Initial laboratory tests show that 1 m^3 of recycled concrete could capture and store up to 150 kg of CO_2 from the chimneys of the cement factory kilns. This is in addition to the saving of 650 kg of natural quarry aggregates. This system could potentially capture around 10% of the French cement industry’s emissions based on the volumes of concrete deconstructed in France each year;
- hydrogen production. Hydrogen is a carbon-free energy vector of the future which has various potential uses of interest to local operations. To strengthen its links with the local community, it is working with partners to investigate the options for producing hydrogen partly through the recovery of the waste heat produced by its cement factories and partly through green electricity when this is readily available. This hydrogen could then be used for sustainable mobility by injecting it directly into the vehicles or using it to recover the CO_2 emitted by the cement factory in the form of biogas; this biogas could then be made available to local operations through the existing gas grid.

Vicat Group’s business units are putting together new service proposals based on circular economy principles. In France, the service offering is now available under the Vicat CirculEre brand. It is based on reducing the usage of mineral and energy resources, ensuring optimum product/application adaptability and exploiting the complementarity of its Cement, Concrete & Aggregates lines by creating multimodal platforms;

3.1.2.2. Developing low-carbon products

The Vicat Group is making every effort to design suitable products to meet the climate and demographic challenges it faces. The Group applies ecodesign principles to all its development projects. The Vicat Group continues to analyze the life cycle of its products to quantify their “cradle-to-grave” impact. This is a multi-criteria approach which involves inventorizing every material and energy input and output at each stage of the product lifecycle. In France, the Group uses the BETie (BEton Impacts Environnementaux) configurator devised by France’s national professional association for the ready-mixed concrete industry (*Syndicat professionnel National du béton prêt à l'Emploi*) to generate the environmental and health declarations for its customers.

Vicat contribute by developing new cements which emit less CO_2 and construction materials and systems which help to improve the energy efficiency of the buildings or infrastructures (See section 1.8 of the Registration Document). Anticipating low-carbon approaches is a driving force in its industrial innovations and a key component of Vicat’s new offerings in France. the Group is developing a range of concrete specially for 3D printing which meets the requirements of each application: the right concrete for the right place. As part of the Viliaprint project launched by Plurial Novilia (a subsidiary of Action Logement) to build social housing that fully-incorporates 3D printing technology, R&D teams have developed a material which when deconstructed in liquid form can be used for printing by laying down successive layers. Another example is the development of a range of pervious concrete products combining mechanical resistance and hydraulic performance to temporarily retain rainwater and return it gradually into the natural environment. These could be used for urban development projects. With over 1,000 new products throughout Europe, Vicat’s natural quick-setting cement places it as a key player in the bio-sourced construction industry.

3.1.3. Sustainable employment to strengthen ties with the communities where Vicat operates

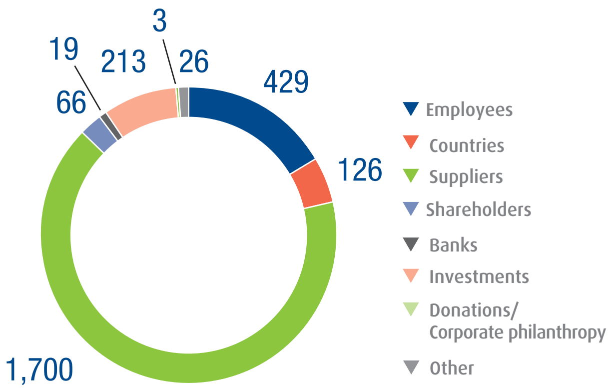
The Vicat Group is a key player in the materials industry (products and services) in the countries in which it operates. It contributes actively to local development by generating direct and indirect sustainable employment and through a considerable training effort for its employees, to guarantee their employability.

3.1.3.1. Sharing value created throughout its markets through local hiring

As part of its recruitment policy, the Group prioritizes hiring local people and sharing the value created by means of a fair compensation policy. The diagram below shows the breakdown of consolidated sales revenues for the Group's main stakeholders as of December 31, 2018. Compensation represents 16.6% of this breakdown.

SHARE OF VALUE

CONSOLIDATED SALES REVENUE: € 2,582 MILLION



The indicators below translate the results of the Group's strategy, i.e.:

- a diversified geographical distribution of its workforce with strong regional positions (recruiting local talent);
- a breakdown of its workforce by activity with cement being the highest employer;
- compensation schemes guaranteeing equity through recognition of performance, equal treatment of men and women and no discrimination.

General changes in the workforce

As at December 31, 2018, the Group employed 8,884 staff.

Hires and departures

Type of workforce changes in 2018

(number of employees)	Workforce
Workforce at December 31, 2017	**8,460**
Natural attrition	(824)
Redundancies	(456)
Changes in consolidation scope	44
Recruitment	1,620
WORKFORCE AS AT DECEMBER 31, 2018	**8,844**

As at December 31, 2018, the Group had 8,844 staff compared to 8,460 a year earlier. This 4.5% increase can be explained by the continued growth of the workforce in France (up 4.9% between 2017 and 2018), development of the Aggregates activity in Senegal (up 8.5% between 2017 and 2018) and the insourcing of clinker production in the Egyptian cement factory (+27.7% between 2017 and 2018). The increase in the workforce in France also resulted from the new positions created to serve its customers and stakeholders and face up to the challenges of the 21st century (the energy transition, circular economy, digital, etc. See section 3.3.1. of this Registration Document).

The change in scope (+44 employees) can be explained by acquisitions aimed at strengthening the Group's position in its preferred geographical areas. In France, the transport activity acquired Transport Dubois (+28 people). In Switzerland, it took over PriMa Rent and RMZ (+14 people).

In addition, France continued with its apprentice recruitment policy, increasing their number by 28% between 2017 and 2018 and by nearly 50% over a two-year period.

The Group's global hires increased by 24.4% between 2017 (1,302) and 2018 (1,620), while global departures stagnated between 2017 (1,281) and 2018 (1,280).

The Group's departure rate fell between 2017 (15.2%) and 2018 (14%), reflecting our ability to retain staff in a period of increased activity and competition in the employment market.

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

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 8.1%, although this is considered low for these countries.

3

Breakdown of the workforce by geographical area

The workforce comprises local personnel. New staff are generally hired from the catchment areas in which the Group operates.

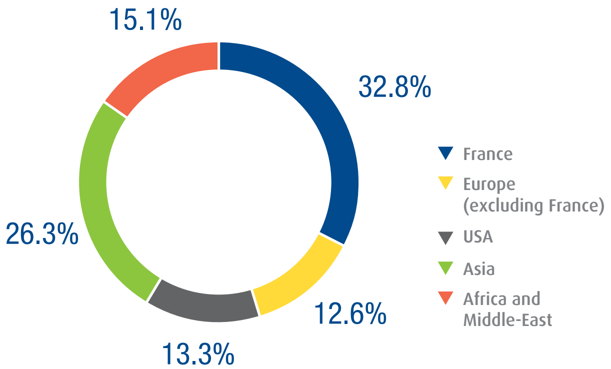
Group headcount as at December 31, 2018 by geographical area

(number of employees)	2018	2017	Change *(as a percentage)*
France	2,874	2,741	+4.9%
Europe (excluding France)	1,146	1,130	+1.4%
United States	1,172	1,140	+2.8%
Asia	2,255	2,228	+1.2%
Africa & the Middle East	1,397	1,221	+14.4%
TOTAL	**8,844**	**8,460**	**+4.5%**

Average Group workforce in 2018 by geographical area

	2018	2017	Change *(as a percentage)*
France	2,845	2,751	+3.4%
Europe (excluding France)	1,091	1,075	+1.5%
United States	1,155	1,112	+3.9%
Asia	2,282	2,253	+1.3%
Africa & the Middle East	1,311	1,155	+13.5%
TOTAL	**8,684**	**8,346**	**+4.0%**

BREAKDOWN OF THE GROUP'S AVERAGE NUMBER OF EMPLOYEES IN 2018 BY GEOGRAPHICAL AREA *(in %)*



The Group had an average of 8,684 employees in 2018, up from 8,346 employees in 2017, an increase of 4.0%. 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 1.3% in one year. Growth in the average number of employees in India (up 5.2% between 2017 and 2018, after an increase of 8.7% between 2016 and 2017) was due to the continued commitments of the Bharathi and Kalburgi factories to the employment of the local population. Between 2017 and 2018, the average number of employees in Turkey fell by 1.1% due to the country's decreased activity. The 3.3% decrease between 2017 and 2018 for Kazakhstan reflects efforts to optimize the local organization;
- for the Africa & Middle East region, the 13.5% increase between 2017 and 2018 was due to the insourcing of clinker production in Egypt (+26.4% of the average number of employees) and the increase of the average number of employees in Senegal (up 8.0% between 2017 and 2018). Senegal faced a conflicting situation: the average number of employees in the Cement business fell by 1.9% (mainly due to better organization at the cement factory in Rufisque), while the average number of employees in the Aggregates business rose by 19.3% due to higher production capacity and stronger sales;
- in the United States, the 3.9% growth in the average number of employees between 2017 and 2018 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 rose by 1.4% over the period because of acquisitions in the transport activity;
- in Italy the average number of employees remained stable with the arrival of one extra employee for the Italian Prompt market;
- between 2017 and 2018, the average number of employees in France continued to rise (+3.4%) due to growth in its markets in 2018 (Grand Paris projects, etc.).

Breakdown of the workforce by business segment and professional category

Group headcount as at December 31, 2018 and change

	Cement	Concrete & Aggregates	Other Income & Services	Total
Executives	1,000	330	242	1,572
White-collar staff	1,424	921	412	2,757
Blue-collar staff	1,595	2,015	905	4,515
TOTAL	**4,019**	**3,266**	**1,559**	**8,844**

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

- in 2018, the Group's workforce in the Cement business accounted for the largest share at 45.4% of the total headcount (against 45.7% in 2017).

  The Concrete & Aggregates business remained stable between 2017 and 2018 (36.9% in 2018 and 37% in 2017).

The Other Products & Services business showed very little change: 17.6% in 2018 *versus* 17.3% of the total workforce in 2017;

- in 2018 blue-collar staff continued to increase, reaching 51.1% of the total workforce (50.5% in 2017) reflecting the increase of the Group's industrial production, mainly in Senegal and Egypt.

  The share of white-collar staff decreased further to 31.2% in 2018 *versus* 31.8% in 2017 (proportionality effect).

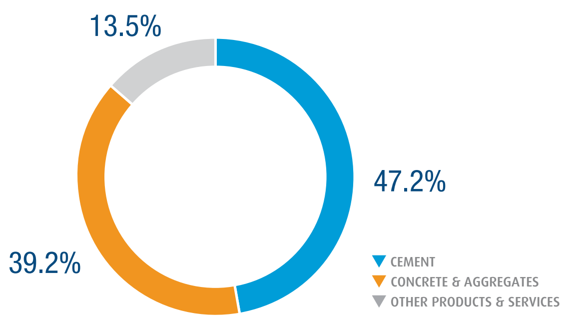
  The share of executives remained virtually unchanged at 17.8% (17.7% in 2017).

Average Group workforce and changes

(number of employees)	2018	2017	Change *(%)*
Cement	4,103	3,906	+5.0%
Concrete & Aggregates	3,406	3,308	+3.0%
Other income & Services	1,175	1,132	+3.8%
TOTAL	**8,684**	**8,346**	**+4.0%**

The changes between 2017 and 2018 in the average number of employees in the Cement business (+5.0%), Concrete and Aggregates (+3.0%) and the Other Products & Services business (+3.8%) are consistent with those of the year-end workforce.

BREAKDOWN OF THE AVERAGE WORKFORCE IN 2018 *(in %)*



Compensation 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 for employees. In order to better support employees preparing 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. In 2018, before the PACTE law vote, almost all Group employees in France had a mandatory and/or voluntary profit-sharing agreement.

The remuneration policy places particular importance on gender equality and applies the "same salary for the same job" principle.

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 AT DECEMBER 31, 2018

The Group's personnel costs increased by almost € 5 million (i.e. 1.2%) to € 428.9 million in 2018 (€ 423.9 million in 2017). This net positive balance is explained by:

- organic growth which contributed € 20.1 million to this overall increase. Organic growth covers both salary increases and the net rise in the average number of employees (+4%) between 2017 and 2018;
- exchange rate effects which reduced these expenses in euros by almost € 15 million, mainly contributed by Turkey, Egypt, Switzerland and the United States;
- the scope effect was insignificant in 2018.

In France, personnel costs increased by 6% between 2017 and 2018 due to acquisitions, organic growth of employee numbers during a period of market growth and to meet the needs of its customers and stakeholders, the challenges of the 21st century (Grand Paris, the circular economy, energy transition, digital, etc.) and significant pressure on the employment market and salaries.

Personnel costs

(in thousands of euros)	2018	2017
Salaries and wages	313,787	310,276
Social security contributions	110,756	109,670
Employee profit sharing (French companies)	4,420	4,047
Personnel costs	**428,963**	**423,993**
Average number of employees of the consolidated companies	8,684	8,346

Indirect jobs and support for local entrepreneurs

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. The Group is involved in various local economic development initiatives such as the "*Alizé*" network. It chairs the Alizé Savoie approvals committee which, for 20 years, has been supporting SMEs in the region by sharing the expertise of the program's corporate partners. At October 31, 2018, the report showed plans to create 19 additional jobs.

Often more staff are employed on production sites in developing countries than in developed countries. It is less common to outsource the support functions (maintenance, for example) because of a lack of qualified industrial infrastructure for the cement industry. The cement factory operated by Sococim Industries (Senegal) generates five indirect jobs for 1 direct job. Initiatives by the Sococim foundation help to boost activity in the Rufisque area by supporting the development of local companies (very often created by women) that rely on traditional skills in various areas such as the processing of locally-grown cereals, artisan dying and the sale of fabrics. In Kazakhstan and India, it is estimated that for every direct job there are three indirect jobs linked to the cement factories.

3.1.3.2. Supporting skills acquisition and development to guarantee employability

The Group's ability to attract the best people and employee retention are two cornerstones of human resources policy.

Its employer brand, which reflects its culture and values, and the fact it is a family-owned, international group, makes it attractive to candidates.

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 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. Thus it is its intention that, for digital, 50% of the team is, and will be, made up of employees who have in-depth knowledge of the internal organizations and processes, which will be supplemented by "digital" training.

In 2018, the Group's training program focused on health and safety in the workplace, environment, team performance (management, change management, ethics and anti-corruption under the Sapin law, for example), industrial performance and business performance. There is also regular ongoing energy transition, circular economy and digital training.

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 2018, the Group successfully continued the multi-year program launched in 2013 relating to specifications and sales activities with pilot teams from its various businesses.

Taking advantage of the arrival of the internal strategy and customer development consultant, all business units in France introduced sales force training.

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.

These training initiatives naturally help to keep employee performance and engagement high.

Training indicators *

	2018	2017	Change *(as a percentage)*
Number of hours of training	142,025	146,048	-2.8%
Number of employees having attended at least one training course	5,438	4,956	+9.7%

* *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 decrease in training hours between 2018 and 2017 was mainly due to the end of the Indian training plan for communities living near Group cement factories (Local Employment Plan) that was hailed a success. People who received training acquired the skills and knowledge needed to access long-term employment and career prospects in the industry.

This decrease should not overshadow the commitment of departments, corporate partners and teams to training development as a key to success.

In 2018, 61.5% of the teams received at least one training course *versus* 58.6% in 2017. The 9.7% increase in the number of employees who attended at least one training session between 2017 and 2018 is due to the increase in the Group's average number of employees and demonstrates its willingness to train new hires and all employees regardless of their background.

Some countries played a particularly significant part in improving the key training performance indicators in 2018, including:

- the United States, which reported a 30.3% rise in training hours, linked to the need for health and safety at work training after hiring less experienced drivers (lack of candidates with experience) in the Concrete business, and the need for ethics training in 2018;
- France, which still has the highest number of training hours (37.4% of the Group total), saw this indicator grow by a further 12.8% between 2017 and 2018, with a 16.3% rise in the number of employees who attended at least one training course.

3.2. Delivering a service

Because of the excellent relationships of trust the Group has forged with its local communities, customers and employees, it is today a fully-fledged circular economy player, committed to bringing the benefits to its customers, and an inclusive company promoting diversity, taking a stance against discrimination and supporting the development of the countries where it operates.

3.2.1. Global offerings and innovative solutions as part of a circular economy approach

Because of its long-established industrial expertise and strong local roots, the Vicat Group can offer solutions for the recovery of materials and energies available in the countries where it operates, while reducing their respective environmental footprints. By pursuing its circular economy policy, it aims to contribute to the preservation of this shared capital of natural resources, ensuring it is not depleted but rather its value grows for all stakeholders.

3.2.1.1. Recovering the materials and energies at its local sites

Its circular economy approach

Strategic choices made some time ago have formed the backbone of the Vicat Group's circular economy approach. These include:

- **the careful selection of raw materials based on their local availability and reducing transport distances.**

  Access to resources (materials and energy) is a vital concern for the Vicat Group. Land reserves, and their preservation, are strategic for its continued existence. Thus, through sustainable management of the natural resources used in manufacturing processes, Vicat plays its part in local land management.

  The main raw materials used in its processes are natural and mineral, and therefore extracted from the immediate environment (see section 1.5 of the Registration Document);
- **the use, as far as possible, of alternative raw materials** which are available locally, either waste or recycled materials; while considering the resources used in its activities as a whole to see whether the quantities used could be reduced through circular economy initiatives.

  The Group identifies potential sources and uses them as a basis for targeted circular economy initiatives. These may be supply contracts with waste producers or the provision of platforms for temporary storage of their waste for future use as a resource. In doing this, Vicat strengthens the synergies between the industrial fabric and the local economy. In France, thanks to actions undertaken locally by each of its cement factories (the use of short local supply chains) to effectively remove barriers to the circular economy, the French Cement Industry Union (*Syndicat Français de l'Industrie Cimentière*-SFIC) has awarded Vicat with the Green Deal partner status. They will allow to translate its commitment to green growth into concrete actions by recycling wood waste from construction in the cement factories. These initiatives are supported by the government whose targets are set out in the energy transition and green growth act; 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 reduces fossil fuel consumption by 30% between 2012 and 2030. At the 4th *Trophées de l'Economie* in June 2018, Vicat was awarded the "Company in Transition" award in the "Large Companies" category by the Secretary of State to the Minister for the Ecological and Inclusive Transition;
- **commit to recover energy from waste at cement factories to be an alternative to fossil fuels;**
- **invest in technologies to circularize the value chains**, such as the commissioning of the *gasifier* at the Créchy cement factory in France.

Today, it is because it can rethink how to create value for its customers, and offer them added value, that it can bring them new, increasingly innovative, service offerings using local loops. The Group does this by transforming waste produced locally into construction materials that are also used locally without ultimately creating other non-recovered waste.

In France, the Vicat CirculEre offering is helping project managers and customers recover as much waste as possible from decontamination and demolition sites (primarily during the restoration of old industrial wasteland) and convert them into industrial products such as cement, aggregates and concrete. At POLLUTEC 2018, Vicat Eco-valorisation was relaunched as Vicat CirculEre, an offering available to the countries in which Vicat operates. This global offering permits the use of contaminated soil as an alternative to natural materials (limestone and marl). It is recovered and enters into the cement matrix, i.e. the contaminated soil is made into cement to be used to reconstruct the same site! - Inert soil can be recovered from its quarries - concrete waste can be turned into recycled aggregates for use in the formulation of concrete or road sub-layers. Site waste such as wood from demolition sites can be used as an alternative to fossil fuels. In some cases, Vicat Group recovers virtually 100% of the waste produced at a local site and then supplies eco-design industrial products to the reconstruction industry (cement or concrete).

As an international multi-site group, Vicat can deploy its circular economy approach in the countries where it operates and thereby instill a radically different approach to the management of natural resources in line with its sustainable development targets. Although the circular economy often begins locally, the associated challenges are global. The prevailing issue is how to meet the needs of 7 billion people worldwide with limited natural resources if all countries are not developed according to more environmentally-friendly and socially inclusive models. This is the thinking behind the "*Rufisque Marché Propre*" program, for example, relaunched by the Sococim foundation in Senegal with the aim of collecting waste from the market and recovering it at the local cement factory. Under this program, 8.5 tons of waste were recovered in 2018. A similar initiative was launched in India in April 2018 to teach inhabitants in the villages of Chatrasala and Kherchkhed, close to the Kalburgi factory in Karnataka state, how to collect and sort waste. 23 tons of dry waste was sold to the cement factory and the 7 tons of organic waste were composted.

Change in the Group's material consumption

Breakdown of materials consumed

(in millions of tons)		2018	2017	2016
Clinker	Raw materials	29.2	29.2	28.4
	of which % of alternative materials	5.0%	4.4%	2.7%
Cement	Raw materials added	4.2	4.1	3.9
	Total % of alternative materials used in the cement	10.5%	8.5%	6.9%
Aggregates	Natural raw materials	18.6	20	18.4
	of which % of alternative materials	3.8%	2.2%	2.5%
TOTAL	**RAW MATERIALS**	**52**	**53.4**	**50.7**
	OF WHICH % OF ALTERNATIVE MATERIALS	**6.4%**	**5.3%**	**4.4%**

The materials recovered for use as alternatives to natural raw materials include:

- **for clinker manufacture:** fuel ashes, calcium, aluminum or iron oxides with the addition of silica or contaminated soil;
- **for cement manufacture:** sulfo or phosphogypsums, quarry mineral waste, ash, blast furnace slag, kiln or bypass filter dust;

  As part of the European SERAMCO (Secondary Raw Materials for Concrete Precast Products) project, the Vicat Group has successfully conducted an initial trial, at the Créchy factory (France), on the use of crushed concrete fines from demolition sites in cement manufacture. The SERAMCO project targets the recycling of concrete and other materials from demolition sites into prefabricated concrete products and cement;
- **for aggregates:** returned fresh concrete or demolition.

Change of alternatives used in the Vicat Group's cement energy mix

Many years ago Vicat group adopted an ambitious policy to replace traditional fossil fuels with alternative fuels. Such 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.

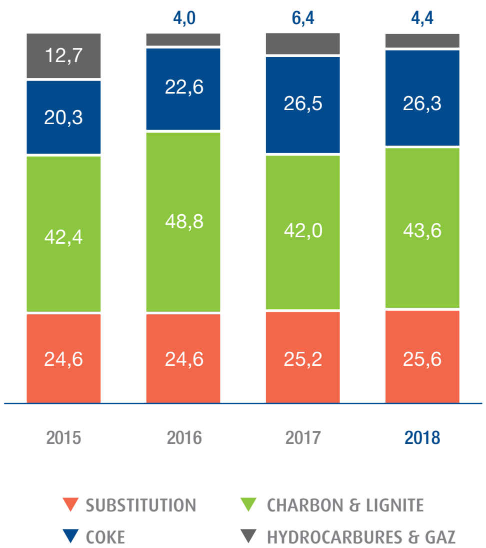
Replacing conventional fuels also helps reduce the Group's intake of natural resources, which has an important leverage effect in reducing CO_2 emissions.

It aims for an energy mix that is diversified, low-carbon and more local, more efficient and more sustainable. The Group is closely monitoring the transformation of traditional energy supply systems in the countries in which it operates. Sococim Industries, the Group's Senegal subsidiary, commissioned Urbasolar to build Africa's largest "off-grid, tracker operated" solar plant to supply the Rufisque cement factory. Covering 14 hectares, the plant should reduce the site's CO_2 emissions by 10 kt/year and produce 7 MWc. The Group also continues to use the photovoltaic panels installed on the roof of its grinding plant in Fos-sur-Mer, France.

Alternative fuels in 2018 represented 25.6% of total fuel consumption by therms. The share of biomass (in value terms) remained stable at 9% of thermal energy despite a fall in biomass use in Senegal. Reuchenette (Switzerland) and Créchy (France), the Group's most advanced factories in terms of fuel substitution, reported substitution rates of 87.3% and 77% respectively.

Grave de Peille received the Substitution Trophy in 2018 for the greatest increase in the use of alternative thermal energy.

CHANGE IN THE BREAKDOWN OF FUELS USED IN THE CEMENT BUSINESS *(in %)*



3.2.1.2. Ensuring customers use its products more efficiently

The Vicat Group firmly believes that everyone has a role to play in the circular economy to combat the depletion of natural resources. It strives to strengthen this link with its customers even further by working with them right from the design stage of its products/services to better meet their needs and move towards customization. The right concrete in the right place is the inspiration behind its activity-wide innovative solution strategy which offers customers and project managers a range of solutions adapted to the ecology and energy transition. Its Co-efficiency approach means working with its customers to develop innovations not just in materials but also in innovative construction systems such as the Biosys hempcrete block, the first biosourced block under the ATEX directive.

Vicat helps companies in the countries where it operates to increase the portion of recycled materials used in their projects. Working with all public and private stakeholders, it makes it a duty to assess the whole construction chain to identify resources which can be sourced from the local area with the proper logistics. The Group has therefore decided to choose the most fuel-efficient transport solutions available for its sites by starting to renew its fleet with hydrogen trucks at its Transport SATM subsidiary and oxygen truck mixers at Béton Vicat, a ready-mixed concrete subsidiary.

3.2.2. An inclusive company

The Vicat Group continues to adopt an inclusive approach both in its policies for employees and those for local residents in the countries in which it operates. These policies include diversity and anti-discrimination initiatives and reflect a desire for stable employment by offering permanent contracts to 94% of the employees. In France, almost 95% of employees have a permanent contract (from a base that includes apprentices and temporary workers).

Vicat also supports many education, cultural learning, success through sport and health initiatives for local residents.

3.2.2.1. Promoting diversity and equal treatment

Human resources policies are framed by adherence to and promotion of the values that underpin the Group's culture. They take into account social transition issues.

An intergenerational policy for employees, jobs and skills

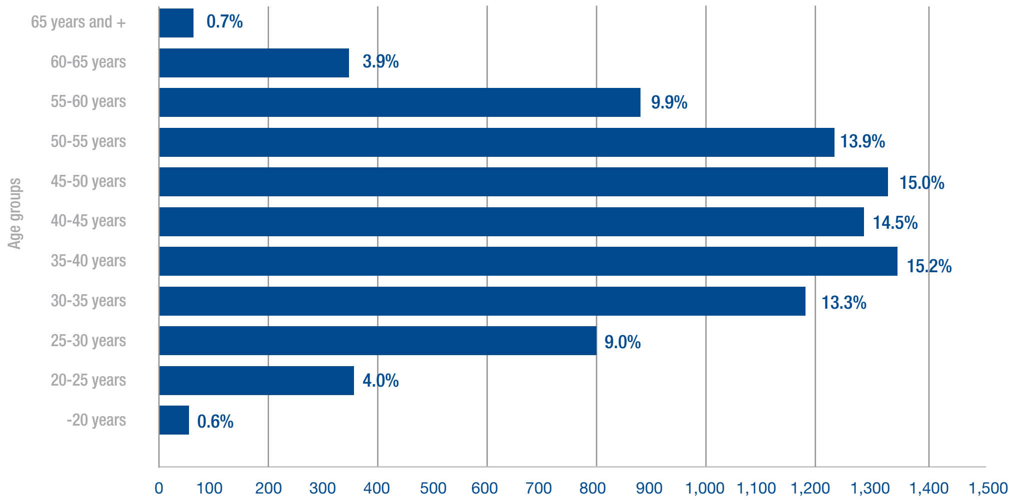
Recruitment, training, compensation and promotion policies stipulate that the Group cannot discriminate against an employee or applicant on the grounds of age.

The profile of young people and seniors hired in 2018 is evidence of the success of these policies. The health and safety at work policy driven by management, and covering conditions at work, promotes career-long employability.

New hires receive in-work training, thus benefiting from the skills and knowledge of most experienced employees.

In France, to contribute to the training pathways in the materials industry, the 2020 target is for 5% of its workforce to be apprentices, aiming for an equal number of males and females.

AGE PYRAMID AS AT DECEMBER 31, 2018



In 2018 as in 2017, the Group maintained a balanced age pyramid.

The number of employees under 35 remained proportionately higher in Kazakhstan (46.5%), India (44%), Turkey (34%) and Egypt (25%). It remained stable at 26.9% of the Group's workforce in 2018 (26.9% in 2017).

The percentage of Group employees over 50 remained stable at 28.4% in 2018 compared to 28.3% in 2017, with a significant proportion in Switzerland (43.5% in 2018), the United States (41.4% in 2018) and France (32.7% in 2018). This stability also confirmes 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	
	2018	2017	**2018**	2017
GROUP	**42.5**	**42.9**	**9.6**	**10.0**
of which France	*43.6*	*44.1*	*13.5*	*13.5*

The cumulative stability in average age within the Group (42.5 in 2018, *versus* 42.9 in 2017) and in seniority (9.6 in 2018, *versus* 10.0 in 2017) reflects the overall stability of the workforce and the Group's commitment towards responsible, long-term employment.

Measures to promote the employment of people alienated from the jobs market

Vicat has an active policy to recruit and train people alienated from the employment market in the countries in which it operates. For example, in India almost 400 villagers (often illiterate and uneducated) were trained then hired to work at the Kalburgi and Bharathi cement factories.

In 2018, the Vicat Group accepted France's President Emmanuel Macron's invitation to join the P.A.Q.T.E (*Pacte avec les Quartiers pour toutes les Entreprises*), a commitment by companies to work to help residents in disadvantaged city neighborhoods, led by Julien de Normandie, France's Minister for Cities and Housing. The aim of this national program is to offer jobs and training to young people from underprivileged areas.

Its partnership with the Sport dans la Ville association is another example of the initiatives already in place. After in-house training, people from disadvantaged neighborhoods are offered permanent batch plant operators positions.

Vicat joined a study on the condition of female seniors in the employment market, launched by Marlène Schiappa, Secretary of State for Gender Equality. This is further evidence of its commitment to include women of any age and from any background in the workforce.

Measures to promote the integration of disabled people

Whenever conditions allow, the Vicat Group applies a proactive policy in relation to the employment of disabled people.

Group companies thus employ disabled workers directly, through contacts with specialist organizations.

In France, the Group's approach is supported by the Disabled Persons' Occupational Integration Fund Management Association (abbreviated AGEFIPH in French).

Adjustments in the workplace, either by arranging working hours (reduction or adaptation of working hours), or by adapting workstations (ergonomic arrangements in terms of task content, training, etc.), are also examined and put in place.

The development of subcontracting to companies and organizations that specifically employ 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. For example, Papeteries de Vizille in Isère (an industrial site in France), called upon the services of a sheltered employment center (ESAT) that was commissioned to support a team of 6 disabled workers in the finishing workshop. In France, disabled employees represented 2.6% of the workforce in 2018 (*versus* 3.1% in 2017).

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 on permanent contracts, through an innovative, sustainable company benefit (medical cover, pension, etc.) and social recognition policy.

In 2018, entering a partnership with l'Officiel du Handicap, Vicat became the official sponsor of the next national Dialogue on Employment and Training of people with disabilities ceremony (now in its 9th year), due to take place in spring 2019 under the patronage of the French President. This illustrates Vicat's desire to strengthen its commitment to employing people with disabilities.

This policy is also successful outside France, especially in Turkey. Disabled employees represent close to 2.6% of the Group's workforce in Turkey.

Measures to promote gender equality

The Vicat Group recognizes the positive impact of women in its business. Gender equality remains one of the basic elements of its human resources policy and performance. Measures appropriate to each country are adopted to ensure equal access to jobs and training and equal treatment in terms of remuneration and promotion between men and women.

These results are achieved despite the constraints due to the industrial nature of Vicat's business and jobs. Because of prejudice, industrial jobs remain very much the preserve of men. Blue-collar jobs account for 51% of the total workforce and only 2% of these jobs are held by women. The result is the low proportion of women (10.4% in 2018) in the salaried workforce.

The Group has always striven to overcome these obstacles. For example, 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 in leadership positions).

Back in 2016, an action plan was launched in the Group countries where female employment is traditionally low to recruit women to these positions, thereby demonstrating that Vicat was prepared to break with the norms.

In 2018, the Group stepped up its action to "ungender" the positions in the minds of (internal and external) recruitment personnel and the applicants themselves. In France, there is a systematic requirement to include women among the candidates put forward for positions traditionally held by men. This applies to internships, work study/apprenticeships and fixed-term, permanent and temporary posts.

The Group is working to improve the ergonomics of the workstations and their equipment. Due to the lack of women on training courses leading to jobs in industry (engineering, for example), it is developing apprenticeships for young girls.

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 to women.

To further the quest to include more women in the workforce, Vicat has joined several networks "*Femmes et* Leadership", "*Femmes et Entrepreneuriat*" and "*Entreprises pour l'Egalité*", including in French-speaking Africa the "*Forum international des pays francophones d'Afrique sur le leadership féminin*". The Sococim foundation, operated under the technical supervision of Senegal's Ministry for Women, Families and Gender, supports the Group's policy to recognize the role of women in business. In 2018, Vicat took part in the "*Femmes et développement local*" [Women and Local Development] panel at the 1st economic and social forum organized by Rufisque on the key theme of "Set up in Rufisque, land of the future".

Recruitment and internal promotions (also the result of a training policy for women) are concrete examples of the success of the Group initiatives.

The Vicat Group pays particular attention to the equal treatment of women and men. With regard to salary, the Vicat SA Compensation Committee noted that in 2018, as in 2017, the difference in average compensation of upper management between men and women with equal qualifications is very low (between 0.1% and 0.2%, depending on category, in 2018). In France in 2018, a special budget, in addition to the Global Increase and Individual Increase budgets, was allocated to increase the salaries of female employees in the event of male/female wage discrimination. The budget was barely used.

For example, a "line by line" evaluation of Vicat led to the salaries of three women and three men being brought into line out of a total workforce of almost 700. These results illustrate Vicat's parity policy driven by promotion on merit.

As a Group recognized for its work to support gender equality, in 2018 Vicat took part in the test panel of companies to establish the "gender equality index", a key public policy measure aimed at eradicating the gender pay gap. Muriel Pénicaud, France's Employment Minister, recognized Vicat's leading role in this by inviting its Chairman and Chief Executive Officer, Guy Sidos, to speak about the initiatives run and results obtained at the presentation of the index. Its Chairman and Chief Executive Officer has opted to roll out this index to all the Group's foreign entities starting in 2019.

In 2018, for the first time in the history of the Group, no doubt also a first for the French industry for a company of its size, a woman held the position of central union representative for the main union (*Délégué Syndical Central Force Ouvrière*).

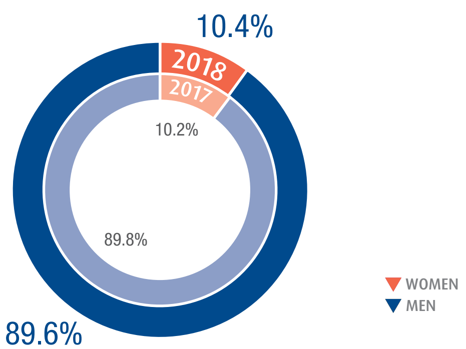
In addition, Vicat's management decided to set up an employee representative to the Board of Directors from 2016, even though the law did not require it until 2018. Given the quality of employment relations, naturally the Works Council's method of appointment was used. The Works Council's choice was a female employee and management welcomed this decision.

Its gender equality record helped the Group further improve its ranking in the list of SBF 120 companies with increased female representation on their Boards, climbing to 23rd in 2018 (from 28th in 2017). 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.

Workforce as at December 31, 2018 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	7,920	1,361	2,138	4,421	42.6	9.7
Women	924	211	619	94	41.8	9.4
TOTAL	**8,844**	**1,572**	**2,757**	**4,515**	**42.5**	**9.6**

CHANGE IN THE WORKFORCE BY GENDER AS AT DECEMBER 31



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

	2018	2017
Executives	13.4%	13.0%
White-collar staff	22.5%	22.0%
Blue-collar staff	2.1%	1.8%
TOTAL	**10.4%**	**10.2%**

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

	2018	2017
Executives	25.2%	23.9%
White-collar staff	25.7%	25.0%
Blue-collar staff	2.5%	2.4%
TOTAL	**18.0%**	**17.3%**

The percentage of women employed by the Group was virtually unchanged as at December 31, 2018, at 10.4%, compared with 10.2% a year earlier. This can be explained by the increase in the number of blue-collar workers, who are nearly all men in Egypt and Senegal, and the low number of women in other countries, which hides the effects of the Group's commitment towards increasing this proportion significantly each year.

In France, the employment of women rose to 18.0% in 2018, as compared with 17.3% in 2017. With a female workforce of 22.7% and 17.4% respectively, Kazakhstan and Italy still come top, with France, for the percentage of women employed.

The percentage of female executives in the Group also improved, rising from 13.4% in 2018 to 13.0% in 2017. In France, the percentage of female executives also increased to 25.2% as at December 31, 2018 (compared with 23.9% in 2017). Excluding acquisitions in 2017, in 2018 women accounted for 34% of hires to management positions in France.

3.2.2.2. Access to vital education and health services

The Vicat group is an economic player that supports the development of the countries where it operates through a large number of local resident initiatives. Access to education, culture awareness, health prevention and success through sport are key priorities. Its strong links with the local communities ensures these initiatives are successful and sustainable. They are driven by the different local managers but are also widely supported and implemented by all employees who give their time.

In education

Vicat's actions target all levels of education, from primary school to university, and support local government policies. They relate to the improvement of learning conditions (supply of materials for maintaining or building the institutions for students), supply of equipment (from IT tools to office equipment), granting of scholarships and reception of interns so that they can learn about the Group's businesses.

In India, in addition to providing large quantities of school supplies for pupils in neighboring schools, the Vicat Group supports a literacy program that was followed by 75 women.

In Senegal, the Sococim foundation renewed its support for the local association for the protection of mentally-handicapped children, the "*Association Sénégalaise pour la Protection des Enfants Déficients Mentaux*". In 2018, four children received training specially adapted to their needs at the Aminata Mbaye center which is the administrative headquarters for the association.

In France, the Louis Vicat Foundation sponsored an educational project at the Lycée Louis Vicat de Souillac, a secondary school in the Lot Department in France that specializes in the building trades. Vicat has entered a long-term partnership with the Catholic University of Lyon (UCLy). The Group works alongside architecture and engineering schools to pass on knowledge of its businesses and to develop joint projects on research and innovation. One such example is the partnership with ESTP, a specialized civil engineering school, in Paris.

In cultural learning

The discovery of music is a key component of the initiatives of the Group and its foundations. In Senegal, the Sococim foundation sponsored "*La loge des Poètes*" concert by the Rufisque rapper it has been supporting for several years. In Turkey, Bastas Ciment subsidiary renews its support for the Elmadag cultural center each year. In France, the Louis Vicat foundation supported the Berlioz Festival which takes place in Isère and also gave a donation to the Lyon Military Governor's 11th concert in benefit of French soldiers injured during foreign operations. Classical music is also brought to the La Fauchère quarry in Souvigny in the Allier department.

The Group's CSR initiative also encompasses access to reading. In 2018, the Sococim foundation financed the expansion of the documentary resources of its Maurice Gueye Cultural Center (Senegal). Vicat supported the 42nd International Comic Strip Festival International in Chambéry (Savoie).

One of Vicat's heritage initiatives involved the purchase of the house in Souillac where Louis Vicat lived and discovered artificial cement. The aim is to bring it back to life, obtain "*Maison des Illustres*" [house of the famous] status and open it to the public. The Louis Vicat foundation helped to fund ICOMOS France (International Committee for monuments and sites) submission n°29 entitled Concrete Architecture in the Alps. ICOMOS is an NGO established in 1965 after adoption of the Venice Charter for the conservation and restoration of monuments and sites. ICOMOS provides the World Heritage Committee with valuations of assets of cultural value put forward for inclusion on the World Heritage List, as well as comparative studies, technical assistance and reports on the state of preservation of the sites already listed.

In sport

The Group sponsors several sports clubs in the countries where it operates. Given its local roots in the Lyon area and its particular focus on the development of women's sport, the Vicat Group has solid, sustainable ties with the Olympique Lyonnais women's soccer team.

For the International Beaujolais Marathon, the success enjoyed by the large contingent of French employees in 2017 was repeated in 2018, as even more participants take part under the slogan "Let's build together". NCC Alabama, a US subsidiary, was involved in the construction of a baseball stadium for the city of Ragland in the USA.

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.

To tackle major public health issues, the Group sets up a medical and social center in the village of Chatrasala, close to Kalburgi cement factory in India. Since it opened, the number of consultations has been increasing consistently. In 2018, 8,000 consultations were recorded.

In April 2018, SATM, a French subsidiary, gave retired drivers more than 1,000 liters of free fuel to enable a convoy of humanitarian aid to leave Romagnieu (in Isère) for Macedonia to help the Athens refugees. It has been supporting these expeditions for over 20 years.

3.2.3. Business ethics

In light of the corruption that is affecting both developed and emerging countries, the Vicat Group has resolved, in all the countries where it operates, to conduct its businesses in strict compliance with its Code of ethics and Codes of good conduct, which have been designed for application across different fields. Its procurement policy is a perfect example of its commitment to corporate social responsibility, promoting responsible and sustainable purchasing.

3.2.3.1. Preventing the risks of corruption and ensuring fair practices

Preventing the risks of corruption

The Vicat group refers to its Code of ethics to prevent the risks of corruption. 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, the Group uses the skills of a Chief Compliance Officer.

The Group reviews its corruption risk map on a yearly basis. Its website features a whistleblower procedure. It delivers classroom-based and e-learning anti-corruption training (fulfilling the requirements of the French Sapin II law). It is driving the implementation of an anti-corruption code of conduct. It is endeavoring to tighten its accounting controls. It has introduced a third-party assessment procedure and set out a system of disciplinary sanctions, including the dismissal of employes found guilty of acts of corruption. These initiatives are monitored on a regular basis.

Ensuring fair practices

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.

3.2.3.2. Promoting sustainable purchasing throughout its value chain

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 Labor 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 its CSR objectives with its 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, is currently the subject of a consultation process with all internal stakeholders.

3.3. Production in the best conditions

The Vicat Group is determined to implement a long-term industrial policy that respects personal integrity, is environmentally friendly and recognizes the major demographic, climate-related and ecological challenges [1] by guaranteeing the implementation of optimum working conditions to achieve its target of zero accidents as well as optimum production conditions, thereby reducing its environmental footprint and CO_2 emissions.

3.3.1. Respect for personal integrity

By putting its employees first, the Vicat Group has engendered a passionate and firm commitment from its staff. It enters into constructive dialog, enabling it to maintain high-quality employment relations and ensure a healthy and safe working environment.

3.3.1.1. Maintaining high-quality employee relations

Compliance with international conventions

The values held by the Vicat Group, and shared with all its stakeholders, have forged its strong corporate culture. 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.

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 and are members of the International Labor Organization. Respect for the principles and fundamental labor rights enumerated in the Declaration related to freedom of association and acknowledgement 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 Senegal, on the 70th anniversary of the Universal Declaration of Human Rights, the Sococim foundation supported an exhibition and workshops for schoolchildren in Rufisque.

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 the instigation of Group Management, 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 2018.

Putting employees at the heart of corporate dialog

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.

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 2018 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 in the Sinai Peninsula (Egypt) where it has a cement factory.

For 2018, the scope adopted for the "Review of collective bargaining agreements" indicator was limited to France. A total of 17 agreements were signed during this period.

In France, under the law of December 24, 2018, bringing in the emergency economic and social measures decided by the President of the French Republic, the Chairman and Chief Executive Officer, Guy Sidos, after consultation with labor partners, decided to grant a € 400 bonus, which is within the agreed compensation threshold. This measure applies to almost 80% of the workforce in France.

(1) Please refer to the methodology shown in section 3.5.2 of this document – see Chapter 5 of the Registration Document, "Risk factors and internal control".

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 2018, the Vicat Group deemed this indicator satisfactory. It varies between 0% and 6.1%, depending on the country. France is average, with 4.65%.

Proposing an employee-centered 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. Teams have real autonomy, driven by their commitment and sense of responsibility.

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. New approaches such as teleworking are being studied.

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 "free-form company".

PART-TIME WORK

Workforce as at December 31, 2018 by contract type/category

	Cement	Concrete & Aggregates	Other income & Services	Total
FULL-TIME EMPLOYEES	3,982	3,179	1,477	8,638
Executives	992	324	228	1,544
White-collar staff	1,400	877	360	2,637
Blue-collar staff	1,590	1,978	889	4,457
PART-TIME EMPLOYEES	35	89	82	206
Executives	6	7	14	27
White-collar staff	24	45	52	121
Blue-collar staff	5	37	16	58
TOTAL	**4,017**	**3,268**	**1,559**	**8,844**
Part-time employees *(as a percentage)*	0.9%	2.7%	5.3%	2.3%

The Group has little need for part-time jobs. As at December 31, 2018, the percentage of part-time employees remained low at 2.3% of the workforce (virtually unchanged from 2.3% in 2017 and 2.3% in 2017).

As in 2017, many more part-time staff were employed in Other Products & Services (5.3% in 2018) and Concrete and Aggregates (2.7% in 2018) than in Cement (0.9% in 2018).

Part-time staff are employed to varying degrees in the following countries only: Switzerland (11.9%) and France (2.5%).

SHIFT WORKING

Part of the Group's industrial business requires shift working. The statutory framework is systematically adhered to. In 2018, shift workers accounted for 21.4% of the Group's workforce, up from 2017 due to a higher number of blue-collar staff resulting from hires in Egypt and Senegal.

3.3.1.2. Guaranteeing a safe and healthy working environment

Ongoing improvements in health and safety conditions at work

Protecting the health of all employees and guaranteeing their "physical and mental safety" has been a key priority for the Vicat Group for many years now. This not only extends to the well-being of its teams, but also to temporary staff and 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 in working conditions and in the health and safety of its employees are only made possible by changes in human behavior, the Group is continuing to strengthen and roll out its safety culture, maintaining its single objective of "Zero accidents" (for its staff and staff from external companies). It therefore strengthened its health and safety policy by placing emphasis on leading by example, rigor and commitment for its managers and employees. Since its introduction in 2015, the effectiveness of this policy has been reflected in a very significant and ongoing improvement in its safety outcomes. In 2018, the Group recorded an improvement in its health and safety results and set a new record for accident frequency rates of 6.2, down from 8.1 in 2017. This improvement was due to high-performing countries, particularly Switzerland, which halved its frequency rate and to the increasing number of sites that are already on target, such as Konya Hazir Béton in Turkey which has had over 3 years with no lost-time accidents.

Prevention measures are monitored in multi-year plans. They include:

- staff training, the organization of awareness campaigns and the preparation of communication materials relating to the "Zero Accidents" objective and how to achieve it. Team training and awareness remain a major focus for risk prevention within the Group.

  For example, the training initiative which started in France in 2017, continued in 2018 for managers across all businesses. All supervisors were trained by a well-known specialist organization on concrete issues such as accident prevention dialog, safety briefings and on-site health and safety inspections.

  As a result, regional safety days are organized every year to stimulate ideas, raise awareness, improve day-to-day behaviors and share best practice. This is also an opportunity for staff to report any hazardous situations to do with issues around health and safety in the workplace. To take this one step further and make safety part of the daily routine, meetings are preceded by a safety update, and managers give weekly safety briefings.

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

  The extensive addiction prevention campaign (alcohol, drugs and prescription medicines) launched in France in 2017, continued to be rolled out and will be completed in 2019 across all sites. Training and awareness-raising will be carried out for everyone in the organization: managers, staff representatives and all employees;
- 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, Cement manufacturing sites apply the Company Safety Assurance Manual (MASE). This approach aims to make external companies subject to the same rules on training, induction (particularly, safety induction), equipment, operating procedures and organization.

Led by General Management and the managers of the Group, a team of health and safety in the workplace coordinators in all countries and for all businesses is responsible for implementing and managing these plans. They are mainly developed locally and across the different businesses by its employees. One of the best examples is the adoption of the "Essentials"; six rules defined by the Safety Department and developed at country and business levels, constituting the basic points used on a daily basis at the sites. In 2018, teams worked hard to re-energize and inject greater urgency into these six unavoidable rules, now deemed essential.

In 2018, Management systematically took part in cross-cutting internal safety audits reflecting the strength of its involvement and its unswerving commitment to achieve the "Zero Accidents" target. Cross-cutting 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. This is an ideal time to share solutions and best practices.

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.

Every year, in April, 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. "*Prévention des TMS*" (prevention of musculoskeletal disorders) was the topic under consideration on April 26, 2018. 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 such as, for example, the prevention of sexist attitudes in 2018.

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 AXA International, 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 by all subsidiaries in terms of workplace safety

The Group's key safety indicators, particularly the number of lost-time accidents and the frequency rate, showed a massive improvement in 2018 and reflect the Group's commitment and efforts in relation to Health and Safety. There was a significant drop in the frequency rate, which fell to 6.2 in 2018 (a 23% reduction from 2017). The number of lost-time accidents within the Group was down 23% from the previous year and has halved in just 5 years. The 2018 severity rate was 0.34, up slightly from the 2017 rate (0.31). This higher severity rate was due to accidents that occurred in France at the beginning of the year, leading to lengthy work stoppages, and several accidents that occurred in 2017, with stoppages continuing into 2018. In the majority of cases, employees taking time off after an accident are able to return to work in the next few weeks. Accidents requiring more lengthy periods of time off are very rare.

The improvement in frequency rate in 2018 was mainly due to the ever-increasing number of Group sites reporting no lost-time accidents. For example, six of the Group's cement factories recorded no lost-time accidents in 2018; some had not reported any for two or three years (Bharathi, Jambyl Cement, Créchy and Peille). In the Aggregates business in France, some regions have not recorded any lost-time accidents for over 4 years. Businesses in Mali and Italy have also not recorded any lost-time accidents for over 3 years.

In 2018, several countries saw a remarkable improvement in their safety performance: Switzerland halved its number of lost-time accidents, with a frequency rate down from 20.0 to 9.0 (-55%) and Turkey consolidated its 2017 performance by recording a frequency rate of 6.8, down from 7.4 in 2017 (-9%).

	Group		
*For Group employees **	**2018**	**2017**	**Change**
Number of lost-time accidents among Group employees	106	138	-23%
Number of fatal accidents among Group employees	1	1	0%
Number of lost days for Group employees	5,759	5,342	+8%
Frequency rate	6.2	8.1	-23%
Severity rate	0.34	0.31	+8%

	Cement		
*For Group employees **	**2018**	**2017**	**Change**
Number of lost-time accidents among employees	28	29	-4%
Number of fatal accidents among employees	0	0	0%
Frequency rate	3.7	3.8	-3%
Severity rate	0.14	0.16	-13%

	Concrete & Aggregates, Other Products & Services		
*For Group employees **	**2018**	**2017**	**Change**
Number of lost-time accidents among employees	78	109	-28%
Number of fatal accidents among employees	1	1	0%
Frequency rate	8.3	11.6	-28%
Severity rate	0.50	0.40	+13%

* *These analyses were carried out on a sample of around 96% of the workforce, as data on recent changes in scope are not yet available for these indicators.*

3.3.2. Protecting ecosystems and biodiversity

Being aware of its role in protecting biodiversity at its sites, the Vicat Group has, for a long time now, deployed a series of best practices serving as inspiration for all stakeholders. Welcoming biodiversity at its sites is one of the Group's objectives. Forests, an ecosystem in their own right, are covered by a sustainable management program, adopted recently.

3.3.2.1. 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 France, it was estimated that Vicat SA owned 1,778 hectares of forest in 2018. 67% was managed under nine simple management plans and the remaining surface area was managed using existing tools, such as quarry restoration plans (planting of truffle oaks with production control) or logging easements for third parties. The first results of the study requested by the Group and conducted by the French National Forestry Ownership Center (CNPF) to estimate forest carbon stocks under simple management plans, suggested that around 835,860 t CO_2 is already locked into all sections of Vicat SA's forests (above-ground and below-ground biomass, dead wood, understorey vegetation, top soil and leaf litter).

The Sococim Foundation supported reforestation activities as part of a research 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.

Another 20,123 trees were planted at Vicat Group sites in 2018.

3.3.2.2. Welcoming biodiversity at its sites

The Group's commitment to the protection and preservation of biodiversity has its origins in the operational history of its quarries. While quarrying has an impact on natural habitats, quarries also contribute, under programs rolled by sites on a local basis, to the creation of new habitats conducive to numerous species of fauna and flora.

The design and implementation of these programs by multidisciplinary teams demonstrates the Group's desire for the smooth integration of its businesses into the local landscape. Although these programs are closely linked to the sites' operational phasing plan, they encourage the adoption of innovative measures, where restoration plans often go beyond regulatory requirements. Around 30% of sites have a natural restoration plan.

These programs essentially identify *in-situ* measures but do not exclude occasions when it proves necessary to implement offset programs or even to create voluntary biodiversity reserves. This has been the Group's preferred option in the area surrounding some of its quarries, particularly the Mépieu quarry in France and the Steiner-les Boveresses quarry in Switzerland.

Without quarries or cement works, some ecological offsetting work would probably never have been considered. This is true of the Ecological Offset Measures (MCE) program, created when the Tscharner quarry was opened in Switzerland, driven and rolled out by Vigier Ciment management since the Millenium. These measures now cover an area of nearly 10 km^2 of mountain forests, wooded pastures, prairies and rough grazing land where some animal and plant species were under threat. In practice, they create forest clearings to provide a home for upland birds, and patches of old growth. In wooded pastures, they open up abandoned areas and reintroduce copses or hedges. 31 hectares of prairie and pastureland have been restored.

The Group's involvement in, and experience of, protecting biodiversity is widely shared, both internally and externally. The Vicat Group is a member of the Natural Capital Accounting Workshop of the business and Biodiversity Platform, which is part of the 2011-2020 European Biodiversity Strategy. In 2018, it took part in workshops on the subject of the biodiversity footprint of projects or products and attended the "roadmap to positive impact" plenary conference. By providing access to its Enieu quarry until 2019, the Group has, for the last two years, contributed to a study of certain species known to be excellent indicators of habitat quality as defined by protocols based on standard models developed by the National History Museum. The Odyssée initiative continues to provide habitats to save wild bees from developers. In 2018, this initiative led the way for a second conservation orchard with 43 trees planted over a 3,500 m^2 surface area in conjunction with the Croqueurs de Pommes organization and the installation on quarry and concrete batching plant sites of 15 Odyssée planters. The use of a new type of concrete in the manufacture of this planter is being trialled in partnership with the INRA. Its presentation at various trade fairs such as the Biomim' Expo was key for future innovations in the world of construction.

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. The release of the "Information on Tscharner ecological offsetting" booklet in June 2018, the organization of the 2nd "*Je cultive mon entrée de carrière pour mes visiteurs"* competition and the 4th Ecophilipole event as well as its partnership with FRAPNA for the International International Nature Film Festival, all serve to inform this dialog.

3.3.3. Ongoing improvement in the global performance of its production facilities

Being committed to sustainable construction, the Vicat Group set up an operational organization that reflects its commitment to continuously improving its industrial and environmental performance which have always gone hand in hand. Its performances are assessed both in terms of its specific consumption levels and its emissions. The Vicat Group is focusing its efforts on reducing its CO_2 emissions

3.3.3.1. An operational structure committed to sustainable production

The human and physical resources in place

Mindful of the consequences of its activities on the environment, the Vicat Group takes measures to prevent environmental risks and complies with the environmental regulations applicable to its businesses.

In 2018, the provisions and guarantees in respect of environmental risks were shown in the Group's consolidated financial statements (note 15). At December 31, 2018, they represented € 49.6 million (unchanged from 2017). Total investments related to the environment amounted to € 17.4 million (against € 18.1 million in 2017). One example was the construction of the new Mumbai terminal in India, in response to the region's growing demand for cement. The terminal can ship 1.2 million tonnes of cement a year by rail. Another is the "POM" solution introduced to improve the environmental (waste reduction) and technical (greater process stability and cleaner channels) performances of paper machines at the Vizille paper mills in France.

Its organizational model is based on the "Plan-Do-Check-Act" principle. All employees are involved in the Vicat Group's environmental responsibility initiative. The management systems deployed by the Group's various entities, such as ISO 9001, enable it to guarantee strict application of environmental regulations as notified by administrative authorizations, operating permits and/or local licenses. Each branch of activity has its own network of recognized experts in the field of health, safety and the environment. Their task is to measure, evaluate and prevent significant impacts on the basis of relevant indicators comparable with international standards and to propose any corrective measures to be taken. These indicators are an integral parameter for the production program and for the management and performance of the installations. The achievement of the goals set for each key indicator is regularly discussed during monthly or annual reporting, as well as by management. These indicators are verified through internal and external audit. The Group follows a number of environmental best practice guidelines which it also distributes. It has signed up for various recognized quality and environmental certifications.

Maintaining a constant dialog with its stakeholders

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

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. Political institutions, central governments, economic players, community groups, researchers, universities, students, local residents, everyone has a role to play.

In 2018, the topics covered included the role played by Vicat's production facilities in the local communities where they operate and safeguarding jobs, establishing a circular economy and recycling culture, and innovation in support of sustainable construction.

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.

The Group encourages its sites to open their doors to stakeholders to emphasize their links with the local community. In France, the Montalieu-Vercieu cement factory received more than 99 visits during the year.

3.3.3.2. Producing by managing the land footprint and consumption and by emitting less

Environmental indicators specific to its activities are summarized in the "Extra-financial performance in figures" table at the end of this chapter.

3.3.3.2.1. Managing its land footprint and consumption

LAND FOOTPRINT AND WASTE MANAGEMENT

The Vicat Group surveys 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. In response to the artificialization of land primarily to the detriment of agricultural areas, Granulats Vicat, the group's French subsidiary, launched a trial in partnership with the Institut National de la Recherche Agronomique and the Institut Supérieur d'Agriculture Rhône-Alpes, with the aim of developing a new growing medium known as Terrexcellia.

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.

WATER CONSUMPTION AND WASTE

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

- **in the Cement business line**, water is used to cool gases before they are treated through filtration. A large part of the water required is used for cooling the bearings in rotary equipment (bearings in the kiln or grinding mills). The use of closed loops enables the recycling of more than 65% of total water used;
- **in the Concrete business line**, each cubic meter of concrete produced uses 169 liters of water, perfectly in line with international best practice and well below the 350 liters/m^3 set by French regulations;
- **in the Aggregates business line**, recycling systems enable nearly 80% of the total water requirement for cleaning to be recovered. The specific consumption per tonne of aggregate produced was, on average, 147 liters in 2018.

Water use in 2018 (in m^3 and %)

	Cement	Aggregates	Concrete	Other income & Services
Total water requirement *(in thousands of m^3)*	25,695	13,746	1,832	1,857
Percentage recycled *(in %)*	67%	79%	2%	15%
Net intake *(in thousands of m^3)*	8,535	2,881	1,418	1,577
Environmental discharges *(in thousands of m^3)*	4,667	573	3	1,524
Effective consumption *(in thousands of m^3)*	3,778	2,880	1,415	53

ENERGY CONSUMPTION

More than any of the Group's other processes (crushing, grinding, sifting, mixing, conveyer belts, ventilation, drying etc.) the Cement manufacturing business 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.

This is why improving the energy efficiency and performance of its processes is key to the energy transition to which the Vicat Group is committed. Its industrial policy consists of ongoing work on production facilities from their design to their operation, to minimize their energy consumption.

In 2018, Vigier, a Vicat Group subsidiary in Switzerland, succeeded in converting a 58-ton dumper, diesel-powered rolling stock used to transport limestone, into a battery-powered e-dumper which can climb the quarry slopes up to 20 times a day in full autonomy. Its batteries have full charge on descent and are then recharged using braking energy recovery technology. The electricity produced is sufficient to power the empty truck (named Lynx) to climb back up to the extraction area.

An energy management system described by ISO 50001 has also been implemented in its French cement factories in La Grave de Peille, Montalieu-Vercieu and de Xeuilley. The process also involves a five-year energy saving plan. These plants, in addition to the Bastas Cimento plan in Turkey, have had their ISO 50001 certification confirmed.

The improved heat balance of its rotary kilns was due to its decision to invest in the best available technology for its industrial firing systems. In 2018, the thermal balance was 3,458 GJ/ton, down 2% from 2017 (3,530 GJ/ton). For electricity consumption, which is linked to the grinding of raw materials or clinker, the technical ratio is 101 kWh/ton of cement product (obtained by adding the amount of clinker produced to the amount of cement additives). This ratio has improved by 1% 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 2,340 GWh or 8,426 TJ.

Change in electricity consumption at the Group's production sites (in GWh)

	2018	2017	2016
Cement	2,230	2,231	2,216
Aggregates	45.8	47.8	47.9
Concrete	27	28.5	23.3
Other income & Services	41.4	44.4	44.7
TOTAL	2,340	2,352	2,332

3.3.3.2.2. Measuring the significant impacts of its activities on atmospheric emissions

MEASURING THE QUALITY OF DISCHARGES FROM ITS CEMENT FACTORIES

The cement industry has pioneered the use of high-performance measuring instruments to monitor the impact of its atmospheric emissions and shared indicators to monitor their performance.

Like most players in the cement industry, the Vicat Group has opted to monitor its performance on the basis of indicators developed by the CSI (*Cement Sustainability Initiative*), an industry association of the *World Business Council for Sustainable Development* (WBCSD). The parameters monitored in terms of atmospheric emissions are:

- CO_2 emissions for monitoring 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 2018 was as follows:

Emissions in tons and specific emissions

	Number of kilns assessed *	Emissions *(tons)*	Emissions *(grams/tons of Clinker)*		
		2018	2018	2017	2016
Dust	22	994	56	72	100
SO_x	22	3,698	207	218	203
NO_x	22	19,599	1,099	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. In 2018, the drop in dust emissions was due to regular maintenance of filters in cement factories.

SO_x emissions

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. The slight variation recorded for this parameter in 2018 was only due to the variation in sulfur content which fluctuates in line with deposits.

NO_x emissions

NO_x emissions were up slightly due mainly to the drop in biomass at the Rufisque cement factory in Senegal.

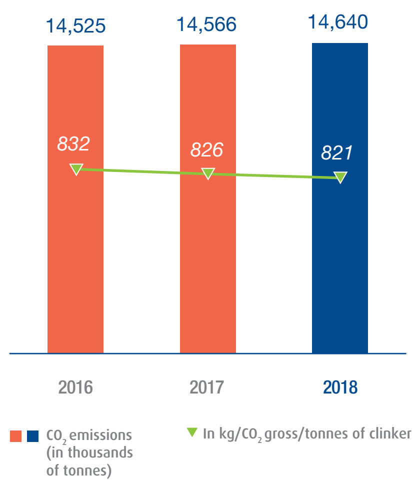
BY CALCULATING ITS CO_2 IMPACT

CO_2 impact of clinker production

All the rigorous monitoring carried out by the Vicat Group showed that its CO_2 impact essentially derives from its Cement business. Direct CO_2 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. Moreover, sectoral studies performed by the cement industry show that only CO_2 is to be taken into consideration when monitoring the effect of greenhouse gases. 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 *Exchange Trade System* (ETS) which is now in phase III (2013-2020). They specifically apply to the five artificial cement factories, to the kilns for natural quick-setting cement, and to the paper mill. Accurate and reliable emissions monitoring is recognized by an unconditional certificate of reasonable assurance prepared and issued after verification by Bureau Veritas Certification;
- 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);
- in Switzerland, CO_2 emissions from its Reuchenette factory are subject to a similar accounting system to the one set by the European Union.

GROSS CO_2 EMISSIONS RELATING TO CLINKER PRODUCTION BY THE VICAT GROUP'S 22 CEMENT FACTORY KILNS



In 2018, specific CO_2 emissions amounted to 821 kg of CO_2 per ton of clinker, a reduction from 2017.

Group's CO_2 impact

The Group's total direct and indirect emissions (relating to the production and consumption of electricity) amount to around 15.9 million tons of CO_2 to which are added 565 thousand tons of CO_2 relating to the use of biomass (compared to 15.8 million tons of CO_2 in 2017 to which were added 575 thousand tons of CO_2 relating to the use of biomass).

Direct and indirect CO_2 emissions in 2018

(in thousands of tonnes)	CO_2 total direct and indirect
Cement (or 22 rotary kilns and 4 grinding plants, including clinker production)	15,822
Concrete & Aggregates	93
Other income & Services	6.5
TOTAL	15,921

The Vicat Group is committed to reducing its CO_2 emissions and has set itself the target of achieving a 75% clinker rate in cement and a 40% (including 15% biomass) use of alternative fuels in its energy mix, by 2030.

From now on, cash cost will voluntarily include a € 30 per tonne charge for CO_2.

3.4. The Vicat Group's extra-financial performance, in figures

Social responsibility

Topic	Indicator	Scope	2018	2017	2016
Employment	Workforce at December 31	Group	8,844	8,460	8,101
	Average workforce by geographical area	Group	8,684	8,346	8,009
		France	2,845	2,751	2,440
		Europe (excluding France)	1,091	1,075	1,110
		United States	1,155	1,112	1,088
		Asia	2,282	2,253	2,226
		Africa & Middle East	1,311	1,155	1,145
	Average number of employees by business	Cement	4,103	3,906	3,813
		Concrete & Aggregates	3,406	3,308	3,030
		Other Products and Services	1,175	1,132	1,166
Change in the salaried workforce by type of movement	Natural attrition	Group	(824)	(968)	(705)
	Redundancies	Group	(456)	(313)	(114)
	Changes in consolidation scope	Group	44	338	4
	Recruitment	Group	1,620	1,302	1,208
Change in personnel costs as at December 31,	Salaries and wages *(in thousands of euros)*	Group	313,787	310,276	303,153
	Social security contributions *(in thousands of euros)*	Group	110,756	109,670	102,243
	Employee profit sharing *(in thousands of euros)*	Group French companies	4,420	4,047	4,010
	Personnel costs *(in thousands of euros)*	Group	428,963	423,993	409,406
Health and safety in the workplace *	Number of lost-time occupational accidents	Group	106	138	144
	Number of fatal accidents	Group	1	1	1
	Frequency rate	Group	6.2	8.1	8.5
	Severity rate	Group	0.34	0.31	0.26
Training *	Total number of hours of training	Group	142,025	146,048	127,042
	Number of employees having attended at least one training course (during the year)	Group	5,438	4,956	4,966
Diversity and equal treatment	Female employees as a percentage of the workforce	Group	10.4%	10.2%	10.3%
	Disabled employees	France	2.6%	3.1%	2.6%

* *This analysis (relating to health, safety and training indicators) was carried out on a sample representing around 96% of the workforce, as data on recent changes in scope are not yet available.*

Environmental responsibility

Topic	Indicator	Scope	2018	2017	2016
Material issues	Provisions and guarantees in respect of environmental risks *(in millions of euros)*	Group	49.6	48	48
	Environment-related investments *(in millions of euros)*	Group	17.4	18.1	17.3
Management of resources and the circular economy					
Raw materials	Quantity of unprocessed natural material extracted *(in millions of tons)*	Group	46.3	48.0	46.7
	Share of consumption from unprocessed materials	Group	93.6%	94.7%	95.0%
	Share of consumption from recycled materials	Group	6.4%	5.3%	5.0%
	Consumption of raw materials for the production of Clinker *(in millions of tons)*	Group	29.2	29.2	28.4
	Share of materials issued from alternative materials consumed in the production of cement as a %	Group	13.2%	10.7%	9.6%
Circular economy	Share of alternative fuels in the energy mix	Cement	25.6%	25.2%	24.6%
	Share of biomass in the energy mix	Cement	9%	8.9%	8.3%
Water	Total water requirement *(in thousands of m^3)*	Cement	25,695	26,984	24,990
		Concrete & Aggregates	15,579	19,703	17,044
		Other Products & Services	1,857	1,952	1,940
	Percentage recycled	Cement	67%	65%	67%
		Concrete	23%	23%	24%
		Aggregates	79%	84%	82%
		Other Products & Services	15%	14%	14%
	Net intake *(in thousands of m^3)*	Cement	8,535	9,483	8,192
		Concrete & Aggregates	4,299	4,492	4,125
		Other Products & Services	1,577	1,672	1,660
	Effective consumption *(in thousands of m^3)*	Cement	3,778	3,860	3,596
		Concrete & Aggregates	4,296	4,488	4,113
		Other Products & Services	53	58	150

Topic	Indicator	Scope	2018	2017	2016
Atmospheric emissions					
Dust	Dust emissions *(in tons/year) from 22* kilns assessed	Cement	994	1,263	1,756
	Specific dust emissions *(in g/t of Clinker)*	Cement	56	72	100
SO_2	SO_2 emissions *(in tons/year)* from 22 kilns assessed	Cement	3,698	3,849	3,545
	Specific SO_2 emissions *(en g/T de clinker)*	Cement	207	218	203
NO_x	NO_x emissions (*in tons/year*) from 22 kilns assessed	Cement	19,599	17,138	19,082
	Specific NO_x emissions *(in g/t of clinker)*	Cement	1,099	972	1,092
CO_2	Gross emissions of CO_2 from kilns *(in kt)*	Cement	14,640	14,566	14,525
	Specific CO_2 emission *(in kg/ton of Clinker)*	Cement	821	826	832
	Direct and indirect CO_2 emissions *(in kt)*	Group	15,921	15,812	15,740
		Cement	15,822	15,710	15,647
		Concrete & Aggregates	93	93.6	86.7
		Other Products & Services	6.5	8.2	6.5
Energy consumption	Total electricity consumption (*in GWh*)	Cement	2,230	2,231	2,216
		Concrete & Aggregates	73	76	71
		Other Products & Services	41	44	45
		Group	2,340	2,352	2,332
	Heat balance of kilns *(in GJ/ton)*	Cement	3,458	3,530	3,546
	Share of coal and lignite in the energy mix	Cement	43.6%	42.0%	48.8%
	Share of coke in the energy mix	Cement	26.3%	26.5%	22.6%
	Share of hydrocarbons (gas) in the energy mix	Cement	4.4%	6.4%	4.0%

3.5. Methodological notes

3.5.1. Methodology and scope of the Statement of Extra-Financial Performance

The data shown in the Statement of Extra-Financial Performance was gathered and consolidated on the basis of a common reference framework for all Vicat Group, entitled “Reporting Protocol for Social, Environmental and Societal Information”. 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 (social, environmental and societal) for evaluation.

In 2018, there were no changes to the rules governing the collection, control and consolidation of data, apart from those required under the provisions of article L. 225-102-1 of the French Commercial Code.

The reporting process used to compile the Statement of Extra-Financial Performance covers the 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, extra-financial 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. Across all businesses, key performance indicators, focusing on materials and energy consumption, atmospheric emissions and the percentage of alternative fuel used per ton produced, are contained in a specific file according to their definition. The reporting process for the Cement business (CO_2 emissions in particular) is specifically based on the industry protocol issued by the Cement Sustainable 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 key 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 follow the specific internal workforce-related reporting guidelines.

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.

3.5.2. Methodology used to identify material extra-financial risks

Extra-financial risk management is incorporated into overall risk management. All material business and product-related extra-financial risks to which the Vicat Group could be exposed throughout its value chain are already taken into consideration in the risk map compiled and updated on a regular basis by internal audit (see Chapter 5 of the Registration Document "Risk factors"). The Legal Department, the Finance Department and the CSR Coordination unit, take part in reviewing this risk map. Risk mapping results were shared with the operational units in the countries in which the Vicat Group operates. Please note that the Group's prioritization of extra-financial risks may be different from one country to another. The relevance of its risks was assessed by the Group's General Management which approved the risk map.

The policy of preventing these risks is an integral part of the Group's long-term industrial policy. The application of this policy by its operational units and at all levels of its organization means that the Group can support the transition to combating climate change. It can also help preserve natural resources as part of a circular economy approach and can guarantee the personal integrity and social and societal commitment of all its entities to inclusion. It can help to protect ecosystems and biodiversity through its operating, restoration and offsetting techniques and methods and by developing new products and can strengthen its links with local communities as a result of ethical and responsible production, improving the socio-economic vigor of the regions where it operates.

3.6. Report of the independent verifier, on the consolidated non-financial statement included in the Group management report

This is a free translation into English of the Statutory Auditor's report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

For the year ended 31 December 2018

To the Shareholders,

In our capacity as independent verifier of Vicat (hereinafter the "entity"), accredited by COFRAC under number n° 3-1080 [1], we hereby report to you on the non-financial statement for the year ended 31 December 2018 (hereinafter the "Statement"), included in the management report pursuant to the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

(1) whose scope is available at www.cofrac.fr

The entity's responsibility

Pursuant to legal and regulatory requirements, the Board of Directors is responsible for preparing the Statement, which must include a presentation of the business model, a description of the principal non financial risks, a presentation of the policies implemented in light of those risks and the outcome of said policies, including key performance indicators.

The Statement has been prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), the main elements of which are presented in the Statement.

Independence and quality control

Our independence is defined by the provisions of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) of our profession. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the independent verifier

On the basis of our work, our responsibility is to provide a reasoned opinion expressing a limited assurance conclusion on:

- the consistency of the Statement with the provisions of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided in accordance with article R. 225 105 I, 3 and II of the French Commercial Code, i.e., the outcome of the policies, including key performance indicators, and the measures implemented in light of the principal risks (hereinafter the "Information").

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory provisions, in particular the French duty of care law and anti-corruption and tax evasion legislation;
- the consistency of products and services with the applicable regulations.

Nature and scope of our work

The work described below was performed in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code determining the conditions in which the independent third party performs its engagement and with ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

Our procedures allowed us to assess the consistency of the Statement with regulatory provisions and the fairness of the Information:

- we obtained an understanding of all the consolidated entities' activities, the description of the labour and environmental risks associated with their activities and, where applicable, the impact of those risks on compliance with human rights and anti corruption and tax evasion legislation, as well as the resulting policies and their outcomes;
- we assessed the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, objectivity and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of labour and environmental information set out in article L. 225 102 1 III, as well as information regarding compliance with human rights and anti corruption and tax evasion legislation;
- we verified that the Statement includes an explanation for the absence of the information required under article L. 225-102-1 III, 2;
- we verified that the Statement presents the business model and the principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships and products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators;
- we verified, where relevant with respect to the principal risks or the policies presented, that the Statement provides the information required under article R. 225-105 II;
- we assessed the process used to identify and confirm the principal risks;
- we asked what internal control and risk management procedures the entity has put in place;
- we assessed the consistency of the outcomes and the key performance indicators used with respect to the principal risks and the policies presented;

- we verified that the Statement includes a clear and reasoned explanation for the absence of policies concerning one or more of the risks;
- we verified that the Statement covers the scope of consolidation, i.e., all the companies included in the scope of consolidation in accordance with article L. 233-16 within the limitations set out in the Statement;
- we assessed the data collection process implemented by the entity to ensure the completeness and fairness of the Information;
- for the key performance indicators and other quantitative results (1) that we considered to be the most important, we implemented:
- analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
- tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of contributing entities (2) and covers between 52% and 64% of the consolidated data relating to the key performance indicators and outcomes selected for these tests;
- we referred to documentary sources and conducted interviews to corroborate the qualitative information (measures and outcomes) that we considered to be the most important (3);
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

We believe that the work carried out, based on our professional judgement, is 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.

Means and resources

Our work was carried out by a team of 4 people between October 2018 and February 2019 and took a total of 5 weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted interviews with the people responsible for preparing the Statement.

Conclusion

Based on our work, nothing has come to our attention that causes us to believe that the non-financial statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly and in accordance with the Guidelines.

Neuilly-sur-Seine, 15 February 2019

Original French report signed by:

Independent third-party body

Grant Thornton

Membre français de Grant Thornton International

Michel Riguelle	Olivier Bochet
Associé	Associé

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

Environmental quantitative information: dust emissions from kilns assessed; 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; environmental discharges; consumption of raw materials for the production of clinker; gross CO_2 emissions of cement kilns; total direct and indirect CO_2 emissions.

(2) France and Switzerland

(3) Qualitative information: "Being a good economic citizen"; "Supporting education and expanding access to cultural and sporting activities"; "Contributing to the improvement of local sanitation facilities and quality of life for residents living near the Group's sites".

"Oxygène" ecological mixer truck

REPORT ON CORPORATE GOVERNANCE

4

4.1. Company information

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, 2018 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, 2018, a total of 5,867,538 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 2018 financial year, after distributing 38,067 shares to employees, the Company held 674,391.20 of its own shares, or 1.50% of the share capital.

4.2.7.1. Description of the 2018 share buy-back program

Pursuant to the authorization given by the Ordinary General Meeting of April 6, 2018, in 2018 the Company purchased 1,683.20 of its own shares (i.e. 213 shares +14,702 tenth parts of shares) on the stock exchange (excluding liquidity agreements) at a nominal value of € 4 per share and a mean price of € 59.58 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: 1,683.20 shares, representing an acquisition price of € 100,282.20.

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 9,382 shares at December 31, 2017, acquisition of 461,120 shares and sale of 435,044 shares during the year, with a balance of 35,458 shares at December 31, 2018.

4.2.7.3. Volume of shares used by objectives

Shares allocated to personnel under employee share ownership and profit-sharing: 88,933.20 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: 35,458 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 in chapter 6).

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 2019 share buy-back program

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 11, 2019, 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, 2019, the 10% limit corresponds to a maximum number of 3,815,608.80 shares with a nominal value of € 4 each, representing a maximum amount of € 381,560,880.

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 6, 2018.

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, 2018 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, 2018		As at December 31, 2017		As at December 31, 2016	
Shareholders	Number of shares	As a % of share capital	Number of shares	As a % of share capital	Number of shares	As a % of share capital
Family + Soparfi + Parfininco	27,224,632	60.63	27,240,717	60.67	27,247,126	60.68
Employees	565,174	1.26	605,410	1.35	665,110	1.48
Public	16,435,803	36.61	16,368,969	36.45	16,264,292	36.22
Treasury shares	674,391	1.50	684,904	1.53	723,472	1.61
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, 2018 appears below:

- employee profit-sharing (Vicat + Subsidiaries): 565,173.60 shares, i.e. 1.26% of share capital;
- employees of the Company and related companies as described under article L. 225-180 under the employee savings plan (PEE): 519,932.60 shares, i.e. 1.16% 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, 2018		As at December 31, 2017		As at December 31, 2016	
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	53,926,876	73.80	54,005,757	73.85	54,093,275	73.81
Employees and Public (2)	19,143,546	26.20	19,120,694	26.15	19,195,586	26.19
Treasury shares (3)	-	-	-	-	-	-
TOTAL (4)	**73,070,422**	**100.00**	**73,126,451**	**100.00**	**73,300,349**	**100.00**

(1) Soparfi is 99.99% owned by Parfininco, which is itself controlled by the Merceron-Vicat family.
(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 **74,294,813** at December 31, 2018. 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 (article 9 of the by-laws)

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 lifetime 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's usufruct is encumbered, 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 (article 26 of the by-laws)

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 bearer form 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.

On May 14, 2018, KILTEARN PARTNERS LLP declared that it had reached the threshold of 1.49% of the share capital and 0.9% of voting rights.

On June 14, 2018, LA FINANCIERE DE L'ECHIQUIER declared that it had exceeded the threshold of 1.50% of the share capital.

On December 17, 2018, KILTEARN PARTNERS LLP declared that it had exceeded the threshold of 1.50% of the share capital.

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:

	2018 (dividend proposed to the General Meeting)	2017	2016
Dividend per share *(in euros)*	1.50	1.50	1.50
Consolidated earnings per share *(in euros)*	3.37	3.17	3.10
Rate of distribution	45%	47%	48%

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.

That said, the distribution and the amount of dividends paid will depend on a number of factors, including the Group's income, financial position, funding needs for industrial and financial development, outlook 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 paid 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 the Company's share price from January 1, 2016 to December 31, 2018.

The table below shows the change in the Company's share price in 2018, 2017 and 2016 (on the basis of the closing price):

(in euros)	2018	2017	2016
Average price over the year	56.08	62.59	55.03
Annual high	70.55	70.34	61.06
Annual low	39.84	55.05	46.22
Price as at December 31	41.46	65.79	57.66

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 Ordinary 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 - General Management and limitation of powers

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 December 31, 2018:

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:
55 years

Nationality:
French

Date of first appointment:
06/11/1999

Start date of current appointment:
- 05/06/2015 as director
- 05/06/2015 as Chairman and Chief Executive Officer

Term of office expires:
- As director, at the close of the General Meeting called to approve the financial statements for the year ending December 31, 2020
- As Chairman and Chief Executive Officer, at the close of the General Meeting called to approve the financial statements for the year ending December 31, 2020

Other appointments currently or previously held in the Group in the last five years (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 Aktas Insaat Malzemeleri Sanayi Ve Ticaret AS*
- Director of Bastas Baskent Cimento Sanayi Ve Ticaret AS*
- Director of Konya 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 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 Mauricim SA*
- Sole director of Ravlied Holding AG*
- Member of the Supervisory Board of Jambyl Cement Production Company LLP*
- Director of Konya Hazir Beton Sanayi Ve Ticaret AS*
- Director of the Louis Vicat foundation*
- Permanent representative of Parficim, director of Gecamines S.A.

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*
- French member of the Presidential Egypt-France Business Council
- Director of Medef International
- Director of CCI France
- Vice-Chairman of the Kazakhstan-France Business Council
- Director Ucly

(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:
81 years

Nationality:
French

Date of first appointment:
February 3, 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]:
- Directorat of Béton Travaux*
- Director of BCCA*
- Director of National Cement Company*
- Director of Aktas Insaat Malzemeleri Sanayi Ve Ticaret AS*
- Director of Bastas Baskent Cimento Sanayi Ve Ticaret AS*
- Director of Konya 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 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 Mauricim SA*
- Director of Vigier Holding*
- Director of Konya Hazir Beton Sanayi Ve 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]:
- Chairman of Hoparvi SAS*

(1) Current appointments are marked with an asterisk.

Directors

DELPHINE ANDRÉ

Ms. André holds a master's 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:
52 years

Nationality:
French

Date of first appointment:
May 6, 2015

Start date of current appointment:
- April 6, 2018

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]:
- 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 Combinés*
- 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:
69 years

Nationality:
French

Date of first appointment:
May 15, 2009

Start date of current appointment:
- May 6, 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 BNP Paribas Personal Finance*
- Director of ADIE (*Association pour le Développement de l'Initiative Economique)**
- Director of YELLOAN (SAS)*
- Director of ADMICAL (Association)*

(1) Current appointments are marked with an asterisk.

LOUIS MERCERON-VICAT

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

Age:
49 years

Nationality:
French

Date of first appointment:
06/11/1999

Start date of current appointment:
- April 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 his permanent representative, within 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 Konya 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:
50 years

Nationality:
French

Date of first appointment:
August 29, 2007

Start date of current appointment:
- May 6, 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 Konya 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*
- Director of d'Aktas Insaat Malzemeleri Sanayi Ve Ticaret AS*
- 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:
74 years

Nationality:
French

Date of first appointment:
August 29, 2007

Start date of current appointment:
- April 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:
69 years

Nationality:
French

Date of first appointment:
April 28, 2010

Start date of current appointment:
- April 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 her 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:
59 years

Nationality:
French

Date of first appointment:
May 6, 2014

Start date of current appointment:
- April 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.

ELÉONORE SIDOS

Student at HEC and ENSAE

Age:
21 years

Nationality:
French

Date of first appointment:
February 24, 2017

Start date of current appointment:
- April 6, 2018

Term of office expires:
- General Meeting approving accounts of year ended December 31, 2023

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.

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:
44 years

Nationality:
French

Date appointed by the Works Council:
May 12, 2016

Start date of current appointment:
- May 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 her 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 15, 2019, decided to submit to the General Meeting of shareholders the re-appointment as director of Xavier Chalandon 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. Independent directors are defined as those not maintaining any direct or indirect relationship and not having any link of individual interest with the Company, its subsidiaries, its shareholders or its management. 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 by virtue of which any of the members of the Board of Directors, the Chairman and Chief Executive Officer or the Chief Operating Officers were selected for their 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 a 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 2016, four times in 2017, and four times in 2018.

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

MEETING OF FEBRUARY 13, 2018

- Presentation of the business report;
- Approval of the individual financial statements for the year ended December 31, 2017;
- Approval of the consolidated financial statements for the year ended December 31, 2017;
- Review of the reports to the Board of Directors by its committees (Audit Committee and Compensation Committee);
- Presentation of 2018 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 two directors;
- Report on the 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;
- Report on corporate governance;
- 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;
- Convening of the Ordinary General Meeting and setting of the agenda;
- Other business.

All the members of the Board attended this meeting, as well as the Company's statutory auditors and the three Works Council representatives.

The resolutions tabled during this meeting were all adopted unanimously.

MEETING OF APRIL 6, 2018

- Review of business in the first quarter of 2018;
- Reappointment of Delphine André and Eléonore Sidos as members of the Audit Committee;
- Other business.

All the members of the Board attended this meeting, as well as the Company's statutory auditors and the three Works Council representatives.

The resolutions tabled during this meeting were all adopted unanimously.

MEETING OF AUGUST 3, 2018

- Business report;
- Analysis and approval of the individual and consolidated financial statements as at the end of June 2018;
- Review of projected financial statements;
- Benchmarking of cement companies;
- Audit Committee report;
- Authorization to issue guarantees;
- Appointments, promotions;
- Other business.

All the members of the Board attended this meeting, except for Mr Jacques Le Mercier, excused absence, as well as the Company's statutory auditors and the three Works Council representatives.

The resolutions tabled during this meeting were all adopted unanimously.

MEETING OF NOVEMBER 5, 2018

- Presentation of operations, Q3 2018 sales revenues and draft press release at end September 2018;
- Authorization to issue a guarantee;
- Other business.

All the members of the Board attended this meeting, as well as the Company's statutory 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,
  - validate the services indicated in article L. 822-11-2 of the French Commercial Code,
  - 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, civil 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 2018 with an 87.5% attendance rate. It considered the following issues:

MEETING OF FEBRUARY 6, 2018

- Financial calendar and MiFid 2;
- Audit reform – Immediate consequences;
- 2017 Significant events and financial statements;
- Change in information systems;
- Amendment to the Board of Directors' reports;
- Update on the implementation of the new regulations;
  - Sapin II Law,
  - Sanctions;
- Audit and internal control;
- Presentation of external audits by statutory auditors;
- Other business.

MEETING OF JULY 26, 2018

- Presentation of operations and first half year 2018 results;
- IFRS 16;
- Country update;
- Presentation of the internal audit work;
- Update on progress with Compliance procedures (Sapin II law - GDPR - Compliance with international sanctions).

The Compensation Committee met once in 2018 with a 100% attendance rate. It considered the following issues:

MEETING OF FEBRUARY 5, 2018

- Changes in compensation in 2017 by category;
- Examination of compensation benchmarks of operational management;
- Examination of the international mobility policy and expatriates' status.

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 three 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 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 Science Officer and Head of Industrial Performance: Éric Bourdon.

Name	Age	Brief biography
Didier Petetin	52 years	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	58 years	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	62 years	Mr. Chiorra holds a graduate degree (DESS) in legal advisory services. He joined the Group in 2000 after working for Chauvin Arnoux.
Éric Bourdon	51 years	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. Term of office 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 contract 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 financial 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 2018, 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);

In addition, for 2018, 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 – attendance fees and compensation paid in respect of positions held on committees

(in euros)	Amounts paid during 2018	Amounts paid during 2017
Jacques Merceron-Vicat ***Director and Honorary Chairman***		
Directors' fees	26,000	26,000
Compensation for functions exercised on committees of the Board of Directors	-	-
Pierre Breuil ***Director***		
Directors' fees	-	6,500
Compensation for functions exercised on committees of the Board of Directors	-	3,650
Louis Merceron-Vicat ***Director***		
Directors' fees	26,000	26,000
Compensation for functions exercised on committees of the Board of Directors	-	-
Bruno Salmon ***Director***		
Directors' fees	26,000	26,000
Compensation for functions exercised on committees of the Board of Directors	3,700	3,700
Sophie Sidos ***Director***		
Directors' fees	26,000	26,000
Compensation for functions exercised on committees of the Board of Directors	-	-

(in euros)	Amounts paid during 2018	Amounts paid during 2017
Jacques Le Mercier		
Director		
Directors' fees	26,000	26,000
Compensation for functions exercised on committees of the Board of Directors	11,000	11,000
Eléonore Sidos		
Director		
Directors' fees	26,000	19,500
Compensation for functions exercised on committees of the Board of Directors	7,300	3,650
Xavier Chalandon		
Director		
Directors' fees	26,000	26,000
Compensation for functions exercised on committees of the Board of Directors	11,000	7,350
Sophie Fegueux		
Director		
Directors' fees	26,000	26,000
Compensation for functions exercised on committees of the Board of Directors	-	-
Delphine André		
Director		
Directors' fees	26,000	26,000
Compensation for functions exercised on committees of the Board of Directors	7,300	7,300
Emmanuelle Salles		
Employee Director		
Directors' fees	26,000	26,000
Compensation for functions exercised on committees of the Board of Directors	-	-
TOTAL	**300,300**	**296,650**

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:

	2018	2017
Guy Sidos		
Chairman and Chief Executive Officer		
Compensation paid in respect of the year	955,584	942,948
Value of options granted during the year	n/a	n/a
Value of performance shares granted during the year	n/a	n/a
TOTAL	**955,584**	**942,948**
Didier Petetin		
Chief Operating Officer		
Compensation paid in respect of the year	361,509	419,122
Value of options granted during the year	n/a	n/a
Value of performance shares granted during the year	n/a	n/a
TOTAL	**361,509**	**419,122**

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 2017 and 2018.

	2018		2017	
(in euros)	Amounts due	Amounts paid	Amounts due	Amounts paid
Guy Sidos ***Chairman and Chief Executive Officer***				
Fixed compensation	-	724,782	-	811,666
Variable compensation	100,000	100,000	-	n/a
Exceptional compensation	100,000	n/a	-	n/a
Directors' fees	-	67,000	-	62,000
Benefits in kind		63,802		69,282
TOTAL		**955,584**		**942,948**
Didier Petetin ***Chief Operating Officer***				
Fixed compensation	-	303,149	-	302,366
Variable compensation	50,000	40,000	-	30,000
Exceptional compensation	25,000	-	-	64,406
Directors' fees	-	-	-	-
Benefits in kind	-	18,361	-	22,350
TOTAL		**361,509**		**419,122**

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.

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 15, 2019 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 2019 financial year are presented in this report.

The compensation policy complies with the principles of the MIDDLENEXT code 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 contribute to 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 15, 2019, 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 2019 compared with 2018, 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 la 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: € 687,792 in 2019.

A gross annual salary for the position of Chief Operating Officer of Parfininco is paid: € 39,549 en 2019.

The total of these two amounts is therefore € 727,340, before general and individual increases which may be applied during the course of 2019.

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.

In view of the acquisitions made, the increasing complexity of operations and the positioning in the benchmark of compensation for equivalent positions within the SBF 120, the Compensation Committee proposed to the Board of Directors an individual annual gross rise of € 100,000 (excluding general increase) for the part paid by Vicat from January 1, 2019. During its meeting on February 15, 2019, the Board of Directors approved this proposal.

This rise is paid subject to the vote in the General Meeting.

- 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 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:

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") takes the total amount of the other pensions up to a maximum which cannot exceed 60% of the basic 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

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:
  - 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 the 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 15, 2019, 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 la 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 304,218 euros, before any general or individual rise which may be applied during the course of 2019.

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”) takes the total amount of the other pensions up to a maximum which cannot exceed 60% of the basic 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

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 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.

B) Elements of compensation paid or allocated in respect of 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 6, 2018 on the compensation policy envisaged for the financial year ending December 31, 2018, 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 12th resolution), Chairman and Chief Executive Officer, and to Didier Petetin (see 13th resolution), Chief Operating Officer for the financial year ended December 31, 2018, as presented below:

Guy Sidos, Chairman and Chief Executive Officer.

Elements of compensation allocated under financial year ended December 31, 2018	Amounts	Comments
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	**€ 724,782**	
Benefits in kind	**€ 63,802**	
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.	
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; ▪ 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") takes the total amount of the other pensions up to a maximum which cannot exceed 60% of the basic 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.	

Guy Sidos, Chairman and Chief Executive Officer.		
Elements of compensation allocated under financial year ended December 31, 2018	**Amounts**	**Comments**
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	€ 15,000	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. 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.
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 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 2018, will only be paid in cash to Guy Sidos once the 12th resolution has been adopted:		
Gross annual bonus based on individual performance:	€ 100,000	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 2018. The amount cannot exceed 30% of the gross annual salary; For the 2018 financial year, this bonus represents 13.8% of the gross annual salary.
Gross multi-year bonus	No gross multi-year bonus.	
Gross annual special bonus	€ 100,000	Paid subject to vote by General Meeting on the 12th resolution, payment is exceptional and dependent on the successful completion of exceptional operations (acquisitions, etc.) for the Vicat Group during the course of 2018. It is determined on the basis of the complexity and scale of the achievement. The amount cannot exceed 20% of the gross annual salary. For the 2018 financial year, this bonus represents 13.8% of the gross annual salary.
Compensation Committee		
At the request of the Compensation Committee of February 5, 2019, the 2018 remuneration for the Chairman and CEO, Guy Sidos, was compared to a benchmark conducted by an independent and expert consulting company (MERCER, 2016 data), and to a benchmark of SBF 120 companies (2017 regulated data provided by ETHICS&BOARDS) of comparable size to Vicat SA. These benchmarks do not include supplementary pension schemes. The Chairman and CEO's gross annual salary is lower than the median and average of the gross annual salaries for Chairmen and CEOs of the companies present in the benchmarks. The variable part attributed by Vicat SA is positioned in the first quartile of the benchmarks. Including the benefits in kind granted by the Company, the gross annual remuneration for the Chairman and CEO is positioned in the first quartile of the benchmarks.		

Mr. Didier Petetin, Chief Operating Officer		
Elements of compensation allocated under financial year ended December 31, 2018	**Amounts**	**Comments**
All of the compensation elements were paid by Vicat.		
Fixed gross annual salary	**€ 303,149**	
Benefits in kind	**€ 18,361**	
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; ■ 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") takes the total amount of the other pensions up to a maximum which cannot exceed 60% of the basic 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.
Vicat 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 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.

4

Mr. Didier Petetin, Chief Operating Officer		
Elements of compensation allocated under financial year ended December 31, 2018	**Amounts**	**Comments**
The following elements, attributed for the year ended December 31, 2018, will only be paid in cash to Didier Petetin once the 13th resolution has been adopted:		
Gross annual bonus based on individual performance:	€ 50,000	Paid subject to the vote by the General Meeting on the 13th resolution, the figure is calculated using the financial and CSR results of the VICAT group for 2018. The amount cannot exceed 20% of the gross annual salary; For the 2018 financial year, this bonus represents 16.5% of the gross annual salary.
Gross multi-year bonus:	No gross multi-year bonus.	
Gross annual special bonus	€ 25,000	Paid subject to vote by General Meeting on 13th resolution, payment is exceptional and dependent on the successful completion of exceptional operations (acquisitions and equity investments in France, etc.) for the VICAT group during the course of 2018. It is determined on the basis of the complexity and scale of the achievement. The amount cannot exceed 10% of the gross annual salary. For the 2018 financial year, this bonus represents 8.2% of the gross annual salary.
Compensation Committee		
At the request of the Compensation Committee which met on February 5, 2019, the 2018 remuneration of the Chief Operating Officer, Didier PETETIN, was compared with *the* results of a benchmarking (2016 data) study conducted by an independent consultancy (MERCER) on companies of a comparable size to Vicat SA. *These* benchmarks do not include Supplementary pension schemes. 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

Tenth 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.

Eleventh 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.

Twelfth resolution (Ex post approval of elements of compensation paid or allocated in respect of the financial year ended December 31, 2018 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, 2018 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, 2018, will be paid to him.

Thirteenth resolution (Ex post approval of elements of compensation paid or allocated in respect of the financial year ended December 31, 2018 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, 2018 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, 2018, 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 variable compensation, 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 revenues. 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 compensation 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 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. A provision of € 9,563 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 2018:

	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, 2018

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 (Company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	11,874,509	26.45	23,675,465	32.39
Parfininco (Company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	13,400,960	29.85	26,721,550	36.55
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	271	-	371	-

4.8.2. Transactions by members of the Board of Directors on the Company's shares in 2017 and 2018

	Transactions in 2018	Transactions in 2017
Soparfi (Company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	Purchase of 4,366 shares	Purchase of 440 shares
Parfininco (Company of which Jacques Merceron-Vicat is Chairman and Chief Executive Officer)	Purchase of 10,150 shares	Purchase of 2,103 shares
Hoparvi (a company of which Jacques Merceron-Vicat is Chairman)	Purchase of 0 shares	Purchase of 0 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. Report on the company's policy on professional and wage equality (article 225-37-1 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 2018.

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 action undertaken.

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 2018 report:

"The difference in the average compensation of senior management between men and women with equivalent qualifications is very low [+0.1% to +0.2% in favor of women]. These results illustrate Vicat's parity policy driven by merit-based promotion."

These actions are carried out despite the constraints imposed by the industrial nature of the Group's activities and jobs. Because of prejudice, industrial jobs remain very much the preserve of men (especially among blue-collar staff). One of the main obstacles is the lack of women in training courses for most industrial jobs (among mechanics for instance). These constraints explain the number of women as a proportion of Vicat's workforce: 162 out of a total of 901 (excluding Corporate Officers).

	TOTAL	Executives	Female white-collar staff	Female blue-collar staff
Percentage of women in the workforce at 12.31.2018	8.0%	30.7%	19.8%	0.9%

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

In addition, 98.6% of female staff (excluding apprentices) were on permanent contracts in 2018, 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 equality at work, targets have been set to ensure a growing proportion of women in recruitment, training and promotions, and to ensure equal treatment of men and women in terms of pay and professional development. For example, a training plan review is carried out before final validation to ensure that female staff receive training leading to qualifications 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 2018:

Three-year agreement	April 2013-April 2016 agreement		2017 results	April 2016-April 2019 agreement	2018 results
Female employees as a percentage of the workforce	Objective	Result start of 2016	16.6%	Objective	18.0%
	14%	15.4%		18%	
Average percentage of women in recruitment	Objective	Result start of 2016	35.1%	Objective	34.4%
	17%	25.5%		26%	

To increase the share of women in its workforce, the Company has a proactive female apprenticeship policy: of the 15 apprenticeships available in 2018, 8 were filled by women, taking the percentage of female apprentices to 55%.

The remuneration policy pays particular attention to the equal treatment of women and men.

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 2018, Vicat was part of the test panel for the development of an index to eradicate pay gaps between men and women. French Labor Minister Muriel Pénicaud invited Chairman and CEO Guy Sidos to testify on the actions undertaken and the outcomes obtained in this area, thereby positioning Vicat as a benchmark. Vicat has now decided to apply the index to the Group's foreign companies in 2019.

In addition, the Company has again climbed up the list of SBF 120 companies in terms of the representation women on boards, reaching 23rd place (28th place in 2017, 42nd in 2016). The ranking 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 to the Board of Directors in 2016 after being nominated by the Central Works Committee still does not count towards the mandatory quota of women directors under France's Copé-Zimmermann law. Labor partners, staff, management and the Board of Directors are still unable to comprehend this regulatory situation.

4.11. 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.

4.12. Operations with related parties

4.12.1. 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.

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

4.12.2. 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 2018 financial year, intra-Group sales of cement amounted to € 250 million, sales of aggregates to € 74 million, transport services to € 107 million, sales related to additional services (analyses, pumping, etc.) to € 36 million and sales related to various pooled products and services to € 61 million. For the same period, intra-Group financial income amounted to € 8 million.

4.13. Statutory auditors' report on regulated agreements and commitments

General meeting called to approve the financial statements for the year ended December 31, 2018

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 2018 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

In accordance with Article R.225-30 of the French Commercial Code, we have been informed of the following agreement and commitment, which were initially approved in previous years, have been, continued in 2018:

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, 15 February 2019

KPMG Audit

Département de KPMG SA

Philippe Grandclerc

Partner

Chamalières, 15 February 2019

Wolff & Associés SAS

Patrick Wolff

Partner

Flower pot with nesting space for bees, part of the "Odyssée" project

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

Category	Major risks	Other
Environment	■ Sensitivity to energy supply and costs ■ Country risk ■ Dependency on construction and public works	■ Competitive
Operational		■ Availability of materials ■ Corruption (1) ■ Product defects
Environmental		■ Climate change ■ Depletion of natural resources (1) ■ Degradation of ecosystems (1)
Legal	■ Litigation ■ Regulatory requirements	■ Discrimination and unequal treatment (1)
Financial	■ Exchange rate and conversion	■ Interest rate ■ Securities ■ Liquidity

(1) See chapter 3: Statement of Extra-Financial Performance (S.E.F.P.).

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 & 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 paragraph 3.2.1.1 "Promoting local materials and energies" in chapter 3 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 2018, approximately 32% 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.

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.

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

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 3.3.2. "Safeguarding ecosystems and biodiversity" 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 capital), 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 industry operated by the Group 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 2018 consolidated financial statements" of this Registration Document.

5.1.4. Financial 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 risks

Subsidiaries are essentially involved in producing and selling locally, in their operating currency, so the Group feels that its current and future exposure to exchange rate risks is very low overall in this respect.

These companies' imports and exports denominated in currencies other than their own local currency are generally hedged by forward currency purchases and sales.

A significant proportion of the Group's gross financial indebtedness is borne by the Company and is denominated in euros after the conversion of debts denominated in US dollars through financial hedging instruments (cross currency swap or forex). Intra-group loans are hedged by subsidiaries if the loan currency is not the same as the subsidiary's operating currency.

The Group is still exposed in some countries where there is no hedging market (currency not convertible) or the market is not sufficiently liquid.

The table below breaks down the total amount of the Group's assets and liabilities denominated in foreign currencies as at December 31, 2018, 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**	**Swiss franc (CHF)**
Assets	21	88	146
Liabilities and contracted commitments	(593)	(76)	(59)
Net position before risk management	**(572)**	**12**	**87**
Hedging instruments	577	0	(145)
NET POSITION AFTER RISK MANAGEMENT	**6**	**12**	**58**

The net position "after hedging" in Swiss francs corresponds mainly to a Kazakhstan subsidiary's debt to the Group, which is not swapped in the operating currency.

The risk of a foreign exchange loss on the net currency position assuming an unfavorable and uniform change of one percent in the operating currencies against the US dollar, would amount, in euro equivalent, to a loss of € 0.34 million (including € 0.51 million for the Kazakhstan loan).

However, the Group cannot rule out the possibility that an unfavorable change in exchange rates could have a material adverse effect on its activities, its financial position, its earnings, its prospects, or its capacity to achieve its objectives.

5.1.4.2. Currency translation 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 risks

The Group is exposed to an interest rate risk on its financial assets and liabilities and its cash. This exposure to interest rate risk corresponds to two categories of risk.

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 interest rate risk after hedging as at December 31, 2018.

(in thousands of euros)	Euro	US dollar	Other currencies	Total
Total gross debt	**674,601**	**4,043**	**327,606**	**1,006,250**
Debt at fixed rate (including swaps and CCS)	297,767	3,941	124,119	425,827
Debt at variable rate	376,833	101	203,489	580,423
Hedging instruments (caps)	(500,000)	0	0	(500,000)
Gross debt at variable rates not hedged	**(123,167)**	**101**	**203,489**	**80,423**
Cash and cash equivalents	(29,409)	(36,084)	(249,138)	(314,631)
NET POSITION AFTER HEDGING	**(152,576)**	**(35,983)**	**(45,649)**	**(234,208)**

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	(5,909)	(2,086)
Impact of a change of -100 bps in the interest rate	(1,313)	(72)

(1) A positive figure corresponds to a 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, 2018 is as follows:

- number of Vicat shares held in the portfolio: 674,391;
- percentage of share capital held by the Company: 1.50%;
- book value of the portfolio determined using the historical cost method (purchase price): € 55,398 thousand;
- net book value of the portfolio: € 27,907 thousand;
- market value of the portfolio: € 27,960 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 € 27,491 thousand was made for share depreciation as at December 31, 2018, after a provision reversal of € 15,914 thousand before tax in 2018.

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 lira, 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 12/31/2018

(en milliers d'euros)		N+1 Nominal	N+1 Interest (1)	N+2 Nominal	N+3 Nominal	N+4 Nominal	N+5 et + Nominal
US private placement	264,105	0	14,794	173,395	0	90,710	0
Bonds							
Bank loans (2)	644,899	83,590	8,543	56,047	5,012	5,654	494,596
Finance lease liabilities	3,194	749	196	596	392	393	1,064
Miscellaneous liabilities	13,478	3,906	801	1,490	4,026	174	3,882
Bank overdrafts	65,013	65,013	7,424				
Derivative instruments	15,561	304	(412)	8,925	540	5,792	0
TOTAL FINANCIAL LIABILITY	**1,006,250**	**153,562**	**31,346**	**240,453**	**9,970**	**102,723**	**499,542**

(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, 2018 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 € 550 million to mature in 2024 is not drawn as of 12/31/2018, but € 489 million of this is allocated to hedge the liquidity risk of commercial paper.

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, 2018 the Group's gearing and leverage were 27.8% and 1.59, 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, 2018, 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.

5.2. Internal control and risk coverage

The players	The tools
General Management	Internal control manual and procedures
Operational units	Information management tools
Finance Department	Management system
Group Internal Control	Anti-corruption procedures
Legal and Insurance Department	Group insurance policies
Compliance and Internal Audit Department	

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 Chief Compliance Officer, a function created in 2017. He reports to the 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.

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. From 2016 to 2018 the Group maintained the continuous improvement of its transactional and decision-making systems, primarily by expanding the application of the SAP software suite. In 2019 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 (see also chapter 3 section 2.3.1.).

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 and representatives from our insurance companies. 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 € 150 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 2018, 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.

Barathi cement factory, India

FINANCIAL INFORMATION

6

6.1. Consolidated financial statements at December 31, 2018

6.1.1 Consolidated financial statements at December 31, 2018

Consolidated statement of financial position

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

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

Consolidated income statement

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

Consolidated statement of comprehensive income

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

Consolidated statement of cash flows

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

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

Statement of changes in consolidated shareholders' equity

(in thousands of euros)	Share Capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Total shareholders' equity
AT JANUARY 1, 2017	179,600	11,207	(63,609)	2,275,851	(189,929)	2,213,120	257,054	2,470,174
Net income				142,181		142,181	13,670	155,851
Other comprehensive income (1)				15,355	(170,415)	(155,060)	(21,441)	(176,501)
Total comprehensive income				**157,536**	**(170,415)**	**(12,879)**	**(7,771)**	**(20,650)**
Dividends paid				(66,341)		(66,341)	(7,742)	(74,083)
Net change in treasury shares			2,895	(496)		2,399		2,399
Changes in consolidation scope and additional acquisitions				(2,511)		(2,511)	(633)	(3,144)
Increases in share capital				2,830		2,830	(7,539)	(4,709)
Other changes (2)				39,502		39,502	73	39,575
AT DECEMBER 31, 2017	179,600	11,207	(60,714)	2,406,371	(360,344)	2,176,120	233,442	2,409,562
Net income				151,095		151,095	9,729	160,824
Other comprehensive income (1)				(3,888)	(39,573)	(43,461)	(12,229)	(55,690)
Total comprehensive income				**147,207**	**(39,573)**	**107,634**	**(2,500)**	**105,134**
Dividends paids				(66,180)		(66,180)	(6,765)	(72,945)
Net change in treasury shares			4,570	(3,397)		1,173		1,173
Changes in consolidation scope and additional acquisitions				(10,880)		(10,880)	(4,806)	(15,686)
Other changes (3)				63,071		63,071	2,129	65,200
AT DECEMBER 31, 2018	**179,600**	**11,207**	**(56,144)**	**2,536,192**	**(399,917)**	**2,270,938**	**221,500**	**2,492,438**

(1) Breakdown by nature of other comprehensive income:
Other comprehensive income includes mainly cumulative conversion differences from end 2003 as at end December 2018. To recap, applying the option offered by IFRS 1, the conversion differences accumulated before the transition date to IFRS were reclassified by allocating them to retained earnings as at that date.
(2) Mainly including the refund of € 38.9 million as a result of claims relating to the tax treatment of the capital gain on disposal of Soparfi securities, in 2014, by group subsidiaries (see note 2).
(3) Mainly including the payment, net of taxes, of € 67 million as part of the Soparfi capital reduction (see note 2).

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

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

6.1.2 Notes to the consolidated financial statements for 2018

NOTE 1 Accounting policies and valuation methods

1.1. Statement of compliance

In compliance with European Regulation 1606/2002 of the European Parliament dated July 19, 2002 on the application of International Accounting Standards, Vicat's consolidated financial statements have been prepared, since January 1, 2005 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Vicat Group has adopted those standards in force on December 31, 2018 for its accounting policies.

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

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

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

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

This standard has three components:

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

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

These financial statements were finalized and approved by the Board of Directors at its meeting of February 15, 2019 and will be submitted to the shareholders General Meeting of April 11, 2019 for approval.

1.2. Basis of preparation of financial statements

The financial statements are presented in thousands of euros.

The consolidated statement of comprehensive income is presented by nature in two separate tables: the consolidated income statement and the consolidated statement of other comprehensive income.

The consolidated statement of financial position segregates current and non-current assets and liability accounts and splits them according to their maturity (divided, generally speaking, into maturities of less than and more than one year).

The statement of cash flows is presented according to the indirect method.

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

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

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

- value provisions (notes 1.17 and 15), in particular those for pensions and other post-employment benefits (notes 1.15 and 14);
- value the put options granted to third parties on shares in fully consolidated subsidiaries (notes 1.16 and 16);
- measure financial instruments at their fair value (notes 1.14 and 17);
- measure deferred tax assets and, in particular, the probability that the Group will generate sufficient future taxable income against which to allocate them (notes 1.20 and 25);
- perform the valuations adopted for impairment tests purposes (notes 1.4, 1.11 and 3);
- define the accounting principle to be applied in the absence of a definitive standard (notes 1.7 and 10 concerning emission quotas).

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

1.3. Consolidation principles

When a company is acquired, its assets and liabilities are measured at their fair value at the acquisition date.

The earnings of the companies acquired or disposed of during the year are recorded in the consolidated income statement for the period subsequent or previous to the date of the acquisition or disposal, as appropriate.

The annual statutory financial statements of the companies at December 31 are consolidated, and any necessary adjusting entries are made to restate them in accordance with the Group accounting policies. All intercompany balances and transactions are eliminated during the preparation of the consolidated financial statements.

Subsidiaries

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

Joint ventures and associated companies

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

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

1.4. Business combinations – goodwill

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

Business combinations carried out before January 1, 2010

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

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

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

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

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

Business combinations carried out on or after January 1, 2010

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

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

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

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

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

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

1.5. Foreign currencies

Transactions in foreign currencies

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

Translation of financial statements of foreign companies

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

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

The following foreign exchange rates were used:

	Closing rate		Average rate	
	Dec. 31, 2018	Dec. 31, 2017	2018	2017
Us dollar (USD)	1.1450	1.1993	1.1815	1.1293
Swiss franc (CHF)	1.1269	1.1702	1.1548	1.1116
Egyptian pound (EGP)	20.5498	21.3378	20.9957	20.1179
Turkish lira (TRL)	6.0588	4.5464	5.6994	4.1213
KZT	439.9100	398.5600	407.0333	368.5592
MRU	41.8581	425.5217	42.0151	403.6467
XOF	655.9570	655.9570	655.9570	655.9570
Indian rupee (INR)	79.7298	76.6055	80.7273	73.4980

1.6. Other intangible assets

Intangible assets (mainly patents, rights and software) are recorded in the consolidated statement of financial position at historical cost less accumulated amortization and any impairment losses. This cost includes acquisition or production costs and all other directly attributable costs incurred for the acquisition or production of the asset and for its commissioning.

Assets with finite lives are amortized on a straight-line basis over their useful lives (generally not exceeding 15 years).

Research costs are recognized as expenses in the period in which they are incurred. Development costs meeting the criteria defined by IAS 38 are capitalized.

1.7. Emission quotas

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

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

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

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

1.8. Property, plant and equipment

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

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

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

Deposits are amortized on the basis of tonnage extracted during the year as a ratio of total estimated reserves.

Certain parcels of land owned by French companies acquired prior to December 31, 1976 were revalued, and the adjusted value was recognized in the financial statements, but without a significant impact on the lines concerned.

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

1.9. Leases

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

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

1.10. Investment properties

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

1.11. Impairment of non-current assets

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

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

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

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

The assumptions used in calculating impairment tests are derived from forecasts made by operational staff reflecting as closely as possible their knowledge of the market, the commercial position of the businesses and the performance of the industrial plant. Such forecasts include the impact of foreseeable developments in cement consumption based on macroeconomic and industry sector data, changes likely to affect the competitive position, technical improvements in the manufacturing process and expected developments in the cost of the main production factors contributing to the cost price of the products.

In the case of countries subject to social tensions and security concerns, the assumptions used also include the potential improvement resulting from the progressive and partial easing of some of these tensions and concerns, based on recent data and an examination of the effect of these tensions on current business conditions.

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

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

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

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

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

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

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

1.12. Inventories

Inventories are valued using the weighted average unit cost method, at the lower of purchase price or production cost, and net market value (sales price less completion and sales costs).

The gross value of goods and supplies includes both the purchase price and all related costs.

Manufactured goods are valued at production cost, including the cost of goods, direct and indirect production costs and the depreciation on all consolidated fixed assets used in the production process.

In the case of inventories of manufactured products and work in progress, the cost includes an appropriate share of fixed costs based on the standard conditions of use of the production plant.

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

1.13. Cash and cash equivalents

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

1.14. Financial instruments

Financial assets

The Group classifies its financial assets, when they are first entered in the financial statements, according to IFRS 9 standard based on the contractual cash flows characteristics and on the business model assessment of their ownership.

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

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

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

Concerning the equity instruments covered by IFRS 9, they have to be measured at fair value, for which the Group may elect to recognize changes in fair value, either in financial profit or loss of the income statement, or in other comprehensive income not recycled in profit or loss, depending on the option taken from the beginning, investment

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by investment. For some unquoted equity investments, the amortized cost was maintained as this method is the best approximation available for the fair value.

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

According to IFRS 9, impairments of receivables are based on the expected losses during the full lifetime of the asset and credit risk is assessed on the basis of historical data and any available information at the closing date.

Financial liabilities

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

Treasury shares

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

Derivatives and hedging

The Group uses hedging instruments to reduce its exposure to changes in interest and foreign currency exchange rates resulting from its business, financing and investment operations. These hedging transactions use financial derivatives. The Group uses interest rate swaps and caps to manage its exposure to interest rate risks. Forward foreign exchange contracts and currency swaps are used to hedge foreign exchange rate risks.

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

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

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

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

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

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

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

The application of hedge accounting results as follows:

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

1.15. Employee benefits

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

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

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

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

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

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

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

1.16. Put options granted on shares in consolidated subsidiaries

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

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

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

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

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

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

1.17. Provisions

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

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

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

1.18. Sales revenues

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

1.19. Other income and expenses

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

1.20. Income taxes

Deferred taxes are calculated at the tax rates adopted or virtually adopted at the year-end and expected to be applied during the period when assets are sold or liabilities are settled.

Deferred taxes are calculated, based on an analysis of the balance sheet, on timing differences identified in the Group's subsidiaries between the values recognized in the consolidated statement of financial position and the values of assets and liabilities for tax purposes.

Deferred taxes are recognized for all timing differences, including those on restatement of finance leases, except when the timing difference results from goodwill.

Deferred tax assets and liabilities are netted out at the level of each company. When the net amount represents a receivable, a deferred tax asset is recognized if it is probable that the Company will generate future taxable income against which to allocate the deferred tax assets.

1.21. Segment information

In accordance with IFRS 8 "Operating Segments" the segment information provided in note 26 is based on information taken from the internal reporting. This information is used internally by the General Management responsible for implementing the strategy defined by the Chairman of the Board of Directors for measuring the Group's operating performance and for allocating capital expenditure and resources to business segments and geographical areas.

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

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

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

1.22. Financial indicators

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

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

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

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

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

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

1.23. Seasonality

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

NOTE 2 Significant events and changes in consolidation scope

Macroeconomic environment and business trend

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

Exchange rate volatility and impact on the income statement

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

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

Egypt

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

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

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

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

Tax assessment in Senegal

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

Soparfi capital reduction

Further to the capital reduction of the Soparfi holding company, a shareholder in Vicat SA, carried out in November 2018, the Vicat Group's subsidiaries holding shares of Soparfi received a total payment of € 98 million.

The total capital gain, net of tax, of € 67 million recorded for this transaction was recognized in the Group's consolidated shareholders' equity.

Summary of significant events in 2017

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

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

Tax refund/Exceptional contribution

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

Paper business

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

Group refinancing

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

NOTE 3 Goodwill

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

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

Impairment test on goodwill:

In accordance with IFRS 3R and IAS 36, at the end of each year and in the event of any evidence of impairment, goodwill is subject to an impairment test using the method described in notes 1.4 and 1.11.

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

December 2018	Goodwill *(in thousands of euros)*	Discount rate used for the impairment tests *(in %)*	Growth rate to infinity used for the impairment tests *(in %)*	Impairment which would result from a change of +1% in the discount rate	Impairment which would result from a change of -1% in the growth rate to infinity
India CGU	234,417	13.9	8		
West Africa Cement CGU	149,055	11.8 to 15.7	6 to 9.5		
France-Italy CGU	208,583	7.1	1.4		
Switzerland CGU	141,893	7.3	1.3		
Other CGUs total	272,805	7.1 to 17.4	3.2 to 11.5	(4,389)	0
TOTAL	**1,006,753**			**(4,389)**	**0**

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

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

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

NOTE 4 Other intangible assets

Gross value *(in thousands of euros)*	Concessions, patents & similar rights	Software	Other intangible assets	Intangible assets in progress	Total
AT DECEMBER 31, 2016	69,824	50,010	70,177	6,281	196,292
Acquisitions	18,788	2,469	1,292	1,452	24,001
Disposals	(3,441)	(800)	(2)		(4,243)
Changes in consolidation scope		42			42
Change in foreign exchange rate	(1,959)	(811)	(6,493)	(293)	(9,556)
Other movements	(1,060)	2,501	4,322	(1,312)	4,451
AT DECEMBER 31, 2017	82,152	53,411	69,296	6,128	210,987
Acquisitions	110	1,569	2,028	4,617	8,324
Disposals		(662)			(662)
Changes in consolidation scope	60	19			79
Change in foreign exchange rate	(116)	182	776	166	1,008
Other movements	9	1,375	(269)	(173)	942
AT DECEMBER 31, 2018	**82,215**	**55,894**	**71,831**	**10,738**	**220,678**

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

No development costs were capitalized in 2018 and 2017.

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

NOTE 5 Property, plant and equipment

Gross value *(in thousands of euros)*	Land & buildings	Industrial equipment	Other property plant & equipment	Work-in-progress and advances/ down payments	Total
AT DECEMBER 31, 2016	**1,197,489**	**3,052,359**	**149,029**	**66,331**	**4,465,208**
Acquisitions	10,361	42,375	3,795	105,635	162,166
Disposals	(7,166)	(29,283)	(8,156)	(2,190)	(46,795)
Changes in consolidation scope	1,575	997	102	89	2,763
Change in foreign exchange rate	(69,848)	(196,277)	(8,582)	(5,039)	(279,746)
Other movements	14,468	76,325	(1,993)	(86,005)	2,795
AT DECEMBER 31, 2017	**1,146,879**	**2,946,496**	**134,195**	**78,821**	**4,306,391**
Acquisitions	11,843	38,204	8,833	120,634	179,514
Disposals	(5,678)	(18,479)	(7,305)		(31,462)
Changes in consolidation scope	36	1,483	893		2,412
Change in foreign exchange rate	(5,739)	(33,457)	1,097	226	(37,873)
Other movements	11,436	64,445	3,163	(77,962)	1,082
AT DECEMBER 31, 2018	**1,158,777**	**2,998,692**	**140,876**	**121,719**	**4,420,064**

Depreciation and impairment *(in thousands of euros)*	Lands & Buildings	Industrial equipment	Other property plant & equipment	Work-in-progress and advances/ down payments	Total
AT DECEMBER 31, 2016	**(513,457)**	**(1,850,931)**	**(108,163)**	**(149)**	**(2,472,700)**
Acquisitions	(34,926)	(135,639)	(8,606)	(19)	(179,190)
Disposals	4,453	26,575	7,976	138	39,142
Changes in consolidation scope	(1,250)	(775)	(80)		(2,105)
Change in foreign exchange rate	27,147	115,248	5,942	5	148,342
Other movements	(236)	(5,237)	3,352		(2,121)
AT DECEMBER 31, 2017	**(518,269)**	**(1,850,759)**	**(99,579)**	**(25)**	**(2,468,632)**
Acquisitions	(33,632)	(124,911)	(8,378)		(166,921)
Disposals	1,475	17,037	6,814	19	25,345
Changes in consolidation scope	(3)	(909)	(534)		(1,446)
Change in foreign exchange rate	(2,760)	9,075	(764)	1	5,552
Other movements	1,980	(9,867)	(35)		(7,922)
AT DECEMBER 31, 2018	**(551,209)**	**(1,960,334)**	**(102,476)**	**(5)**	**(2,614,024)**
Net book value at December 31, 2017	628,610	1,095,737	34,616	78,796	1,837,759
NET BOOK VALUE AT DECEMBER 31, 2018	**607,568**	**1,038,358**	**38,400**	**121,714**	**1,806,040**

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

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

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

NOTE 6 Leases

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

Finance and operating leases

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

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

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

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

Operating leases within the scope of IFRS 16

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

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

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

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

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

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

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

Future minimum payments schedule on leases

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

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

NOTE 7 Investment properties

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

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

NOTE 8 Investments in associated companies

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

NOTE 9 Non-current receivables and other assets

(in thousands of euros)	Gross values	Impairment	Net amount
AT DECEMBER 31, 2016	**112,464**	**(1,523)**	**110,941**
Acquisitions/Additions	12,145	(4)	12,141
Disposals/Decreases	(3,673)	49	(3,624)
Change in foreign exchange rate	(2,927)	71	(2,856)
Change recognized in other comprehensive income	(19,343)		(19,343)
Other	(19,788)	86	(19,702)
AT DECEMBER 31, 2017	**78,878**	**(1,321)**	**77,557**
Acquisitions/Additions	23,733	(470)	23,263
Disposals/Decreases	(3,498)		(3,498)
Changes in consolidation scope	(468)		(468)
Change in foreign exchange rate	2,377	(35)	2,342
Change recognized in other comprehensive income	14,747		14,747
Other [(1)]	38,889	(1)	38,888
AT DECEMBER 31, 2018	**154,658**	**(1,827)**	**152,831**
Including:			
■ investments in affiliated companies	29,382	(858)	28,524
■ long-term investments	733	(145)	588
■ loans and receivables [(1)]	91,787	(824)	90,963
■ employee benefit plan assets (see note 14)	7,221		7,221
■ financial instruments (see note 17)	25,535		25,535
AT DECEMBER 31, 2018	**154,658**	**(1,827)**	**152,831**

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

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

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

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

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

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

Given how long the proceedings, started in 2012, are taking, the receivable related to these precautionary seizures was reclassified in 2018 as “other non-current receivables” (see note 11).

NOTE 10 Inventories and work in progress

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

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

NOTE 11 Receivables

(in thousands of euros)	Trade and other receivables	Provisions Trade and other receivables	Trade and other receivables Net	Other Receivables tax	Receivables payroll-related	Other receivables (1)	Provisions other receivables	Total Other Receivables Net
AT DECEMBER 31, 2016	411,236	(21,732)	389,504	48,370	2,049	140,432	(2,130)	188,721
Increase		(6,481)	(6,481)			(1)	(90)	(91)
Reversal of provisions used		5,905	5,905				121	121
Change in foreign exchange rate	(25,598)	1,329	(24,269)	(1,717)	(178)	(6,494)	153	(8,236)
Changes in consolidation scope	7,332	(163)	7,169	169		1,777		1,946
Other movements	36,128	136	36,264	11,153	1,568	(19,446)	(1,485)	(8,210)
AT DECEMBER 31, 2017	429,098	(21,006)	408,092	57,975	3,439	116,268	(3,431)	174,251
Increase		(9,001)	(9,001)				(24)	(24)
Reversal of provisions used		5,125	5,125				696	696
Change in foreign exchange rate	(11,433)	602	(10,831)	(1,744)	67	727	112	(838)
Changes in consolidation scope	1,400		1,400	4	2	4,729		4,735
Other movements	12,298	2	12,300	793	534	(37,343)		(36,016)
AT DECEMBER 31, 2018	**431,363**	**(24,278)**	**407,085**	**57,028**	**4,042**	**84,381**	**(2,647)**	**142,804**
of which past due as at December 31, 2018:								
■ less than 3 months	96,214	(3,455)	92,759	4,626	1,139	7,177		12,942
■ more than 3 months	32,280	(14,353)	17,927	10,738	1,603	9,600	(2,522)	19,419
of which not past due as at December 31, 2018:								
■ less than 1 year	297,292	(4,197)	293,095	37,253	937	52,663	(125)	90,728
■ more than 1 year	5,577	(2,273)	3,304	4,411	363	14,941		19,715

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

NOTE 12 Cash and cash equivalents

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

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

NOTE 13 Share capital

Vicat share capital is composed of 44,900,000 fully paid-up ordinary shares with a nominal value of € 4 each, including 674,391 treasury shares as at December 31, 2018 (684,904 as at December 31, 2017) acquired under the share buy-back programs approved by the Ordinary General Meetings, and through Heidelberg Cement's disposal of its 35% stake in Vicat in 2007.

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

The dividend paid in 2018 in respect of 2017 amounted to € 1.50 per share, amounted to a total of € 67,350 thousand, equal to € 1.50 per share paid in 2017 in respect of 2016 and amounted to a total of € 67,350 thousand. The dividend proposed by the Board of Directors to the Ordinary General Meeting for 2018 amounts to € 1.50 per share, totaling € 67,350 thousand.

In the absence of any dilutive instrument, diluted earnings per share are identical to basic earnings per share, and are obtained by dividing the Group's net income by the weighted average number of Vicat ordinary shares outstanding during the year.

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

The following amounts were allocated to the liquidity agreement for its implementation: 20,000 Vicat shares and € 3 million in cash.

As at December 31, 2018, the liquidity account is composed of 35,548 Vicat shares and € 1,928 thousand in cash.

NOTE 14 Employee benefits

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

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

Net liability recognized in the balance sheet

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

Analysis of net annual expense

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

Change in financial assets used to fund the plans

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

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

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

Change in net liability

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

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

Discount rate

Discount rates are determined in accordance with the principles set out in IAS 19 Revised, with reference to a market rate at year-end, based on the yields of high-quality corporate bonds issued in the monetary zone in question. They are determined on the basis of yield curves derived by outside experts from AA-rated public bonds.

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When the corporate bond market in a zone is not sufficiently liquid, IAS 19 (Revised) recommends using government bonds as a benchmark.

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

Sensitivity analysis

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

The sensitivity of the defined benefit obligation as at December 31, 2018 corresponding to a variation of +/-50 basis points in the discount rate is € (28.7) million and € 32.3 million, respectively.

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

Average duration of benefits

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

It is expected that € 14.1 million in contributions will be paid into the plans over the coming year.

NOTE 15 Other provisions

(in thousands of euros)	Restoration of sites	Demolitions	Other risks (1)	Other expenses (2)	Total
AT DECEMBER 31, 2016	**47,640**	**1,504**	**25,653**	**4,531**	**79,327**
Increase	3,889	171	6,865	1,295	12,220
Reversal of provisions used	(2,623)		(4,177)	(549)	(7,349)
Reversal of unused provisions			(864)	(75)	(939)
Change in foreign exchange rate	(2,826)	(132)	(1,948)	(261)	(5,167)
Changes in consolidation scope	1,347				1,347
Other movements	165		(70)	(94)	1
AT DECEMBER 31, 2017	**47,592**	**1,543**	**25,459**	**4,847**	**79,440**
Increase	4,150	173	6,279	1,718	12,320
Reversal of provisions used	(3,246)	(778)	(7,291)	(1,598)	(12,913)
Reversal of unused provisions			(490)		(490)
Change in foreign exchange rate	1,127	46	369	102	1,644
Changes in consolidation scope		43	137		180
Other movements	(5)		(1)	186	180
AT DECEMBER 31, 2018	**49,618**	**1,027**	**24,462**	**5,255**	**80,361**
of which less than one year			*7,924*	*1,680*	*9,604*
of which more than one year	*49,618*	*1,027*	*16,538*	*3,575*	*70,757*

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

(1) At December 31, 2018, other risks included:

- *an amount of € 1.5 million (€ 2.1 million at December 31, 2017) corresponding to the current estimate of gross expected costs for repair of damage that occurred in 2006 following deliveries of concrete mixtures and concrete made in 2004 whose sulfate content exceeded applicable standards. This amount corresponds to the current estimate of the Group's pro-rata share of liability for repair of identified damage before the residual insurance indemnity of € 1.8 million recognized under non-current assets in the balance sheet as at December 31, 2018 and December 31, 2017 (note 9);*
- *an amount of € 10.6 million (€ 10.1 million as at December 31, 2017) corresponding to the estimated amount of the deductible at year-end relating to claims in the United States in the context of work-related accidents and which will be expensed by the Group;*
- *the remaining amount of other provisions amounting to € 12.4 million as at December 31, 2018 (€ 13,3 million as at December 31, 2017) corresponds to the sum of other provisions that, taken individually, are not material.*

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

NOTE 16 Net financial liabilities and put options

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

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

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

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

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

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

16.1 Financial liabilities

Analysis of financial liabilities by category and maturity

December 31, 2018

(in thousands of euros)	Total	2019	2020	2021	2022	2023	More than 5 years
Bank borrowings and financial liabilities	924,565	83,894	238,367	5,552	102,156	5,185	489,411
Of which financial instrument assets	*(25,537)*		*(19,275)*		*(6,262)*		
Of which financial instrument liabilities	*1,564*	*303*	*721*			*540*	
Miscellaneous borrowings and financial liabilities	13,478	3,906	1,490	4,026	174	268	3,614
Liabilities on non-current assets under finance leases	3,194	749	596	392	393	345	719
Current bank lines and overdrafts	65,013	65,013					
FINANCIAL LIABILITIES	**1,006,250**	**153,562**	**240,453**	**9,970**	**102,723**	**5,798**	**493,744**
of which commercial paper	*489,000*						*489,000*

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

December 31, 2017

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

Analysis of borrowings and financial liabilities by currency and interest rate

By currency (net of currency swaps)

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

By interest rate

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

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

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

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

Agreements were concluded between Vicat and 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 € 4.1 million at more than one year as at December 31, 2018 (€ 3.5 million as at December 31, 2017). This liability corresponds to the present value of the exercise price of the option granted to the International Finance Corporation.

NOTE 17 Financial instruments

Foreign exchange risk

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

The table below sets out the breakdown of the total amount of Group's assets and liabilities denominated in foreign currencies as at December 31, 2018:

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

The net position after "risk management" in Swiss francs corresponds mainly to the debts of the Kazakh subsidiary to the Group, not swapped in the operating currency, in the absence of a sufficiently structured and liquid hedge market (CHF 58.7 million).

The risk of a foreign exchange loss on the net currency position assuming an unfavorable and uniform change of one percent in the operating currencies against the US dollar, would amount, in euro equivalent, to a loss of € 0.34 million (including € 0.51 million for the Kazakhstan debt).

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

Interest rate risk

Floating rate financial liabilities are hedged through the use of caps on original maturities of 4 and 5 years.

The Group is exposed to an interest rate risk on its financial assets and liabilities and its cash. This exposure corresponds to the price risk for fixed-rate assets and liabilities, and cash flow risk related to floating-rate assets and liabilities.

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

(in thousands of euros)	Impact on earnings before tax [(1)]	Impact on shareholders' equity (excluding impact on earnings) before tax [(2)]
Impact of a change of +100 bps in the interest rate	(5,909)	(2,086)
Impact of a change of -100 bps in the interest rate	(1,313)	(72)

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

Liquidity risk

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

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

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

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

Considering the small number of companies concerned, essentially Vicat SA, the parent company of the Group, the low level of gearing (27.75%) and leverage (1.5917) and the liquidity of the Group's balance sheet, the existence of these covenants does not constitute a risk for the Group's financial position. As at December 31, 2018, the Group is compliant with all ratios required by covenants included in financing agreements.

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

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

(1) Offsetting this, the difference between the value of the liability at the hedged rate and at amortized cost comes to € (41.6) million.

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

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

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

NOTE 18 Other liabilities

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

NOTE 19 Sales revenues

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

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

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

NOTE 20 Personnel costs and number of employees

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

Profit sharing is granted to employees of the Group's French companies in the form of either cash or shares, at the employee's option.

The allocation price of the profit share is determined on the basis of the average of the ten closing prices between the five days before and the five days after the publication of the results.

NOTE 21 Net depreciation, amortization and provisions expenses

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

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

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NOTE 22 Other income and expenses

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

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

(2) Including at December 31, 2017:

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

NOTE 23 Financial performance indicators

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

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

NOTE 24 Financial income (expense)

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

NOTE 25 Income tax

Analysis of income tax expense

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

Reconciliation between the theoretical and the effective tax expense

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

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

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

Change in deferred tax assets and liabilities

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

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

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

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

Source of deferred tax assets and liabilities

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

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

Deferred tax assets not recognized in the financial statements

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

Tax assessment in Senegal

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

NOTE 26 Segment information

a) Information by business segment

December 31, 2018 *(in thousands of euros, except employees)*	Cement	Concrete and Aggregates	Other Products and Services	Total
Income statement				
Operating sales revenues	1,485,748	1,010,167	431,793	2,927,708
Inter-segment eliminations	(233,538)	(19,932)	(91,773)	(345,243)
Consolidated sales revenues	1,252,210	990,235	340,020	2,582,465
EBITDA (*cf.* 1.22 & 23)	329,847	85,391	19,278	434,516
EBIT (*cf.* 1.22 & 23)	201,297	41,724	6,217	249,238
Balance sheet				
Total non-current assets	2,299,868	757,897	184,255	3,242,020
Net capital employed (1)	2,254,685	737,383	201,365	3,193,433
Additional information				
Acquisitions of intangible and tangible assets	103,845	61,787	22,612	188,244
Net depreciation and amortization charges	(122,777)	(42,084)	(13,001)	(177,862)
Average number of employees	4,103	3,406	1,175	8,684

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

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

b) Information by geographical areas

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

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

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

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

c) Information about major customers

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

NOTE 27 Net cash flows generated from operating activities

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

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

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

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

(1) Exchange rates, consolidation scope and miscellaneous.

NOTE 28 Net cash flows from investing activities

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

Acquisitions of intangible and tangible assets

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

Acquisition/disposal of shares in consolidated companies

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

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

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

NOTE 29 Analysis of net cash balances

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

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

NOTE 30 Compensation of executive directors

Pursuant to the provisions of article 225.102-1 of the French Commercial Code, and in accordance with IAS 24, we hereby inform you that the total gross compensation paid to each company officer in 2018 was as follows: G. Sidos: € 888,584 and D. Petetin: € 361,509.

These amounts represent the total compensation paid by Vicat SA and any companies it controls, or is controlled by, as defined by article L. 233-16 of the French Commercial Code.

Furthermore, no stock or stock options have been granted to the above company officers with the exception of any income received under legal or contractual employee profit-sharing or incentive plans.

Lastly, the two aforementioned company officers also benefit from a supplemental pension plan as defined in article 39 of the French General Tax Code (CGI). The corresponding commitments (€ 2,647 thousand in 2018 and € 2,465 thousand in 2017) were posted as provisions in the financial statements, in the same manner as all of the Group's postemployment benefits as at December 31, 2018 (note 1.15.).

NOTE 31 Transactions with related companies

In addition to information required for related parties regarding the senior executives, described in note 30, related parties with which transactions are carried out include affiliated companies in which Vicat directly or indirectly holds a stake, and entities that hold a stake in Vicat.

These related party transactions were not material in 2018 and were all concluded on an arm's length basis.

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

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

NOTE 32 Fees paid to the statutory auditors

Fees paid to statutory auditors and other professionals in their networks as recognized in the financial statements of Vicat SA and its fully consolidated subsidiaries for 2018 are as follows:

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

NOTE 33 Subsequent events

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

Ciplan operates a modern plan, in the vicinity of Brasilia, with a total installed cement capacity of 3.2 million tons per year. It is backed by high quality and abundant mineral resources. The Company also owns 9 ready-mixed concrete plants and 5 quarries (including 2 aggregates quarries).

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

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

Fully consolidated: France

COMPANY	COUNTRY	CITY	December 31, 2018	December 31, 2017
			% interest	
VICAT	FRANCE	PARIS LA DEFENSE	-	-
ANNECY BETON CARRIERES	FRANCE	CRAN GEVRIER	49.98	49.97
LES ATELIERS DU GRANIER	FRANCE	PONTCHARRA	99.98	99.98
BETON CONTROLE COTE D'AZUR	FRANCE	NICE	99.97	99.97
BETON VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.97
BETON TRAVAUX	FRANCE	PARIS LA DEFENSE	99.98	99.98
CARRIERE DE BELLECOMBES	FRANCE	BELLECOMBE EN BAUGES	49.95	49.95
DELTA POMPAGE	FRANCE	CHAMBERY	99.98	99.98
GRANULATS VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
PARFICIM	FRANCE	PARIS LA DEFENSE	100.00	100.00
SATMA	FRANCE	L'ISLE D'ABEAU	100.00	100.00
SATM	FRANCE	CHAMBERY	99.98	99.98
SIGMA BETON	FRANCE	L'ISLE D'ABEAU	99.98	99.98
VICAT PRODUITS INDUSTRIELS	FRANCE	L'ISLE D'ABEAU	99.98	99.98

Fully consolidated: Rest of the world

COMPANY	COUNTRY	CITY	December 31, 2018	December 31, 2017
			% interest	
SINAI CEMENT COMPANY	EGYPT	CAIRO	56.20	56.94
JAMBYL CEMENT PRODUCTION COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
MYNARAL TAS COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
BUILDERS CONCRETE	USA	CALIFORNIA	100.00	100.00
KIRKPATRICK	USA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY OF ALABAMA	USA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY INC	USA	DELAWARE	100.00	100.00

COMPANY	COUNTRY	CITY	December 31, 2018 % interest	December 31, 2017 % interest
NATIONAL CEMENT COMPANY OF CALIFORNIA	USA	DELAWARE	100.00	100.00
NATIONAL READY MIXED	USA	CALIFORNIA	100.00	100.00
VIKING READY MIXED	USA	CALIFORNIA	100.00	100.00
WALKER CONCRETE	USA	GEORGIA	100.00	100.00
CEMENTI CENTRO SUD Spa	ITALY	GENOVA	100.00	100.00
CIMENTS & MATERIAUX DU MALI	MALI	BAMAKO	94.90	94.90
GECAMINES	SENEGAL	THIES	100.00	70.00
POSTOUDIOKOUL	SENEGAL	RUFISQUE (DAKAR)	100.00	100.00
SOCOCIM INDUSTRIES	SENEGAL	RUFISQUE (DAKAR)	99.90	99.90
SODEVIT	SENEGAL	BANDIA	100.00	100.00
ALTOLA AG	SWITZERLAND	OLTEN (SOLOTHURN)	100.00	100.00
KIESWERK AEBISHOLZ AG	SWITZERLAND	AEBISHOLZ (SOLEURE)	100.00	100.00
BETON AG BASEL	SWITZERLAND	BASEL (BASEL)	100.00	100.00
BETON AG INTERLAKEN	SWITZERLAND	INTERLAKEN (BERN)	75.42	75.42
BETONPUMPEN OBERLAND AG	SWITZERLAND	WIMMIS (BERN)	82.46	82.46
CREABETON MATERIAUX SA	SWITZERLAND	LYSS (BERN)	100.00	100.00
EMME KIES + BETON AG	SWITZERLAND	LÜTZELFLÜH (BERN)	66.67	66.67
FRISCHBETON AG ZUCHWIL	SWITZERLAND	ZUCHWIL (SOLOTHURN)	88.94	88.94
FRISCHBETON LANGENTHAL AG	SWITZERLAND	LANGENTHAL (BERN)	78.67	78.67
FRISCHBETON THUN	SWITZERLAND	THOUNE (BERN)	53.48	53.48
KIESTAG STEINIGAND AG	SWITZERLAND	WIMMIS (BERN)	98.55	98.55
KIESWERK NEUENDORF	SWITZERLAND	NEUENDORF (SOLEURE)	50.00	50.00
SABLES + GRAVIERS TUFFIERE SA	SWITZERLAND	HAUTERIVE (FRIBOURG)	50.00	50.00
SHB STEINBRUCH + HARTSCHOTTER BLAUSEE MITHOLZ AG	SWITZERLAND	FRUTIGEN (BERN)	98.55	98.55
SOLOTHURNER ENTSORGUNGS GESELLSCHAFT	SWITZERLAND	FLUMENTHAL (SOLOTHURN)	100.00	100.00
SONNEVILLE AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
STEINBRUCH VORBERG AG	SWITZERLAND	BIEL (BERN)	60.00	60.00
VIGIER BETON JURA SA	SWITZERLAND	BELPRAHON (BERN)	81.42	81.42
VIGIER BETON KIES SEELAND AG	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIGIER BETON MITTELLAND AG	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
VIGIER BETON ROMANDIE SA	SWITZERLAND	ST. URSEN (FRIBOURG)	100.00	100.00
VIGIER BETON SEELAND JURA AG	SWITZERLAND	SAFNERN (BERN)	90.47	90.47
VIGIER CEMENT AG	SWITZERLAND	PERY (BERN)	100.00	100.00
VIGIER HOLDING AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER MANAGEMENT AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER RAIL	SWITZERLAND	MÜNTSCHEMIER (BERN)	100.00	100.00
VIGIER TRANSPORT AG (ex-GRANDY)	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00

COMPANY	COUNTRY	CITY	December 31, 2018 % interest	December 31, 2017 % interest
BASTAS BASKENT CIMENTO	TURKEY	ANKARA	91.58	91.58
BASTAS HAZIR BETON	TURKEY	ANKARA	91.58	91.58
KONYA CIMENTO	TURKEY	KONYA	83.08	83.08
KONYA HAZIR BETON	TURKEY	KONYA	83.08	83.08
TAMTAS	TURKEY	ANKARA	100.00	100.00
MAURICIM	MAURITANIA	NOUAKCHOTT	100.00	100.00
BHARATHI CEMENT	INDIA	HYDERABAD	51.02	51.02
KALBURGI CEMENT	INDIA	HYDERABAD	99.98	99.98

Equity method: France

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

Equity method: Rest of the world

COMPANY	COUNTRY	CITY	December 31, 2018 % interest	December 31, 2017 % interest
HYDROELECTRA	SWITZERLAND	AU (ST. GALLEN)	50.00	50.00
SILO TRANSPORT AG	SWITZERLAND	BERN (BERN)	50.00	50.00
SINAI WHITE CEMENT	EGYPT	CAIRO	14.27	14.46

6.1.3. Statutory auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2018

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 S.A for the year ended 31 December 2018.

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 31 December 2018 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 1st January 2018 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.

Emphasis of Matter

We draw attention to the following matter described in Note "1.1 Statement of compliance" to the consolidated financial statements relating to the impacts of the first implementation as of January 1, 2018 of the IFRS 9 "Financial instruments" and IFRS 15 "Revenue recognition" standards. Our opinion is not modified in respect of this matter.

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 31 December 2018 of 1,007 M€, 118 M€ and 1,806 M€, 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 89.5 M€ at 31 December 2018. 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 precautionary seizures have been made by the ED (Enforcement Directorate) for an amount of 34 M€ as at 31 December 2018 (34 M€ as at 31 December 2017) ; the second precautionary seizure amounting to 21 M€ was reclassified by ED on its bank account under the company's name. This deposited cash is booked in "Other receivables".

The company is appealing to the administrative and judicial authorities. Any related contingent liability cannot 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.

Specific verifications

As required by French laws and regulations, 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.

We attest that the consolidated declaration of extra-financial performance, required under Article L. 225-102-1 of the French Commercial Code (Code de commerce), is included in the management report, being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in this declaration and this information must be reported by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Vicat SA by the annual general meeting held on November 25, 1983 for KPMG Audit and on May 16, 2007 for Wolff & Associés S.A.S.

As at December 31, 2018, KPMG Audit and Wolff & Associés S.A.S. were in the 36th year and 11th 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) N° 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, on the February 15, 2019	Chamalières, on the February 15, 2019
KPMG Audit	**Wolff & Associés SAS**
Département de KPMG SA	
Philippe Grandclerc	Patrick Wolff
Partner	*Partner*

6.2. Individual financial statements at December 31, 2018

6.2.1. Individual financial statements at December 31, 2018

Income statement

(in thousands of euros)	2018	2017
Net sales revenues	**424,863**	**406,781**
Production for the year	423,578	406,843
Consumption for the year	(243,745)	(232,572)
Added value	**179,833**	**174,271**
Personnel costs	(70,636)	(67,864)
Taxes	(16,752)	(16,619)
Charges transferred and subsidies	1,371	2,130
Gross operating income	**93,816**	**91,918**
Other income and expenses	2,958	2,713
Net depreciation, amortization and provisions	(27,121)	(28,526)
Operating income (expense)	**69,653**	**66,105**
Financial income and expenses	61,249	78,184
Profit and loss before non operating income (expense)	**130,902**	**144,289**
Exceptional income and expenses	8,255	163
Employee profit-sharing	(2,650)	(2,515)
Income tax	(11,662)	(3,405)
Net income for the year	**124,845**	**138,532**
Operating cash flow	**153,866**	**152,288**

Balance sheet at December 31, 2018

(in thousands of euros)	2018	2017
ASSETS		
Intangible and tangible fixed assets		
Intangible assets		
Gross value	49,544	45,808
Depreciation and impairment	(30,252)	(27,490)
Net value	**19,292**	**18,318**
Property, plant and equipment		
Gross value	898,486	881,109
Depreciation and impairment	(670,467)	(649,458)
Net value	**228,019**	**231,651**
Financial investments		
Shares	1,864,940	1,864,387
Loans and other	27,462	43,894
Total Financial Assets	**1,892,402**	**1,908,281**
Current assets		
Inventories	82,051	85,253
Trade and other receivables	580,211	461,433
Short-term financial investments	3,681	5,051
Cash	1,579	6,690
Prepaid expenses	984	995
Total Current Assets	**668,506**	**559,422**
Expenses to be allocated	2,040	1,083
TOTAL ASSETS	**2,810,259**	**2,718,755**

LIABILITIES		
Shareholders' equity		
Share capital	179,600	179,600
Reserves, premiums and provisions	1,182,663	1,122,966
Revaluation adjustments	10,985	11,007
Retained earnings	231,172	226,010
Net income	124,845	138,532
Total Shareholders' equity	**1,729,265**	**1,678,115**
Provisions		
For liabilities (risks)	1,483	1,224
For liabilities (charges)	41,984	43,802
Total Provisions for risks and charges	**43,467**	**45,026**
Liabilities		
Borrowings	754,866	820,864
Short-term bank borrowings and bank overdrafts	1,788	0
Trade and other payables	280,873	174,750
Deferred income		
Total debts	**1,037,527**	**995,614**
TOTAL LIABILITIES	**2,810,259**	**2,718,755**

6.2.2. Notes to the 2018 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 in affiliated companies 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 investments. 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-offset unrealized currency losses.

Short-term financial investments are valued at acquisition cost or at market value if lower.

NOTE 2 Significant events during the period and change in accounting method

Vicat activated the option allowing it to retain the initial 5-year term at the end of the first year on the € 550 million syndicated loan as well as the bilateral lines from the BNP and CACIB. A one-year extension agreement for the bilateral lines was requested from the Société Générale, Crédit du Nord and CM-CIC.

These transactions extend the average debt maturity which stood, *pro-forma*, at December 31, 2018 at 4.2 years.

NOTE 3 Subsequent events

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

Ciplan operates a modern cement factory in Brasilia with an annual production capacity of 3.2 million tons of cement, located on abundant, high-quality mineral reserves. The Company also has a network of 9 ready-mixed concrete batching plants and 5 quarries, including two of aggregates.

NOTE 4 Sales analysis

Net sales revenues by activity break down as follows:

(in thousands of euros)	TOTAL
Cement	389,660
Paper	35,203
TOTAL	**424,863**

NOTE 5 Analysis of the financial statements

5.1. Intangible and tangible fixed assets

Gross values

(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	45,808	3,195	63	605	49,545
Land and improvements	73,259	124	49	31	73,365
Buildings and improvements	185,308	1,116	1,364	399	185,459
Plant, machinery and equipment	598,595	9,384	25	2,939	610,893
Other property plant & equipment	12,575	574	1	300	13,448
Tangible assets in progress	11,306	7,884		(4,432)	14,758
Advances and prepayments	9	396		158	563
TOTALS	**926,860**	**22,673**	**1,502**	**0**	**948,031**

The main changes in property, plant and equipment and intangible assets are related to:

- POM technology project for the Vizille site for € 4,129 thousand;
- belt change in Mépieu for € 1,316 thousand;
- gasifier in Créchy costing € 1,272 thousand;
- implementation of the SAP system for VPI for € 1,322 thousand;
- inlet and outlet ducts for the exhaust fan in Peille for € 683 thousand.

Depreciation and impairment

(in thousands of euros)	Accumulated depreciation at beginning of year	Increase	Decrease	Reclassification	Accumulated depreciation at end of year
Concessions, patents, goodwill and other intangible assets	27,490	2,763	0		30,253
Land and improvements	12,790	506	0		13,296
Buildings and improvements	138,893	4,215	295		142,813
Plant, machinery and equipment	486,450	15,736	26		502,160
Other property plant & equipment	10,960	875	0		11,835
TOTALS	**676,583**	**24,095**	**321**	**0**	**700,357**

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 2,868 thousand tonnes at the end of 2018.

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 € 4,231 thousand. These include € 2,523 thousand for internal costs (depreciation, staff and operating costs) and € 1,708 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 sites or facilities: 15 to 30 years;
- industrial sites or facilities: 5 to 15 years;
- vehicles: 5 to 8 years;
- sundry equipment: 5 years;
- computer equipment: 3 years.

5.1.3. Financial investments

Gross financial investments fell by € 2,600 thousand, mainly as a result of:

- changes in investments in associated companies (primarily increases in share capital of subsidiaries): +775;
- changes in other financial investments: -3,385;
- change in loans. +10.

-2,600

Under the liquidity agreement with ODDO, the following amounts were recognized in the liquidity account at year-end:

- 35,458 treasury shares representing a net value of € 1,455 thousand;
- € 1,928 thousand in cash.

Under this agreement, 461,120 shares were purchased during the year for € 26,045 thousand and 435,044 shares were sold for € 25,219 thousand.

At December 31, 2018, financial investments included 585,458 treasury shares. An additional 88,933 treasury shares were classified as short-term financial investments.

Loans and other gross financial investments amounted to € 51,015 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: 36.61%;
- employee shareholders*: 1.26%;
- Family, Parfininco and Soparfi: 60.63%;
- Vicat: 1.50%.

* *Pursuant to article L. 225-102 of the French Commercial Code.*

5.2.2. Change in shareholders' equity

(in thousands of euros)	2018	2017
Shareholders' equity at beginning of year	1,678,114	1,611,653
Shareholders' equity at end of year	1,729,265	1,678,114
Change	51,151	66,461
Analysis of changes		
Net income for the year	124,845	138,532
Dividend payments (1)	(66,177)	(66,340)
Revaluation adjustment	(22)	(61)
Regulated provisions	(7,495)	(5,670)
TOTAL	**51,151**	**66,461**

(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	4,217	962	2,648	2,531
Special tax depreciation	79,594	3,032	8,839	73,787
Special revaluation provision	2,361			2,361
TOTAL	**86,172**	**3,994**	**11,487**	**78,679**

Maturities are as follows:

(in thousands of euros)	Amount	Reversal at 1 year or less	Reversal at more than 1 year
Price increase provision	2,531	897	1,634
Special tax depreciation	73,787		73,787
Special revaluation provision	2,361		2,361
TOTAL	**78,679**	**897**	**77,782**

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	4,948	524	248		5,224
Provisions for disputes	127	277	79		325
Other provisions for risks and charges	39,951	**61**	**2,094**		37,918
TOTAL	**45,026**	**862**	**2,421**		**43,467**

Provisions amounted to € 43 million and covered:

- the forecast costs under the French quarry restoration obligation of € 5.2 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 € 36.8 million for tax to be repaid to subsidiaries under the Group tax consolidation plan. This amount is down € 1.3 million from 2017, the increased provision resulting from losses recognized over the year being set off by the drop in the corporation tax rate from 28.93% to 25.83%.

5.4. Financial debts

During 2018, medium and long-term financial debt, current bank facilities and other bank borrowings decreased by € 64.2 million.

5.4.1. Maturities schedule

(in thousands of euros)	Gross amount	1 year or less	between 1 year and 5 years	+5 years
Bank borrowings and financial liabilities (1)	753,105	0	264,105	489,000
Miscellaneous borrowings and financial liabilities	1,761	1,491	0	270
Short-term bank borrowings and bank overdrafts	1,788	1,788	0	0
TOTAL	**756,654**	**3,279**	**264,105**	**489,270**
(1) Of which commercial paper.	*489,000*			*489,000*

5.4.2. Additional information

At December 31, 2018 the Company had € 301 million in unused confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€ 176 million at December 31, 2017).

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

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.

This was also the case for the loan to Vigier in CHF and the US dollar and Brazilian real commitments for the Ciplan acquisition which were hedged by forward currency sales and purchases.

Interest rate risk

The variable rate debt (€ 492 million) is hedged through the use of financial instruments (caps) on original maturities of 3 to 5 years amounting to € 500 million at December 31, 2018.

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, 2018, these lines matched the commercial paper they covered, at € 489 million.

5.4.4. Financial instruments

As at December 31, 2018, derivative instruments not settled were as follows:

Type *(in thousands of currency units)*	Nominal value *(currency)*	Nominal value *(euro)*	Nominal value *(euro)*
BRL forward purchases	565,000 BRL	127,138	(105)
USD forward purchases	202,000 USD	176,419	(43)
CHF forward sales	145,000 CHF	128,672	(69)
Interest rate caps	500,000 EUR	500,000	(1,347)
Cross Currency Swaps	350,000 USD	305,677	25,537 [1]

(1) At the same time debt increased by € 41,572 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 instalments						
Number of invoices	66	251	77	33	227	588
Total amount of invoices, inc. VAT	694,324	6,443,568	1,064,738	536,018	998,763	9,043,087
Percentage of total sales for the year, inc. VAT	0.20%	1.81%	0.30%	0.15%	0.38%	2.50%
(B): Invoices not included in (A) relating to contested or unrecognized liabilities and receivables						
Number of invoices not included			46			
Total amount of invoices not included, inc. VAT			2,830,625			
(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					

Company methodology excludes intra-group liabilities and receivables, these being considered, by definition, not to involve late payments, except for three foreign subsidiaries that owed the Company € 5,433,477 at end December 2018, giving a total of € 6,235,253 in late payments, as follows:

TOTAL	1 to 30 days	31 to 60 days	61 to 90 days	More than 30 days
5,433,477	106,083	(36,259)	114,416	5,249,236

SUPPLIERS	0 days	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
	Article D. 4411.1: invoices received and unpaid at year-end that are past due					
(A): Late payment instalments						
Number of invoices	224	114	41	22	185	361
Total amount of invoices, inc. VAT	3,621,709	521,105	96,588	78,794	812,820	1,509,306
Percentage of total purchases for the year, inc. VAT	1.23%	0.18%	0.03%	0.03%	0.28%	0.51%
(B): Invoices not included in (A) relating to contested or unrecognized liabilities and receivables						
Number of invoices not included				40		
Total amount of invoices not included, inc. VAT				167,701		

Company methodology excludes intra-group liabilities, 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:

Elements relating to several balance sheet items *(In thousands of euros)*	Associated companies	Payables or receivables represented by commercial paper
Long-term investments	1,860,898	
Trade receivables and related accounts	33,338	14,137
Other receivables	339,597	
Trade payables and related accounts	9,745	
Other liabilities	178,565	

Transactions with related companies are carried out on arm's-length terms.

Income statement items	Associated companies
Financial expenses	328
Financial income excluding dividends	5,045

Transactions with associated companies and related parties are not covered by Accounting Standards Authority Regulation No. 2010-02

Accounts payable *(in thousands of euros)*	Amount
Bank borrowings and financial liabilities	1,491
Trade payables and related accounts	26,994
Tax and employee-related payables	16,620
Other liabilities	457
TOTAL	**45,562**

Prepaid expenses *(in thousands of euros)*	Amount
Operating expenses	886
Financial expenses	98
TOTAL	**984**

Short-term financial investments

Short-term financial investments consist of 88,933 Vicat shares held for allocation to employees under compulsory and discretionary profit-sharing schemes and arbitraging for a net value of € 7,600 thousand. This valuation was on the basis of the average share price in December 2018 of € 41.40.

Financial Income (expense)

Net financial income included a net increase in provisions for impairment of treasury shares amounting to € 13,058 thousand (compared with a reversal of € 7,914 thousand in 2017).

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)	130,902	(14,188)	(740)	115,974
Extraordinary net income (and employee profit-sharing)	5,605	3,103	163	8,871
Income	136,507	(11,085)	(577)	124,845

NOTE 7 Impact of the special tax evaluations

Headings *(in thousands of euros)*	**Additional expense**	**Reversals**	**Amounts**
Net Income For The Year			124,845
Income taxes [(1)]			11,085
Social security contributions			577
Profit (loss) before tax			**136,507**
Change in special tax depreciation of assets	3,032	(8,839)	(5,807)
Change in price increase provision	962	(2,648)	(1,686)
SUBTOTAL	3,994	(11,487)	(7,493)
Net income excluding special tax valuations (before income tax)			**129,014**

(1) Corporation tax expense includes the charge for taxable income for the year less tax credits 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 14 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 2018, this saving amounted to € 4.74 million.

The expenses covered by articles 223 *quater* and 39.4 of the French General Tax Code (CGI) amounted to € 130 thousand for 2018.

NOTE 8 Deferred tax

Headings *(in thousands of euros)*	**Amount**
Tax owed on:	
■ Price increase provisions	869
■ Special tax depreciation	25,331
Total increases	**26,200**
Prepaid tax on temporarily non-deductible expenses of which employee profit-sharing: 866	1,137
Total tax relief	**1,137**
Net deferred tax	**25,063**

NOTE 9 Off-balance sheet commitments

Commitments given *(in thousands of euros)*	**Amount**
Pension commitments [(1)]	19,683
Deposits and guarantees [(2)]	25,178
TOTAL	**44,861**

(1) Including € 9,562 thousand relating to the supplementary pension plan for Company officers and executives under article 39 of the French General Tax Code.
(2) Including € 19,465 thousand (EGP 400,000 thousand) in guarantees given to Crédit Agricole Egypt with respect to our subsidiary, Sinai Cement Company.

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 € 4,119 thousand as at December 31, 2018.

Commitments received *(in thousands of euros)*	**Amount**
Confirmed credit lines [(1)]	790,000
Other commitments received	0
TOTAL	**790,000**

(1) Including € 489,000 thousand allocated to cover 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 executive directors *(in thousands of euros)*	**Amount**
Compensation allocated to:	
■ directors	312
■ executive management	2,645

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Workforce	Average	As at 12/31/2018
Management	256	263
Supervisors, technicians, administrative employees	403	405
Blue-collar staff	233	235
TOTAL COMPANY	**892**	**903**
Of which Paper Division	*165*	*169*

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 (Competitiveness and Employment Tax Credit) was booked in the individual financial statements in a dedicated credit account (subdivision of account 64). The amount receivable recorded as at December 31, 2018, comes to € 986 thousand.

Use of the CICE was allocated to the acquisition of fixed assets.

Subsidiaries and investments in associated companies

Subsidiaries & affiliates whose gross value exceeds 1% of Vicat's capital:

Company or group of companies 2018 *(in thousands of currency units: EUR, USD, CFAF)*	Share capital	Reserves and retained earnings before appropriation of income	Ownership interests *(in %)*	Book value of shares owned		Loans & advances granted by the Company and not yet repaid	Guarantees granted by the Company	Sales revenues ex. VAT for the financial year ended	Profit or loss (-) for the last financial year	Dividends received by Vicat during the year	Remarks
				Gross	Net						
1) Subsidiaries *(at least 50% of the capital held by the Company)*											
Beton Travaux 38081 L'Isle d'Abeau Cedex	27,997	277,523	99.97	88,869	88,869	105,924			13,024		
National Cement Company Los Angeles USA	280,521 (1)	142,793 (1)	97.85	229,581	229,581			550,403 (1)	38,794 (1)	4,933	
Parficim 92095 Paris La Defense	70,288	1,563,885	99.99	1,423,624	1,423,624	146,336			55,143	83,028	
Satma 38081 L'Isle d'Abeau Cedex	3,841	6,248	100.00	7,613	7,613			17,899	1,895	1,320	
Cap Vracs 13270 Fos-sur-Mer	20,540	15,862	100.00	53,404	53,404	101		4,335	2,304		
Sodicapei 34560 Villeveyrac	169	499	58.47	10,990	10,990			1,907	25		
2) Investments in associated companies *(10 to 50% of the capital held by the Company)*											
Societe des ciments d'Abidjan Cote D'ivoire	2,000,000 (2)	41,890,365 (2)	17.14	1,596	1,596			70,403,668 (2)	7,200,992 (2)	905	2017 figures
Other subsidiaries and affiliates											
French subsidiaries (total)				2,219	2,219	139				39	
Foreign subsidiaries (total)				47,349	47,063	15,606					
TOTAL				**1,865,245**	**1,864,959**	**268,106**				**90,225**	

(1) Figures shown in USD.
(2) Figures shown in CFAF.

6.2.3. Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 december 2018

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 31 December 2018.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2018 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 1st January 2018 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 31 December 2018 amount to € 1,865 millions 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 the General Management;
  - 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.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders

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 with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms, required under Article D.441-4 of the French Commercial Code (Code de commerce).

We attest that the consolidated declaration of extra-financial performance, required under Article L. 225-102-1 of the French Commercial Code (Code de commerce), is included in the management report, being specified that, in accordance with the provisions of Article L. 823-10 of this Code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information provided in this declaration and this information must be reported by an independent third party.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out 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 appointed as statutory auditors of Vicat SA by the annual general meeting held on November 25, 1983 for KPMG Audit and on May 16, 2007 for Wolff & Associés S.A.S.

As at December 31, 2018, KPMG Audit and Wolff & Associés S.A.S. were in the 36th year and 11th 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 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 auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the 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 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 financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses 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) N°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, on the February 15, 2019

KPMG Audit

Département de KPMG SA

Philippe Grandclerc

Partner

Chamalières, on the February 15, 2019

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

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

6.3.2. Litigation in India

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

In 2015, the proceedings gave rise 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 from "cash" to "other current receivables."

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

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

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

6.4. Significant changes to the financial or commercial position

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

Ciplan operates a modern cement factory in Brasilia with an annual production capacity of 3.2 million tons of cement, located on abundant, high-quality mineral reserves. The Company also has a network of 9 ready-mixed concrete batching plants and 5 quarries, including two of aggregates.

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

The mandorla depicting Saint-Irénée, patron saint of the Catholic University of Lyon, France

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GENERAL MEETING

7.1. Agenda for the Ordinary General Meeting of April 11, 2019

- 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 financial year ended December 31, 2018;
- Report of the statutory auditors on the consolidated financial statements for the financial year ended December 31, 2018;
- Special report of the statutory auditors drawn up pursuant to article L. 225-40 of the French Commercial Code;
- Approval of the individual financial statements and operations for the year ended December 31, 2018;
- Approval of the consolidated financial statements for the year ended December 31, 2018;
- Appropriation of earnings for the year ended December 31, 2018 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 Xavier Chalandon as director;
- Reappointment of Wolff & Associés as incumbent statutory auditors;
- Reappointment of Constantin Associés as alternate statutory auditors;
- 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;
- Miscellaneous questions.

7.2. Draft resolutions for the Ordinary General Meeting of April 11, 2019

First resolution *(Approval of the individual financial statements and operations for the year ended December 31, 2018)*

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, 2018, 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 € 124,845,259.

Second resolution *(Approval of the consolidated financial statements for the year ended December 31, 2018)*

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, 2018, 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 € 160,825 thousand, of which € 151,096 thousand was the Group share of net income.

Third resolution *(Appropriation of earnings and setting of dividend)*

Further to acknowledging 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 2018 financial year	€ 124,845,259
■ retained earnings carried forward	€ 231,171,972
TOTAL	**€ 356,017,231**
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	€ 48,667,231
■ retained earnings	€ 240,000,000

and accordingly fixes the dividend to be distributed for the 2018 financial year at the gross amount of € 1.50 per share (excluding levies).

This dividend shall be released for payment as from April 29, 2019, at the registered office and by the banks, pursuant to the provisions relating to the dematerialization of transferable securities.

The Ordinary General Meeting acknowledges 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
2015	€ 1.50
2016	€ 1.50
2017	€ 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 the Company's 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 this Registration Document, the Ordinary General Meeting hereby authorizes the Board of Directors to purchase, hold or transfer Company shares, with power to sub-delegate in compliance with the statutory provisions, and subject to compliance with currently prevailing legal and regulatory provisions, with particular reference to articles L. 225-209 et seq. of the French Commercial Code, European Regulation No. 2273/2003 of December 22, 2003 and the market practices permitted by the AMF (Financial Markets Authority), for the following purposes (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, 2019, the 10% limit corresponds to a maximum number of 3,815,608.8 shares having a nominal value of € 4 each, representing a maximum amount of € 381,560,880.

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 6, 2018 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 Xavier Chalandon as director)*

The Ordinary General Meeting resolves to reappoint Xavier Chalandon as director for a three-year term expiring at the end of the Ordinary General Meeting to be held in 2022 to approve the financial statements for 2021.

Eighth resolution (Reappointment of Wolff & Associés as incumbent statutory auditors)

The Ordinary General Meeting resolves to reappoint Wolff & Associés as incumbent statutory auditors for a term of six financial years expiring at the end of the Ordinary General Meeting to be held in 2025 to approve the financial statements for 2024.

Ninth resolution *(Reappointment of Constantin Associés as alternate statutory auditors)*

The Ordinary General Meeting resolves to reappoint Constantin Associés as alternate statutory auditors for a term of six financial years expiring at the end of the Ordinary General Meeting to be held in 2025 to approve the financial statements for 2024.

Tenth 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.

Eleventh resolution *(Ex ante approval of the compensation policy applicable to the 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.

Twelfth resolution *(Ex post approval of elements of compensation paid or allocated in respect of the financial year ended December 31, 2018 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, 2018 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, 2018, will be paid to him.

Thirteenth resolution *(Ex post approval of elements of compensation paid or allocated in respect of the financial year ended December 31, 2018 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, 2018 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, 2018, will be paid to him.

Fourteenth resolution *(Powers)*

The Ordinary General Meeting hereby grants all powers to the bearer of a copy or extract of the minutes of this meeting for the purpose of performing all legal or administrative formalities, filings and publicity specified by current legislation.

Aggregate mining in Saint-Jean-le-Vieux in Ain, France

8

ADDITIONAL INFORMATION

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 2018, the Company maintained its continued commitment to communication by facilitating contacts among investors, financial analysts and the Company. During 2018, Vicat organized 11 roadshows in Europe and North America, and took part in 9 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 2018 and 2019 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 2018, 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 05

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 the Commission Regulation (EU) No. 809/2004 of April 29, 2004, the following information has been incorporated by reference in this 2018 Registration Document:

- the consolidated financial statements for the financial year ended December 31, 2017, prepared in accordance with IFRS, and the statutory auditors' report thereon set out on page 217 of the 2017 Registration Document, submitted to the *Autorité des marchés financiers* on March 2, 2018 under number D.18.0094, in addition to the information taken from the 2017 management report included on pages 45 to 59 of this 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.

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."

February 27, 2019

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, 2018:

Country	Number of companies
France	45
Europe (excluding France)	36
USA	17
Africa & Middle East	22
Asia	14
TOTAL	**134**

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, 2018, 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, 2018, 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, 2018, 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, 2018, 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.

As at December 31, 2018, Béton Travaux held 99.99% 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 materials, the public transport of goods and the rental of land, air, sea and river vehicles.

As at December 31, 2018, 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, 2018, 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, 2018, 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, 2018, 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, 2018, Parficim held 81.88% of Konya's share capital 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 35 km, 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, 2018, 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, 2018, 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, 2018, 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, 2018, 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 INR 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, 2018, 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, 2018, 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 KZT 16,729,195,512, 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, 2018, 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.

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Annual financial report		
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Consolidated financial statements	6.1.	152
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8.7. Cross-reference table of items in the Statement of Extra-Financial Performance report

Between Article L. 225-102 para. 1 and 2 and R. 225-105 of the French Commercial Code and the information contained in the Registration Document.

The business model can be found at the start of Chapter 3 of the Registration Document.

See point 3.5.1.2 of chapter 3 of the Registration Document for the methodology for identifying significant extra-financial risks. Risk management is explained in chapter 5 of the Registration Document.

Social information

No	Information required by articles L.225-102-1 and R.225-105	Corresponding sections of the Registration Document	Page(s)
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2	Recruitment and lay-offs	3.1.3.1	71
3	Remuneration and pattern of change	3.1.3.1	71
4	Organization of working hours	3.3.1.1	83
5	Absenteeism	3.3.1.1	83
6	Procedures for informing and consulting employees and negotiating with them	3.3.1.1	83
7	Review of collective agreements	3.3.1.1	83
8	Health and safety conditions at work	3.3.1.2	84
9	Agreements signed with unions or staff representatives concerning workplace health and safety	3.3.1.2	84
10	Frequency and severity of workplace accidents and occupational illnesses	3.3.1.2	84
11	Training policy	3.1.3.2	74
12	Total number of hours of training	3.1.3.2	74
13	Measures to promote gender equality	3.1.3.2	74
14	Measures to promote the employment and integration of the disabled	3.2.2.1	77
15	Policy on the elimination of discrimination	3.2.2.1	77
16	Freedom of association and the right to collective bargaining	3.3.1.1	83
17	Elimination of discrimination in respect of employment and occupation	3.2.2.1	77
18	Elimination of all forms of forced or compulsory labor	3.3.1.1	83
19	Effective abolition of child labor	3.3.1.1	83

Environmental information

No	Information required by article R. 225-105 of the French Commercial Code	Corresponding sections of the Registration Document	Page(s)
20	Organization within the Group that takes into account and assesses environmental issues or that handles environmental certification	3.3.3.1	88
21	Training and information provided to employees with regard to the environment	3.3.3.1	88
22	Resources devoted to the prevention of environmental risks and pollution	3.3.3.1	88
23	The amount allocated to provisions and guarantees in respect of environmental risks	3.3.3.1	88
24	Prevention, reduction or clean-up measures: Air/Soil/Water	3.3.3.2	89
25	Measures to prevent, recycle and eliminate waste products	3.3.3.2	89
26	Consideration of noise pollution and all other forms of pollution specific to an activity	3.3.3.2	89
27	Water consumption and supply in accordance with local constraints	3.3.3.2	89
28	Consumption of raw materials and measures taken to improve the efficiency of their use	3.2.1.1	75
29	Energy consumption and measures taken to improve energy efficiency and use of renewable energy sources	3.3.3.2	89
30	Land use	3.3.3.2	89
31	Discharges of greenhouse gases	3.3.3.2	89
32	Adaptation to the consequences of climate change	3.1.2.1	69
33	Measures taken to preserve or increase biodiversity	3.3.2.2	87

Societal information

No	Information required by article R. 225-105 of the French Commercial Code	Corresponding sections of the Registration Document	Page(s)
34	Impact in terms of employment and regional development	3.1.3.1	71
35	Impact on neighborhood or local populations	3.2.2.2	81
36	Terms of dialogue with stakeholders	3.3.3.1	88
37	Partnership or charity actions in general	3.2.2.1	77
38	Consideration of social and environmental issues in the procurement policy with subcontractors and suppliers	3.2.3.2	82
39	Level of subcontracting	3.2.3.2	82
40	Actions taken to prevent corruption	3.2.3.1	82
41	Measures taken in favor of consumer health and safety	3.1.1.1	68
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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.
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 unit$_s$) 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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