Financial report half year 2020

VICAT

Build together, live together.

CONTENTS

HALF-YEAR REPORT AS AT JUNE 30, 2020 2

1. First half income statement 4
2. Balance sheet and cash flow statement 12
3. Recent events 12
4. Outlook for 2020 13
5. Risk factors 14

CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2020 16

1. Consolidated statement of financial position 17
2. Consolidated income statement 18
3. Consolidated statement of comprehensive income 19
4. Consolidated statement of cash flows 20
5. Statement of changes in consolidated shareholders' equity 21
6. Notes to the consolidated financial statements as at June 30, 2020 22

STATUTORY AUDITORS' REVIEW REPORT ON THE 2020 HALF-YEAR FINANCIAL INFORMATION 59

DECLARATION BY THE PERSONS RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT 61

HALF-YEAR REPORT AS AT JUNE 30, 2020

First half income statement	**4**
Balance sheet and cash flow statement	**12**
Recent events	**12**
Outlook for 2020	**13**
Risk factors	**14**

First-half 2020 results: controlled impact from Covid-19

- **Limited decrease in sales and in EBITDA, respectively -3.2% and -5.8% at constant scope and exchange rates, mainly in France and India**
- **Cash flow of €175 million: +3.5% at constant scope and exchange rates**
- **Stronger balance sheet position: stable net debt and leverage ratio* of 2.4x**
- **Setting up of a €175 million US private placement with a 15-year maturity**
- **Relocation of corporate headquarters in Isère (France)**

Audited condensed consolidated income statement:

(En millions d'euros)	**First half 2020**	First half 2019	Change (reported)	Change (at constant scope and exchange rates)
Chiffre d'affaires consolidé	**1 304**	1 340	-2,7%	-3,2%
EBITDA**	**213**	228	-6,7%	-5,8%
Taux de marge (en %)	*16,3*	*17,0*		
EBIT***	**76**	97	-21,9%	-19,2%
Taux de marge (en %)	*5,8*	*7,2*		
Résultat net consolidé	**29**	48	-38,8%	-30,7%
Taux de marge (en %)	*2,3*	*3,6*		
Résultat net part du Groupe	**27**	46	-41,4%	-36,4%
Capacité d'autofinancement	**175**	173	+1,3%	+3,5%

*Leverage ratio: net debt/consolidated EBITDA
**EBITDA: sum of gross operating income and other income and expenses on ongoing business.
***EBIT: EBITDA less net depreciation, amortisation and provisions on ongoing business.

Commenting on these figures, *Guy Sidos, the Group's Chairman and CEO said:*

"In response to the pandemic, the Group has demonstrated its flexibility and its responsiveness by taking steps from the outset to protect its employees, its customers and its suppliers and by launching strong measures to cut costs, control the working capital requirement and lower capital expenditure. We limited the impact of the pandemic, demonstrating the resilience of Vicat's business model, including during a crisis.

We kept our production activities running at almost all our sites to keep pace with market trends and seize any commercial opportunities by remaining close to our customers, which has helped to mitigate the impact of the crisis.

In this unprecedented environment, visibility on our full-year performance remains limited. Drawing on the experience gained in the first half, the Group is pursuing its efforts, remaining extremely attentive and reactive to any changes in the pandemic situation and to the potential macroeconomic consequences it may have across all the regions in which we operate."

Disclaimer:

- *In this press release, and unless indicated otherwise, all changes are stated on a year-on-year basis (2020/2019), and at constant scope and exchange rates.*
- *This press release may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets. These statements are by their nature subject to risks and uncertainties as described in the Company's annual report available on its website (www.vicat.fr). These statements do not reflect the future performance of the Company, which may differ significantly. The Company does not undertake to provide updates of these statements.*

Further information about Vicat is available from its website (www.vicat.fr).

1. Income statement for the first half of 2020

1.1. Consolidated income statement

First-half performance was significantly disrupted by the Covid-19 pandemic. All 12 countries in which the Group operates have been affected, but the impact varies considerably from one region to another. India, France and Italy recorded a sharp fall in their sales from the end of the first quarter followed by a rebound at the end of the first half, especially in France. Consolidated sales in the first six months of 2020 came to €1,304 million. That represents a decrease of -2.7% on a reported basis compared with the same period of 2019 and of -3.2% at constant scope and exchange rates.

The key factors driving consolidated sales were:

- a +1.1% scope effect, resulting in a positive impact of +€15 million owing notably to the consolidation of Ciplan in Brazil from 1 January 2020 (vs. from 24 January in 2019) and small acquisitions in the Concrete & Aggregates business in France and Switzerland;
- a slightly negative currency effect of -0.6%, representing a negative impact of -€8 million over the first half. Depreciation in the value of the Brazilian real, Turkish lira, Indian Rupee and the Kazakhstani tenge against the euro were only partly offset by appreciation in the US dollar, the Swiss franc and Egyptian pound; and
- lastly, sales recorded an organic contraction of -3.2%. The impact of the pandemic on the Group's business in France, India and Italy was partly offset by higher sales across all the other regions.

First-half operational sales by the Cement business rose +0.9% on a reported basis and +1.9% at constant scope and exchange rates. The Concrete & Aggregates business recorded a fall in operational sales of -4.9% on a reported basis and of -7.1% at constant scope and exchange rates. Lastly, the operational sales recorded by the Other Products & Services business fell by -7.7% on a reported basis and by -8.9% at constant scope and exchange rates.

The Group's consolidated **EBITDA** came to €213 million, down -6.7% on a reported basis and down -5.8% at constant scope and exchange rates. The EBITDA margin stood at 16.3% in the first half of 2020 compared with 17.0% in H1 2019. The first-half EBITDA performance reflected very minor positive scope effects (less than +€1 million), almost -€3 million in negative currency effects and an organic contraction of -€13 million.

At constant scope and exchange rates, the EBITDA decline was primarily attributable to:

- the pandemic's impact on EBITDA generated in France, India and Italy, and particularly the volume contraction across these three regions;
- a more competitive environment in Kazakhstan, particularly in the second quarter; and
- a persistently downbeat macroeconomic and industry environment in Turkey and Egypt.

These negative factors were offset partly by:

- the initial benefits of the cost-cutting plan implemented to address the first effects of the pandemic, with savings netting almost +€13 million in the first half of the year;
- a near -11% drop in energy costs in the Cement business, excluding volume and currency effects, reaching almost -€13 million;
- a very substantial improvement in EBITDA across the Americas, particularly in Brazil;
- significant growth in Africa, supported by the improvement in the cement plant performance in Senegal and the ramp-up in the grinder in Mali, robust market conditions and higher selling prices.

EBIT came to €76 million, down a significant -21.9% on a reported basis and down -19.2% at constant scope and exchange rates on the €97 million reported in the first half of 2019. The EBIT margin on consolidated sales was 5.8% compared with 7.2% in the first half of 2019. This contraction was mainly attributable to:

- the decline in EBITDA given the factors presented above;
- the increase in depreciation, amortisation and provisions following the commissioning of the new mill in Mali and various projects in India and France.

The +€6 million improvement in **net financial expense** to -€16 million mainly reflected the gain from discounting a tax credit recognised at Ciplan (Brazil) following a favourable court ruling (+€7.0 million), while the cost of debt increased slightly.

Tax expense declined by €7 million during the first half as a result of the fall in pre-tax income. The increase in the effective tax rate from 37.4% to 42.8% derived predominantly from the impact of variations in the results of companies not subject to income tax, lower dividend taxes and a non- deductible €11 million provision for depreciation.

Consolidated net income totalled €29 million, down -30.7% at constant scope and exchange rates and down -38.8% on a reported basis. Net income, Group share fell -36,4% at constant scope and exchange rates and -41.4% on a reported basis to €27 million.

Cash flow stood at €175 million, up +1.3% on a reported basis and up +3.5% at constant scope and exchange rates.

1.2. Income statement analysed by geographical region

1.2.1. Income statement, France

(€ million)	**First half 2020**	First half 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**444**	500	-11.3%	-12.5%
EBITDA	**56**	84	-33.1%	-33.3%
EBIT	**14**	44	-68.9%	-68.1%

During the first half, the pandemic had a significant impact on the Group's performance in France. Following a very sharp slowdown in late March and throughout April, the situation gradually improved, with the Group recording solid business growth again in June.

Even so, EBITDA declined sharply over the period as a whole, with the positive impact of lower energy costs and the initial benefits of the cost-cutting plan failing to offset the downturn in business levels.

- *In the Cement business*, operational sales dropped -6.1% over the first half as a whole. The business contraction was caused by a volume decline of more than -9%, partly offset by an uptick in selling prices, particularly in the domestic market, and by lower energy costs. Against this backdrop, the Group's EBITDA recorded a contraction of -27.8%.
- *In the Concrete & Aggregates business*, operational sales moved -16.6% lower at comparable scope owing to volume decline of over -17% in both concrete and aggregates. Average selling prices rose sharply, however. As a result of these factors, EBITDA generated by this business in France was down -42.4% at constant scope compared with the first half of 2019.
- *In the Other Products & Services business*, operational sales dropped -11.5% over the period. The EBITDA recorded by the business fell back -34.6%.

1.2.2 Income statement for Europe excluding France

(€ million)	**First half 2020**	First half 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**198**	182	+9.0%	+2.1%
EBITDA	**40**	38	+4.4%	-1.4%
EBIT	**20**	19	+1.9%	-3.8%

Activity in Europe (excluding France) in the first half of the year takes into account starkly contrasting trends in Switzerland and Italy.

The Swiss market was not significantly affected by the pandemic in the first half, with consolidated sales moving higher. In Italy, the Group recorded a very steep decline in its business over the first half as a whole as a result of the very challenging pandemic and macroeconomic situation there.

The operational EBITDA margin on consolidated sales dipped very slightly to 20.0% during the first half of the year from 20.9% in the first six months of 2019.

In **Switzerland**, the Group's consolidated sales rose by +11.0% on a reported basis and by +3.7% at constant scope and exchange rates in the first six months of 2020. EBITDA was stable at constant scope and exchange rates and rose +5.8% on a reported basis.

- *In the Cement business*, operational sales rose +2.6% at constant scope and exchange rates. After favourable weather conditions in the first quarter, second-quarter trends were a little less robust, with restrictive health and safety-related measures being introduced by certain Group customers. Even so, volumes and average selling prices trended higher during the first half. Overall, the EBITDA generated by the business rose +11.4% at constant scope and exchange rates.
- *In the Concrete & Aggregates business*, operational sales rose by +13.3% at constant scope and exchange rates over the first half as a whole. Concrete volumes rose significantly, albeit in a more competitive environment that saw selling prices erode. Aggregates volumes and selling prices rose. Overall, the EBITDA generated by the business rose +3.1% at constant scope and exchange rates in the first half.
- *The Precast business* posted stable operational sales (-0.5%) at constant scope and exchange rates. The competitive environment remained very unfavourable in consumer products, particularly as a result of imports. The rail sector picked up only very gradually, even though the order backlog points to an improvement in the business during the second half.

In **Italy**, as activity was totally stopped for several of weeks, consolidated sales declined -23.2%. However, selling prices rose sharply against a backdrop of falling volumes. As a result, EBITDA fell -31.7% in the first half.

1.2.3 Income statement for the Americas region

(€ million)	**First half 2020**	First half 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**298**	275	+8.2%	+9.1%
EBITDA	**56**	39	+45.3%	+51.1%
EBIT	**26**	8	+239.6%	+265.6%

In both the United States and Brazil, activity levels continued to move in the right direction owing to the robust local markets in which the Group operates despite worrying health-related trends. Sales in the region were boosted by a solid increase in sales volumes, with the exception of concrete in the South-Eastern US, and higher average selling prices.

As a result of these factors, the Americas region's EBITDA posted a marked improvement of +45,3% on a reported basis and +51,1% at constant scope and exchange rates in the first half.

In the **United States**, conditions in the construction market remained broadly supportive despite the pandemic crisis. It is worth noting that California benefited from a favourable base of comparison for its first-quarter performance, which largely offset the impact of the severe weather conditions in the South-East. Against this backdrop, the Group successfully maintained the price increases it introduced in cement in 2019 and implemented further increases in the Concrete business. The Group's consolidated sales in the United States rose +8.2% on a reported basis and +5.5% at constant scope and exchange rates. EBITDA came to €41 million in the first half, up +25.8% on a reported basis and up +22.6% at constant scope and exchange rates.

It is worth noting that the investment launched during 2019 at the Ragland plant in Alabama to replace the existing kiln system with a new one, continued during the first half. The scheduled entry into service date of this new system remains unchanged (first half of 2022). This new installation will increase the plant's existing capacity and significantly reduce production costs.

- *In the Cement business*, operational sales grew +11.2% at constant scope and exchange rates. This performance derived from solid growth in volumes, particularly in California given the favourable base of comparison, as the South-East region was hit by poor weather conditions in the first quarter. Average selling prices rose across both areas as a result of the full impact of the hikes introduced in 2019. However, it is important to note that the price increases initially planned for the second quarter were postponed given the pandemic situation. They may be introduced over the summer, depending on how market conditions evolve. Against this backdrop and given the fall in energy costs during the first half, the EBITDA generated by the business grew +30.4% at constant scope and exchange rates.
- *In the Concrete business*, operational sales rose +2.6% at constant scope and exchange rates. The industry environment slowed down in the second quarter, as this business is more sensitive to the pandemic-related constraints, after an upbeat first quarter for exactly the same reasons as those reported for the Cement business. Over the first half as a whole, volumes declined slightly, with the performance recorded in California only partially making up for the contraction in the South-East region. Average selling prices rose sharply, however, in both California and the South-East region. Accordingly, the EBITDA generated by the business improved +1.7% at constant scope and exchange rates over the period as a whole.

In **Brazil**, the pandemic struck just as the macroeconomic environment was starting to stabilise. While certain regions seem to have been hit harder by the pandemic, the Group has reaped the benefit of a fairly supportive industry environment and has been able to seize some growth opportunities by leveraging its efficient manufacturing base and the improvements made over the past 12 months. Sales in Brazil rose to €63 million, up +8.2% on a reported basis and +22.4% at constant scope and exchange rates.

- *In the Cement business*, operational sales came to €52 million, up from €45 million in 2019. Volumes and pricing moved above their prior-year levels in the business. Given the significant fall in energy costs, EBITDA thus came to €13 million over the period. That represents a significant increase on the first half of 2019 after taking into account a €5 million non-recurring tax benefit (following a favourable court ruling).
- *In the Concrete & Aggregates business*, operational sales came to €15 million, down -9.4% on a reported basis, but up +1.9% at constant scope and exchange rates. They were underpinned by higher volumes and average prices in both concrete and aggregates. Overall, EBITDA moved up +30.7% at constant scope and exchange rates.

1.2.4 Income statement for the Asia region (India and Kazakhstan)

(€ million)	**First half 2020**	First half 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**149**	193	-22.8%	-20.2%
EBITDA	**38**	48	-21.0%	-18.3%
EBIT	**19**	31	-39.1%	-37.0%

The Asia region was affected by the pandemic crisis, which had a fairly significant impact on the macroeconomic and industry environment from the end of the first quarter onwards. Amid these tough conditions, the Group focused on implementing cost-cutting and protecting its margins.

India has been worst hit by the pandemic of all the countries in the Group's geographical portfolio. The strict lockdown measures imposed by the government led to the complete shutdown of the Group's manufacturing facilities for almost a month, before production and sales activities gradually resumed. The lockdown measures also had a very negative impact on the resumption of work on construction projects. These were affected by a labour shortage that prevented a more rapid and dynamic pick-up in the sector. As a result, the Group posted consolidated sales of €119 million in the first half of 2020, down -24.0% at constant scope and exchange rates. This trend reflects a volume decline of close to -22% and a contraction in average selling prices, especially during the first quarter. It is worth noting that the Group's volumes edged higher again in June compared with June 2019, while selling prices moved up slightly in the second quarter. The situation remains highly volatile, however.

Given this environment, the Group rapidly implemented a plan to cut and optimise its production costs in order to curb the impact of the pandemic crisis on the margin. Energy costs also dropped substantially in the first half. Taking these factors into account, although EBITDA declined -18.4% at constant scope and exchange rates, the EBITDA margin on consolidated sales widened over the period to 23.6% from 22.0% in the first half of 2019.

In **Kazakhstan**, after a sharp increase in activity in the first quarter, the operating environment deteriorated in the second quarter as the pandemic crisis affected both the domestic market and export markets. Consolidated sales were thus stable over the first half as a whole (down -0.2%) at constant scope and exchange rates. The volume increase offset the pressure on prices that was first seen in late 2019 and that continued into early 2020.

Taking these factors and the significant rise in energy costs into account, the EBITDA recorded in the period declined -18.0% at constant scope and exchange rates to reach €10 million, down from close to €13 million in the first half of 2019.

1.2.5 Income statement for the Mediterranean region (Egypt and Turkey)

(€ million)	**First half 2020**	First half 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**75**	75	+0.3%	+6.2%
EBITDA	**-9**	-4	-118.1%	-96.3%
EBIT	**-18**	-14	-31.7%	-26.1%

The Mediterranean region was again hit by the persistently tough macroeconomic and industry conditions in Turkey and Egypt. The pandemic crisis aggravated the situation in both regions, although its precise impact could not be determined. Against this backdrop, the Group recorded negative EBITDA of -€9 million in the first half.

In **Turkey**, sales totalled €54 million, up +6.0% at constant scope and exchange rates and down -5.8% on a reported basis. After a first-quarter sales contraction of -1.4% at constant scope and exchange rates, activity levels improved during the second quarter, with sales moving up +11.2% at constant scope and exchange rates. The macroeconomic and industry environment was still dampened by the August 2018 devaluation, and the impact of this was probably exacerbated by the pandemic.

A breakeven EBITDA was recorded in the first half, down on the €2 million posted in the first half of 2019.

- *In the Cement business*, first-half operational sales rose +6.5% at constant scope and exchange rates. Following the -2.6% contraction in operational sales in the first quarter at constant scope and exchange rates, the business returned to growth in second quarter (rise of +12.8% at constant scope and exchange rates). Although volumes rose in both Konya and Bastas regions, average selling prices moved lower over the first half as a whole. Taking these factors and also higher energy costs into account, the EBITDA generated by this business was positive.
- *The operational sales recorded by the Concrete & Aggregates business* rose +12.5% at constant scope and exchange rates over the period. In the first half, volumes rose slightly in concrete and surged in aggregates. Selling prices edged lower over the period as a whole. As a result, EBITDA fell slightly in the first half.

In **Egypt**, consolidated sales totalled €21 million, up +7.0% at constant scope and exchange rates. The pandemic has exacerbated the effects of what was an already unfavourable situation, with macroeconomic trends barely improving, severe logistical constraints and fierce competition. Volumes rose by close to 21% over the period as whole but were still at a low level. Selling prices continued to fall as a result of the pressure brought by the Egyptian Army's new plant, however. The Group is pushing ahead with its work on both kilns to lift its operating performance. The Group recorded an EBITDA loss of -€9 million in the first half of 2020, compared with a loss of -€6 million in the first half of 2019.

1.2.6 Income statement for Africa

(€ million)	**First half 2020**	First half 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**140**	**115**	+21.8%	+21.8%
EBITDA	**32**	**23**	+37.3%	+37.3%
EBIT	**15**	**8**	+80.2%	+80.3%

In **Africa**, the environment remained positive, despite the pandemic's substantial impact, which brought large government-funded projects in Senegal to a standstill. The Group's performance during the first half also benefited from a favourable base of comparison.

In the *Cement* business, consolidated sales advanced by +39.1% at constant scope and exchange rates. This increase reflected very strong growth in Cement volumes in Senegal thanks to the major improvement in the production performance of the Rufisque plant in Senegal and the ramp-up in the new mill in Mali. Selling prices also improved sharply as a result of the hike introduced in the third quarter of 2019. As a result of these factors and lower energy costs, the EBITDA generated by the business surged +122%.

Conversely, *the Aggregates business* in Senegal was held back by the stoppage of numerous government-funded projects amid the pandemic crisis. As a result, its consolidated sales declined -45.8% over the period as a result of a steep volume contraction. EBITDA thus fell a substantial -61.1% lower.

2. Balance sheet and cash flow statement

At 30 June 2020, the Group had a solid financial structure, with €2,404 million in shareholders' equity, compared with €2,461 million at 30 June 2019. It is important to note that the currency devaluation at the balance sheet date had a major impact on both assets and equity.

Net debt totalled €1,271 million compared with €1,290 million at 31 December 2019 and €1,465 million at 30 June 2019.

On this basis, gearing stood at 52.86% at 30 June 2020, compared with 49.71% at 31 December 2019 and 59.54% at 30 June 2019. The leverage ratio was 2.49x, compared with 2.45x at 31 December 2019 and 2.95x at 30 June 2019.

Adjusted for the impact of IFRS 16, which is used for the calculation of the covenants, gearing at 30 June 2020 stood at 43.8% compared with 40.36% at 31 December 2019 and 49.8% at 30 June 2019. The leverage ratio was 2.38x, compared with 2.28x at 31 December 2019 and 2.82x at 30 June 2019.

Based on these factors, the Group reiterated that:

- its borrowing needs at 30 June 2020 are covered by €442 million in undrawn, secured, available and sufficient credit lines to meet forthcoming repayments, in addition to the cash it has at its disposal.
- the covenants stated in its borrowing agreements have been met.

Its cash flow totalled €175 million during the first half, representing an increase of +3.5% at constant scope and exchange rates.

Capital expenditure during the first half came to €122 million. Close to a third of this amount relates to the construction of the new kiln-line at the Ragland plant in the United States.

Given recent macroeconomic trends across its various regions, the Group plans to resume certain investments that had been delayed as a result of the pandemic crisis. Capital expenditure is now expected to total around €280 million over the full year.

Lastly, the Group's free cash flow was €100 million during the first half, supported in particular by a strong reduction in working capital requirements. In the first half of 2019, free cash flow amounted to -€54 million.

3. Recent events

On 30 July 2020, the Group entered into a €175 million financing agreement structured as a US private placement with a leading US investor.

The credit line will be drawn down on 30 November 2020 to repay the maturing US private placement established in 2010.

Given the fixed interest rate agreed of 2.07%, this 15-year borrowing facility will deliver significant financial expense savings for the Group from 2021 onwards.

4. Outlook for 2020

In 2020, macroeconomic conditions in all of the countries where the Group is active are likely to be significantly affected by the Covid-19 crisis, to varying degrees depending on health conditions and the governmental responses.

At present, business is conducted within the strict framework of the procedures adapted to the public health conditions in each country where the Group is present. Within this framework, it is important to note that:

- The twelve countries where the Group operates have been affected by the Covid-19 epidemic, sometimes with timing differences in the intensity of its impact;
- The sharing of experience between countries allows good practice and operating modes to be introduced to help meet the demands of the situation in each country and ensure business continuity where this is allowed;
- Given the current environment, business levels are highly volatile.

The Group thus continues to operate its business at a level that varies according to the local constraints:

- In France, business levels have continued to improve after reaching a low point in early April and can now be regarded as dynamic;
- In Switzerland, business has remained on a growth trajectory in Cement and in Concrete & Aggregates;
- In West Africa, the strong business trends in Cement are supported by volumes and prices moving in the right direction. The sharp slowdown in public infrastructure projects in Senegal continues to hold back the Aggregates business there;
- In the US, activity levels have held up well since the start of the pandemic crisis in terms of both volumes and selling prices. The increase in cement selling prices initially scheduled for the spring has been postponed owing to the pandemic;
- In Brazil, activity levels have been firm in terms of both volumes and selling prices;
- In Turkey and Egypt, the persistently tough macroeconomic and competitive environment remains a drag on activity levels, but this cannot be specifically attributed to the Covid-19 pandemic;
- In Kazakhstan, the lockdown and the competitive environment have had a slight impact on volumes and selling prices, after an especially strong start to the year;
- Activity is picking up again very gradually in India given the fresh lockdown measures introduced recently. Operations there had been halted completely for a period during the second quarter.

The upturn in activity levels, particularly in France and India, the decrease in costs for a total amount of -€51 million for the full year, mainly linked to the drop in energy costs expected to exceed -8% (excluding volume and currency effects) representing a total impact of -€23 million, the introduction of a structural cost-cutting programme now expected to deliver -€28 million in savings, a clear focus on the working capital requirement and, lastly, a scaling-down of the original capital expenditure plans, should help curb the crisis' impact on the Group's results and financial position.

Taking all these factors, the lack of visibility and the high level of volatility linked to the current situation into account, the Group anticipates a moderate decline in EBITDA over the full year subject to the effects that any second wave of the pandemic might have.

5. Risks factors

The risk factors that could affect the Group in the coming months are similar to those identified in chapter 2 of the 2019 Registration Document, filed with the French financial markets authority (Autorité des Marchés Financiers) under number D.20-0101 on March 4, 2020. For the specific point of financial instruments, see Note 12 to the consolidated financial statements at June 30, 2020, page 48 of this document.

The impact of the Covid-19 health crisis on results and activity is presented in the half-year activity report of this document, and is also described in the highlights of the notes to the consolidated financial statements, note 2, page 37.

As indicated, the consequences of the pandemic vary over time and by geography. Our industry experiences heterogeneous situations depending on the country and the health measures imposed by the various governments, with in some cases, activity stoppages, and in others, an unchanged or even accelerated volume of activity.

This unprecedented and multifaceted crisis leads us to reconsider the impact of this type of health risk in the risk mapping, in order to understand the impacts and the probabilities of occurrence.

We plan to conduct this analysis in the second half of 2020, for presentation and integration into the 2020 Universal Registration Document.

Vicat group – Financial data – Appendix

Definition of alternative performance measures (APMs):

- Performance **at constant scope and exchange rates** is used to determine the organic growth trend in P&L items between two periods and to compare them by eliminating the impact of exchange rate fluctuations and changes in the scope of consolidation. It is calculated by applying exchange rates and the scope of consolidation from the prior period to figures for the current period.
- A geographical (or a business) segment's **operational sales** are the sales posted by the geographical (or business) segment in question less intra-region (or intra-segment) sales.
- **Value-added**: value of production less consumption of materials used in the production process.
- **Gross operating income**: value-added, less staff costs, taxes and duties (other than on income and deferred taxes) plus operating subsidies.
- **EBITDA** (earnings before interest, tax, depreciation and amortisation): sum of gross operating income and other income and expenses on ongoing business.
- **EBIT:** (earnings before interest and tax): EBITDA less net depreciation, amortisation, additions to provisions and impairment losses on ongoing business.
- **Cash flow**: net income before net non-cash expenses (i.e. predominantly depreciation, amortisation, additions to provisions and impairment losses, deferred taxes, gains and losses on disposals and fair value adjustments).
- **Free cash flow:** net operating cash flow after deducting capital expenditure net of disposals.
- **Net debt** represents gross debt (consisting of the outstanding amount of borrowings from investors and credit institutions, residual financial liabilities under finance leases, any other borrowings and financial liabilities excluding options to sell and bank overdrafts), net of cash and cash equivalents, including remeasured hedging derivatives and debt.
- **Gearing** is a ratio reflecting a company's financial structure calculated as net debt/consolidated equity.
- **Leverage** is a ratio reflecting a company's profitability, which is calculated as net debt/consolidated EBITDA.

2.

CONSOLIDATED FINANCIAL STATEMENTS AS AT JUNE 30, 2020

1. Consolidated statement of financial position **17**
2. Consolidated income statement **18**
3. Consolidated statement of comprehensive income **19**
4. Consolidated statement of cash flows **20**
5. Statement of changes in consolidated shareholders' equity **21**
6. Notes to the consolidated financial statements as at June 30, 2020 **22**

1. Consolidated statement of financial position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *(in thousands of euros)*	Notes	**June 30, 2020**	**December 31, 2019**
NON CURRENT ASSETS			
Goodwill	3	1,160,379	1,224,430
Other intangible assets	4	171,331	187,046
Property, plant and equipment	5	1,977,426	2,031,781
Rights of use relating to leases	6	192,224	219,066
Investment properties		14,967	15,125
Investments in associated companies		84,420	85,212
Deferred tax assets		89,907	89,938
Receivables and other non-current financial assets	7	224,643	236,142
Total non-current assets		**3,915,297**	**4,088,740**
CURRENT ASSETS			
Inventories and work-in-progress		400,846	401,551
Trade and other accounts		415,640	416,568
Current tax assets		63,692	72,811
Other receivables		222,834	192,776
Cash and cash equivalents (see. note 6)	8	382,575	398,514
Total current assets		**1,485,587**	**1,482,220**
TOTAL ASSETS		**5,400,884**	**5,570,960**

LIABILITIES *(in thousands of euros)*	Notes	**June 30, 2020**	**December 31, 2019**
SHAREHOLDERS' EQUITY			
Capital	9	179,600	179,600
Additional paid in capital		11,207	11,207
Consolidated reserves		1,974,659	2,140,361
Shareholders' equity		**2,165,466**	**2,331,168**
Minority interests		**238,103**	**264,767**
Total shareholders' equity and minority interests		**2,403,569**	**2,595,935**
NON CURRENT LIABILITIES			
Provisions for pensions and other post-employment benefits	10	155,912	141,235
Other provisions	10	117,315	140,243
Financial debts and put options	11	1,124,965	1,109,769
Lease liabilities	11	159,671	178,398
Deferred tax liabilities		231,165	246,086
Other non-current liabilities		48,813	52,072
Total non-current liabilities		**1,837,841**	**1,867,803**
CURRENT LIABILITIES			
Provisions	10	9,986	10,635
Financial debts and put options at less than one year	11	373,656	391,594
Lease liabilities at less than one year		52,963	59,864
Trade and other accounts payable		380,028	354,652
Current taxes payable		48,742	49,162
Other liabilities		294,099	241,315
Total current liabilities		**1,159,474**	**1,107,222**
Total liabilities		**2,997,315**	**2,975,025**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5,400,884**	**5,570,960**

2. Consolidated income statement

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	June 30, 2020	June 30, 2019
Sales revenues	**13**	**1,303,695**	**1,339,758**
Goods and services purchased		(820,485)	(851,775)
Added value	**1.22**	**483,210**	**487,983**
Personnel costs		(245,721)	(234,553)
Taxes		(38,552)	(38,329)
Gross Operating Income	**1.22**	**198,937**	**215,101**
Other operating income (expense)	15	13,916	13,046
EBITDA	**1.22**	**212,853**	**228,147**
Net charges to operating depreciation, amortization and provisions	14	(137,206)	(131,247)
EBIT	**1.22**	**75,647**	**96,900**
Other non-operating income (expense)	15	132	12,685
Net charges to non-operating depreciation, amortization and provisions	14	(14,161)	(15,115)
Operating income (expense)		**61,618**	**94,470**
Cost of net financial debt	16	(18,141)	(17,173)
Other financial income	16	9,129	7,028
Other financial expenses	16	(6,635)	(11,804)
Net financial income (expense)	**16**	**(15,647)**	**(21,949)**
Earnings from associated companies		3,066	2,601
Profit (loss) before tax		**49,037**	**75,122**
Income tax	17	(19,676)	(27,148)
Consolidated net income		**29,361**	**47,974**
Portion attributable to minority interests		2,351	1,854
Portion attributable to the Group		**27,010**	**46,120**
Earnings per share *(in euros)*			
Basic and diluted Group share of net earnings per share	9	0.60	1.03

3. Consolidated statement of comprehensive income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
(in thousands of euros)	**June 30, 2020**	**June 30, 2019**
Consolidated net income	**29,361**	**47,974**
Other comprehensive income		
Items not recycled to profit or loss :		
Remeasurement of the net defined benefit liability	(6,606)	(16,661)
Tax on non-recycled items	1,900	4,157
Items recycled to profit or loss :		
Net income from change in translation differences	(149,563)	15,152
Cash flow hedge instruments	6,592	7,741
Tax on recycled items	(1,703)	(2,000)
Other comprehensive income (after tax)	**(149,380)**	**8,389**
Total comprehensive income	**(120,019)**	**56,363**
Portion attributable to minority interests	(19,944)	6,436
Portion attributable to the Group	**(100,075)**	**49,927**

4. Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOW

(in thousands of euros)	Notes	June 30, 2020	June 30, 2019
Cash flows from operating activities			
Consolidated net income		**29,361**	**47,974**
Earnings from associated companies		(3,066)	(2,601)
Dividends received from associated companies		1,296	1,482
Elimination of non cash and non-operating items:			
- depreciation, amortization and provisions		148,490	146,578
- deferred tax		2,518	(3,875)
- net (gain) loss from disposal of assets		(997)	(1,790)
- unrealized fair value gains and losses		108	210
- other		(2,598)	(15,159)
Cash flows from operating activities	**1.22**	**175,112**	**172,819**
Change in working capital requirement		44,980	(139,899)
Net cash flows from operating activities (1)	**19**	**220,092**	**32,920**
Cash flows from investing activities			
Outflows linked to acquisitions of non-current assets:			
- Tangible and intangible assets		(122,497)	(90,120)
- Financial investments		(12,848)	(54,873)
Inflows linked to disposals of non-current assets:			
- Tangible and intangible assets		2,239	2,920
- Financial investments		1,576	6,821
Impact of changes in consolidation scope		0	(291,774)
Net cash flows from investing activities	**20**	**(131,530)**	**(427,026)**
Cash flows from financing activities			
Dividends paids		(70,866)	(73,142)
Increases/decreases in capital			500
Proceeds from borrowings	11	48,117	1,018,155
Repayments of borrowings	11	(33,461)	(549,469)
Repayement of lease liabilities	11	(24,548)	(21,016)
Acquisitions of treasury shares		(4,931)	(2,368)
Disposals or allocations of treasury shares		4,303	4,807
Net cash flows from financing activities		**(81,386)**	**377,467**
Impact of changes in foreign exchange rates		(16,547)	3,921
Change in cash position		**(9,371)**	**(12,718)**
Net cash and cash equivalents - opening balance	21	328,674	261,969
Net cash and cash equivalents - closing balance	21	319,303	249,251

(1) :
- Including cash flows from income taxes: €(9.0) million in 2020 and €(45.0) million in 2019.
- Including cash flows from interest paid and received: € (19.3) million in 2020 including € (5.2) million for financial expenses on IFRS 16 leases and € (16.4) million in 2019 including € (5.4) million for interest expense on IFRS 16 leases.

5. Statement of changes in consolidated shareholders'equity

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDER'S EQUITY

(in thousands of euros)	Capital	Additional paid in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity	Minority interests	Total shareholders' equity and minority interests
At January 1, 2019	**179,600**	**11,207**	**(56,144)**	**2,524,952**	**(400,348)**	**2,259,267**	**221,474**	**2,480,741**
Half year net income				46,120		**46,120**	1,854	**47,974**
Other comprehensive income (1)				(6,435)	10,241	**3,806**	4,582	**8,388**
Total comprehensive income				*39,685*	*10,241*	*49,926*	*6,436*	*56,362*
Dividends paids				(66,435)		**(66,435)**	(7,030)	**(73,465)**
Net change in treasury shares			4,402	(1,456)		**2,946**		**2,946**
Changes in consolidation scope and additional acquisitions							(6,440)	**(6,440)**
Other changes				620		**620**	238	**858**
At June 30, 2019	**179,600**	**11,207**	**(51,742)**	**2,497,366**	**(390,107)**	**2,246,324**	**214,678**	**2,461,002**
At January 1, 2020	**179,600**	**11,207**	**(52,416)**	**2,598,620**	**(405,843)**	**2,331,168**	**264,767**	**2,595,935**
Net income				27,010		**27,010**	2,351	**29,361**
Other comprehensive income (1)				(3,513)	(123,572)	**(127,085)**	(22,295)	**(149,380)**
Total comprehensive income				*23,497*	*(123,572)*	*(100,075)*	*(19,944)*	*(120,019)*
Dividends paids				(66,373)		**(66,373)**	(5,042)	**(71,415)**
Net change in treasury shares			1,733	(1,751)		**(18)**		**(18)**
Changes in consolidation scope and additional acquisitions								
Other changes				764		**764**	(1,678)	**(914)**
At June 30, 2020	**179,600**	**11,207**	**(50,683)**	**2,554,757**	**(529,415)**	**2,165,466**	**238,103**	**2,403,569**

1) Breakdown by nature of other comprehensive income:
Other comprehensive income includes mainly cumulative conversion differences from end 2003. To recap, applying the option offered by IFRS 1, the conversion differences accumulated before the transition date to IFRS were reclassified by allocating them to retained earnings as at that date.

Group translation reserves are broken down by currency as follows at June 30, 2020 and 2019:

(in thousands of euros)	June 30 , 2020	June 30, 2019
US Dollar	44,208	38,134
Swiss franc	215,065	187,275
Turkish new lira	(283,139)	(265,413)
Egyptian pound	(126,675)	(124,896)
Kazakh tengue	(95,957)	(85,699)
Mauritanian ouguiya	(11,789)	(6,755)
Brazilian real	(91,337)	(1,915)
Indian rupee	(179,791)	(130,838)
	(529,415)	**(390,107)**

6. Notes to the consolidated financial statements as at June 30,2020

NOTE 1 ACCOUNTING POLICIES AND VALUATION METHODS

NOTE 2 CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

NOTE 3 GOODWILL

NOTE 4 OTHER INTANGIBLE ASSETS

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

NOTE 6 RIGHT OF USE RELATING TO LEASES

NOTE 7 RECEIVABLES AND OTHER NON CURRENT ASSETS

NOTE 8 CASH AND CASH EQUIVALENTS

NOTE 9 SHARE CAPITAL

NOTE 10 OTHER PROVISIONS

NOTE 11 NET FINANCIAL DEBTS AND PUT OPTIONS

NOTE 12 FINANCIAL INSTRUMENTS

NOTE 13 SALES REVENUES

NOTE 14 NET DEPRECIATION, AMORTIZATION AND PROVISIONS EXPENSES

NOTE 15 OTHER INCOME AND EXPENSE

NOTE 16 FINANCIAL INCOME (EXPENSE)

NOTE 17 INCOME TAX

NOTE 18 SEGMENT INFORMATION

NOTE 19 NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

NOTE 20 NET CASH FLOWS FROM INVESTING ACTIVITIES

NOTE 21 ANALYSIS OF NET CASH BALANCES

NOTE 22 TRANSACTIONS WITH RELATED COMPANIES

NOTE 23 SUBSEQUENT EVENTS

NOTE 25 LIST OF MAIN CONSOLIDATED COMPANIES AS AT JUNE 30, 2020

NOTE 1 ACCOUNTING POLICIES AND VALUATION METHODS

1.1 STATEMENT OF COMPLIANCE

In compliance with European Regulation (EC) 1606/2002 of the European Parliament on July 19, 2002 on the application of International Accounting Standards, Vicat's consolidated financial statements have been prepared, since January 1, 2005 in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Vicat Group has adopted those standards applicable on June 30, 2020 for its accounting policies.

Standards and interpretations published by the IASB but not yet in effect as at June 30, 2020 were not applied in the Group's consolidated financial statements at the closing date.

The consolidated financial statements as at June 30 were prepared in accordance with IAS 34 "Interim Financial Reporting". As condensed financial statements, they have to be read in relation with those prepared for the year ended December 31, 2019 in accordance with International Financial Reporting Standards (IFRS).

Moreover they present comparative data for the previous year prepared under these same IFRS standards. The accounting policies and methods applied in the consolidated financial statements as at June 30, 2020 are consistent with those applied for the 2019 annual financial statements with the exception of standards that must be applied for periods beginning January 1, 2020.

It is mainly about the amendment to IAS 1 and IAS 8 “Definition of material”, amendment to IFRS 3 “definition of a business”, and amendment to IFRS 9, IAS 39 and IFRS 7 “Interest rate benchmark reform phase I”. These amendments did not have any impacts on the Group's consolidated financial statements.

Finally, the Group ensured during the first half of 2020 that the IFRS IC interpretation (December 2019) on lease term definition was correctly applied. The analyzes carried out by the Group led to the conclusion that this interpretation had no significant impact. Consequently, the reassessment of the lease duration with regard to this interpretation did not give rise to any additional lease liability and right of use asset.

These financial statements were finalized and approved by the Board of Directors at its meeting of July 27, 2020.

1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are presented in thousands of euros.

The consolidated statement of comprehensive income is presented by nature in two separate tables: the consolidated income statement and the consolidated statement of other comprehensive income.

The consolidated statement of financial position segregates current and non-current assets and liability accounts and splits them according to their maturity (divided, generally speaking, into maturities of less than and more than one year).

The statement of cash flows is presented according to the indirect method.

The financial statements are prepared using the historical cost method, except for the following assets and liabilities, which are recognized at fair value: derivatives, assets held for trading, available for sale assets, and the portion of assets and liabilities covered by hedging transactions.

The accounting policies and valuation methods described hereinafter have been applied on a permanent basis to all of the financial years presented in the consolidated financial statements.

The establishment of consolidated financial statements under IFRS requires the Group's management to make a number of estimates and assumptions, which have a direct impact on the financial statements. These estimates are based on the going concern principle and are established on the basis of the information available at the date they are carried out. They concern mainly the assumptions used to:

- value provisions (notes 1.18 and 10), in particular those for pensions and other post-employment benefits (notes 1.16 and 10);
- value the put options granted to third parties on shares in fully consolidated subsidiaries (notes 1.17 and 11.2);
- measure financial instruments at their fair value and exposure to credit risk (notes 1.15 and 12);
- measure deferred tax assets and, in particular, the probability that the Group will generate sufficient future taxable income against which to allocate them (Note 1.21 and 17);
- perform the valuations adopted for impairment tests (notes 1.4, 1.11 and 3);
- define the accounting principle to be applied in the absence of a definitive standard (notes 1.7 concerning emission quotas);
- the definition of certain leases, the determination of lease terms (enforceable periods), and in particular the qualification of extension periods as reasonably certain or not, as well as the determination of the related discount rates (notes 1.9 and 6).

The estimates and assumptions are reviewed regularly, whenever justified by the circumstances, at least at the end of each year, and the pertinent items in the financial statements are updated accordingly. The 1st semester 2020 was impacted by the global Covid 19 crisis for which magnitude and duration beyond 30 June 2020 cannot be accurately forecasted. The consolidated financial statements for the half year 2020 take this health crisis environment into account, in particular for the identification of impairment loss indicators (see note 3).

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 half year statutory financial statements of the companies at June 30 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 in "Investments in associated companies".

The list of the main companies included in the consolidation scope as at June 30 is provided in note 24.

1.4 BUSINESS COMBINATIONS – GOODWILL

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

Business combinations carried out before January 1, 2010:

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

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

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

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

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

Business combinations carried out on or after January 1, 2010:

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

- goodwill is determined once on the date the acquirer obtains control.
  The Group then has the option, in the case of each business combination, upon obtaining control, to value the minority interests:
  - either at their pro-rata share in the identifiable net assets of the company acquired ("partial" goodwill option);
  - or at their fair value ("full" goodwill option).

  Measurement of minority interests at fair value has the effect of increasing the goodwill by the amount attributable to such minority interests, resulting in the recognition of a "full" goodwill.
- any adjustment in the acquisition price at fair value from the date of acquisition is to be reported, with any subsequent adjustment occurring after the 12-month appropriation period from the date of acquisition to be recorded in the income statement.
- the costs associated with the business combination are to be recognized in the expenses for the period in which they were incurred.

- in the case of combinations carried out in stages, upon obtaining control, the previous holding in the company acquired is to be revalued at fair value on the date of acquisition and any gain or loss which results is to be recorded in the income statement.

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

1.5 FOREIGN CURRENCIES

Transactions in foreign currencies:

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

Translation of financial statements of foreign companies:

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

In the event of a later sale, the cumulative amount of translation differences relating to the net investment sold and denominated in foreign currency is recorded in the income statement. Applying the option offered by IFRS 1, translation differences accumulated before the transition date were zeroed out by allocating them to consolidated reserves at that date. They will not be recorded in the income statement in the event of a later sale of these investments which are denominated in foreign currency.

The following foreign exchange rates were used:

	Closing rate		Average rate	
	June 30, 2020	December 31, 2019	June 30, 2020	June 30, 2019
US dollar (USD)	1.1198	1.1234	1.1015	1.1298
Swiss franc (CHF)	1.0651	1.0854	1.0639	1.1294
Egyptian pound (EGP)	18.4448	17.9955	17.3983	19.5142
Turkish lira (TRL)	7.6761	6.6843	7.1521	6.3543
Kazakh tengue (KZT)	452.2100	428.2200	445.9050	428.5083
Mauritanian ouguiya (MRU)	44.4472	42.1843	41.3816	41.0492
CFA franc (XOF)	655.9570	655.9570	655.9570	655.9570
Brazilian real (BRL)	6.1118	4.5157	5.4169	4.3407
Indian rupee (INR)	84.6235	80.1870	81.6766	79.1182

1.6 OTHER INTANGIBLE ASSETS

Intangible assets (mainly patents, rights and software) are recorded in the consolidated statement of financial position at historical cost less accumulated amortization and any impairment losses. This cost includes acquisition or production costs and all other directly attributable costs incurred for the acquisition or production of the asset and for its commissioning.

Assets with finite lives are amortized on a straight-line basis over their useful lives (generally not exceeding 15 years).

Research costs are recognized as expenses in the period in which they are incurred. Development costs meeting the criteria defined by IAS 38 are capitalized.

1.7 EMISSION QUOTAS

In the IFRS standards, there is as yet no standard or interpretation dealing specifically with greenhouse gas emission rights. As of January 1, 2016, the Group decided to adopt the method recommended by the ANC since 2013, compatible with the IFRS standards in force (Regulation No. 2012-03 of October 4, 2012, approved on January 7, 2013), that provides more reliable and relevant financial information to reflect the quotas' economic model, in particular eliminating the impacts associated with the volatility of the prices of quotas.

According to this method, provided the quotas are intended to fulfill the obligations related to emissions (production model):

- quotas are recognized in inventories when acquired (free of charge or against payment). They are drawn down as and when necessary to cover greenhouse gas emissions, as part of the restitution procedure, or at the time of their sale, and are not revalued at closing;
- a debt is recognized at the period-end if there is a quota deficit.

Since the Group today has only the quotas allocated free of charge by the State under National Quotas Allocation Plans, applying these rules means they are posted as inventories for a zero value. Moreover, as the Group has recorded surpluses to date, no debt is posted to the balance sheet and, if they are not sold, no amount is posted to the income statement.

1.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reported in the consolidated statement of financial position at historical cost less accumulated depreciation and any impairment losses, using the component approach provided for in IAS 16. When an article of property, plant and equipment comprises several significant components with different useful lives, each component is amortized on a straight-line basis over its respective useful life, starting at commissioning.

The main amortization periods are presented below depending on the assets category:

	Cement Assets	Concrete & Aggregates Assets
Civil engineering:	15 to 30 years	15 years
Major installations	15 to 30 years	10 to 15 years
Other industrial equipment:	8 years	5 to 10 years
Electricity:	15 years	5 to 10 years
Controls and instruments: 5 years	5 years	5 years

Quarries are amortized on the basis of tonnage extracted during the year as a ratio of total estimated reserves.

Certain parcels of land owned by French companies acquired prior to December 31, 1976 were revalued, and the adjusted value was recognized in the financial statements, but without a significant impact on the lines concerned.

Interest expenses on borrowings incurred to finance the construction of facilities during the period prior to their commissioning are capitalized. Exchange rate differences arising from foreign currency borrowings are also capitalized inasmuch as they are treated as an adjustment to interest costs and within the limit of the interest charge which would have been paid on borrowings in local currency.

1.9 LEASES

Leases, with the exception of those falling within the scope of the exemptions provided for by IFRS 16, are recognized in the balance sheet, when the asset underlying the lease becomes available, as a right-to-use asset and a liability representing the lease payments. The service component of the lease, and in particular that relative to transportation, is identified during the analysis and treated separately from the lease component. Contracts giving the tenant the right to control the use of an identified asset for a fixed term in return for payment are categorized as leases.

The Group applies the exemptions stipulated in the IFRS 16 standard, where the payments are not included in the lease liability and right to use in the following cases:

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

Lease payments for these contracts or components of leases are recognized as operating expenses for the term of the lease.

The lease term is the non-cancellable contractual period plus, where applicable, extension options considered reasonably certain to be exercised (extension options being exercised during the period or those that the Group has a statistical track record of exercising). The definition of this enforceable duration takes into account both contractual and economic aspects to the extent that the existence of significant penalties in the event of the lessee's termination are analysed for each contract.

The rights of use relating to leases initially include the lease liability, the initial direct costs, prepaid rents and the estimate of the costs of dismantling or restoring the assets provided for in the contract, and exclude any service component. They are amortized in accordance with IAS 16 “Property, Plant and Equipment” over the shorter of the lease term and the useful life of the underlying asset, and if necessary impaired in accordance with IAS 36 “Impairment of Assets”.

After initial recognition, the right of use relating to leases is reported at cost less accumulated depreciation and any impairment losses.

The lease liability is initially measured at the present value of future payments, which include the present value of fixed and variable lease payments, if they are subject to an index or rate, and estimated expected payments at the end of the contract, such as the residual value guarantee and the purchase option, if its exercise is considered reasonably certain.

The discount rate used to calculate the value of the right-of-use asset and the lease liability is based on the interest rate implicit in the lease or, failing that, the lessee’s incremental borrowing rate at the date of signature of the lease.

This marginal borrowing rate takes into account several elements including the currency and lease term, the lessee's economic context and its financial solidity into account. The Group applied interest rates corresponding to the average repayment term of the lease liability, by defining and using yield curves by maturity, taking into account the structure of lease payments and the typology of the available interest rates.

After initial recognition, the lease liability is calculated at amortized cost using the effective interest rate method and is remeasured, with a corresponding adjustment of the right-of-use asset, if future lease payments are modified as a result of negotiation or when renewal or termination options are remeasured.

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

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

1.10 INVESTMENT PROPERTIES

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

1.11 IMPAIRMENT OF NON-CURRENT ASSETS

In accordance with IAS 36, the book values of assets with indefinite lives are reviewed at each year-end, and during the year, whenever there is an indication that the asset may be impaired. Those with finite lives are only reviewed if impairment indicators show that a loss is likely.

An impairment loss has to be recorded as an expense on the income statement when the carrying cost of the asset is higher than its recoverable value. The latter is the higher of the fair value less the costs of sale and the value in use. The value in use is calculated primarily on a discounted projected cash flow basis over ten years, plus the terminal value calculated on the basis of a projection to infinity of the cash flow from operations in the last year. This time period corresponds to the Group’s capital-intensive nature and the longevity of its industrial equipment.

The projected cash flows are calculated before tax on the basis of the following components that have been inflated and then discounted:

- the EBITDA from the Long-Term Plan over the first 5 years, then projected to year 10;
- the sustaining capital expenditure;
- the change in the working capital requirement.

The assumptions used in calculating impairment tests are derived from forecasts made by operational staff reflecting as closely as possible their knowledge of the market, the commercial position of the businesses and the performance of the industrial plant. Such forecasts include the impact of foreseeable developments in cement consumption based on macroeconomic and industry sector data, changes likely to affect the competitive position, technical improvements in the manufacturing process and expected developments in the cost of the main production factors contributing to the cost price of the products.

In the case of countries subject to social tensions and security concerns, the assumptions used also include the potential improvement resulting from the progressive and partial easing of some of these tensions and concerns, based on recent data and an examination of the effect of these tensions on current business conditions.

Projected cash flows are discounted at the weighted average capital cost (WACC) before tax, in accordance with IAS 36 requirements. This calculation is made per country, taking into account the cost of risk-free long-term money, market risk weighted by a sector volatility factor, and a country premium reflecting the specific risks of the market in which the cash generating unit in question operates.

If it is not possible to estimate the value in use of an isolated asset, it is assessed at the level of the cash generating unit that the asset is part of (defined by IAS 36 as the smallest identifiable group of assets that generates cash inflows which are largely independent of the cash inflows from other assets or groups of assets) insofar as the industrial sites or facilities, products and markets form a coherent whole. The analysis was thus carried out for each geographical area/market/business, and the cash generating units were determined depending on the existence or not of vertical integration between the Group's activities in the area concerned.

The value of the assets tested, at least annually using this method for each cash-generating unit comprises the intangible and tangible non-current assets, including the IFRS 16 rights of use, plus the goodwill attributable to non-controlling interests.

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

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

Tests are conducted at each year-end on the sensitivity to an increase or decrease of one point in the discount rate and growth rate to infinity applied, in order to assess the effect on the value of the Group's CGUs. Moreover, the discount rate includes a country risk premium and an industry sector risk premium reflecting the cyclical nature of certain factors inherent in the business sector, enabling to understand the volatility of certain elements of production costs, which are sensitive in particular to energy costs.

In the context of the health crisis, the Group analysed the headroom available to the various CGUs before the crisis, their degree of resistance to it and their resilience capacity in order to identify any evidence of impairment. In order to assess its sensitivity to the post-health crisis economic context, in certain cases the Group has projected revised cash flows compared to the tests carried out for the December 31, 2019 closing.

Recognized impairments can be reversed and are recovered in the event of a decrease, except for those corresponding to goodwill, which are definitive.

1.12 INVENTORIES

Inventories are valued using the weighted average unit cost method, at the lower of purchase price or production cost, and net market value (sales price less completion and sales costs).

The gross value of goods and supplies includes both the purchase price and all related costs.

Manufactured goods are valued at production cost, including the cost of goods, direct and indirect production costs and the depreciation on all consolidated fixed assets used in the production process.

In the case of inventories of manufactured products and work-in-progress, the cost includes an appropriate share of fixed costs based on the standard conditions of use of the production plant.

Inventory impairments are recorded when necessary to take into account any probable losses identified at year-end.

1.13 RECEIVABLES

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

Receivables may be subject to assignment to financial institutions. In this case, a transaction analysis is carried out to assess the transfer of the risks and rewards of ownership of these receivables and especially the one related to credit risk, late payment risk and the risk of dilution. If this assessment concludes to the transfer of contractual rights to the cash flows and also substantially all the risks and rewards related to the assignment, it leads to the de-recognition of receivables in the consolidated statement of financial position and all the rights created or retained during the transfer are recognized where necessary. In the opposite situation, receivables are maintained in the consolidated statement of financial position.

1.14 CASH AND CASH EQUIVALENTS

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

1.15 FINANCIAL INSTRUMENTS

Financial assets:

The Group classifies its financial assets, when they are first entered in the financial statements, according to IFRS 9 based on the contractual cash-flow characteristics and on the business model assessment of their ownership.

In practice, for the Vicat Group, the criterion of the contractual cash-flow characteristics led to make a distinction between, on one side, loan and receivables instruments, for which the evaluation depends on the business model assessment of their ownership, and, on the other side, equity instruments.

According to the standard, there are three types of loan and receivables assets, each associated with a business model and a valuation method:

- Assets valued at the amortized cost: the objective is only to hold the assets to collect the contractual cash flows. This is the case with most of loans and receivables;
- assets valued at the fair value through other comprehensive income: the objective is to hold the assets to collect the contractual cash flows and to sell them;
- Assets valued at the fair value through the income statement: applied to assets not covered by any of the two previous models.

Concerning the equity instruments covered by IFRS 9, they have to be measured at fair value, for which the Group may elect to recognize changes in fair value, either in financial profit or loss of the income statement, or in other comprehensive income not recycled in profit or loss, depending on the option taken from the beginning, investment by investment. For some unquoted equity investments, the amortized cost was maintained as this method is the best approximation available for the fair value.

All acquisitions and disposals of financial assets are recorded at the transaction date.

According to IFRS 9, impairments of receivables are based on the expected losses during the full lifetime of the asset and credit risk is assessed on the basis of historical data and any available information at the closing date.

Financial liabilities:

The Group classifies its non-derivative financial liabilities, when they are first entered in the financial statements, as financial liabilities valued at amortized cost. These comprise mainly borrowings, other financings, bank overdrafts, etc. The Group does not have financial liabilities at fair value through the income statement.

Treasury shares:

In compliance with IAS 32, Vicat treasury shares are deducted from shareholders' equity.

Derivatives and hedging:

The Group uses hedging instruments to reduce its exposure to changes in interest and foreign currency exchange rates resulting from its business, financing and investment operations. These hedging transactions use financial derivatives. The Group uses interest rate swaps and caps to manage its exposure to interest rate risks. Forward foreign exchange contracts and currency swaps are used to hedge foreign exchange rate risks.

The Group uses derivatives solely for economic hedging purposes and no instrument is held for speculative ends.

Financial derivatives are valued at their fair value in the balance sheet. Except for the cases detailed below, the change in fair value of derivatives is recorded as an offset in the income statement of the financial statement ("Change in fair value of financial assets and liabilities"). The fair values of derivatives are estimated by the following valuation models:

- the market value of interest rate swaps, foreign exchange rate swaps and forward purchase/sale transactions is calculated by discounting the future cash flows on the basis of the "zero coupon" interest rate curves applicable at the end of the presented reporting periods, and is restated if applicable to reflect accrued interest not yet payable;
- interest rate options are revalued on the basis of the Black and Scholes model incorporating the market parameters as at year-end.

Derivative instruments may be designated as hedging instruments, depending on the type of hedging relationship:

- fair value hedging is hedging against exposure to changes in the fair value of a booked asset or liability, or of an identified part of that asset or liability, attributable to a particular risk, for instance interest rate or exchange risks, which would affect the net income presented;
- cash flow hedging is hedging against exposure to changes in cash flow attributable to a particular risk, associated with a recorded asset or liability or with a scheduled transaction (e.g. expected sale or purchase or "highly probable" future transaction), which would affect the net income presented.

Hedge accounting for an asset/liability/firm commitment or cash flow is applicable if:

- The hedging relationship is formally designated and documented at its date of inception;
- The effectiveness of the hedging relationship is demonstrated at the inception and then by the regular assessment and correlation between the changes in the market value of the hedging instrument and the market value of the hedged item. The ineffective portion of the hedging instrument is always recognized in the income statement.

The application of hedge accounting results as follows:

- in the event of a documented fair value hedging relationship, the change in the fair value of the hedging derivative is recognized in the income statement as an offset to the change in the fair value of the underlying hedged financial instrument. The income statement is only impacted by the ineffective portion of the hedging instrument;
- in the event of a documented cash flow hedging relationship, the change in the fair value of the effective portion of the hedging derivative is initially recorded in shareholders' equity, and the change in the fair value of the ineffective portion is directly recognized in the income statement. The accumulated changes in the fair value of the hedging instrument previously recorded in shareholders' equity are transferred to the income statement at the same rate as the hedged cash flows.

1.16 EMPLOYEE BENEFITS

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

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

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

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

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

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

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

1.17 PUT OPTIONS GRANTED ON SHARES IN CONSOLIDATED SUBSIDIARIES

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

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

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

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

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

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

1.18 PROVISIONS

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

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

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

1.19 SALES REVENUE

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

The Group's sales are mainly of property and services forming a single obligation because the promise to supply the service or property cannot be identified separately, insofar as the Vicat Group offers services integrated with the product to its customers

1.20 OTHER INCOME AND EXPENSES

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

1.21 INCOME TAX

Deferred taxes are calculated at the tax rates passed or virtually passed at the year-end and expected to be applied during the period when assets are sold or liabilities are settled.

Deferred taxes are calculated, based on an analysis of the balance sheet, on timing differences identified in the Group's subsidiaries between the values recognized in the consolidated statement of financial position and the values of assets and liabilities for tax purposes.

Deferred taxes are recognized for all timing differences, including those on restatement of finance leases, except when the timing difference results from goodwill.

Deferred tax assets and liabilities are netted out at the level of each company. When the net amount represents a receivable, a deferred tax asset is recognized if it is probable that the Company will generate future taxable income against which to allocate the deferred tax assets.
Uncertainty over the accounting treatment of risks related to income taxes and the non-acceptance by the tax authorities of the tax treatment adopted is recognized in income tax assets/liabilities in accordance with the probability of its occurrence, which does not take into account the probability of non-detection by the tax authorities. Each uncertainty analysed individually is assessed either by using the most probable amount or the weighted average of the different possible scenarios.

1.22 SEGMENT INFORMATION

In accordance with IFRS 8 "Operating segments" the segment information provided is based on information taken from the internal reporting. This information is used internally by the Group Management responsible for implementing the strategy defined by the Chairman of the Board of Directors for measuring the Group's operating performance and for allocating capital expenditure and resources to geographical areas and business segments.
The operating segments defined pursuant to IFRS 8 comprise the following six geographic regions in which the Group operates and which can, as permitted by IFRS 8, combine countries with similarities:

- France,
- Europe (except France) including Switzerland and Italy,
- Americas including United States and Brazil,
- Asia including India and Kazakhstan,
- Mediterranean region including Turkey and Egypt,
- Africa including Senegal, Mali and Mauritania.

This organization reflects the Group's matrix-based organization as well as the predominance of geographical aspects in the strategic analyses presented to the General Management. More concise additional information is presented per business sector.

The management indicators presented were adapted in order to be consistent with those used by the Group Management, while complying with IFRS 8 disclosure requirements: operating and consolidated sales revenues, EBITDA and EBIT (see note 1.23), total non-current assets, net capital employed (see note 18), industrial investments, depreciation and amortization and number of employees.
The management indicators used for internal reporting are identical for all the segments defined above and are determined in accordance with the IFRS principles applied by the Group in its consolidated financial statements.

1.23 FINANCIAL INDICATORS

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

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

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

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

EBIT (earnings before interest and tax): EBITDA less net depreciation, amortization, additions to provisions and impairment losses on ongoing business.

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

1.24 SEASONALITY

Demand in the Cement, Ready-mixed Concrete & Aggregates businesses is seasonal and tends to decrease in winter in temperate countries and during the rainy season in tropical countries. The Group therefore generally records lower sales in the first and fourth quarters i.e. the winter season in its main markets in Western Europe and North America. In the second and third quarters, in contrast, sales are higher, due to the summer season being more favorable for construction work.

NOTE 2 CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

Macroeconomic environment and business trend within the covid-19 pandemic context

During the first half of 2020, the Group's activity was impacted by the pandemic in the twelve countries where it operates, but nevertheless with very different effects from one region to another.

In this specific context, the Group's priority has been first of all to ensure the health safety of its employees, of its customers and of its suppliers by strictly applying procedures adapted to the health situation.

- In France, after a sharp slowing in business level at the end of March, the activity gradually improved but remained at a low level throughout April. During May and especially June, the level of activity continued to improve;
- In Switzerland, activity remained well oriented in the Cement and Concrete & Aggregates activities;
- In Western Africa, activity remained dynamic in Cement, supported by positive volumes and prices trend. The Aggregates business in Senegal was affected by the sharp slowdown in public infrastructure projects;
- In the United States, since the start of the health crisis, activity has remained well oriented in terms of volumes and selling prices;
- In Brazil, the markets in which the Group operates were little affected by the COVID 19 pandemic, and activity remained well oriented;
- In Turkey and Egypt, activity levels remain affected by the difficult macroeconomic and competitive environments, without this being specifically attributable to the COVID 19 pandemic;
- In Kazakhstan, after a particularly dynamic start in the early part of the year, lockdown decision and the competitive environment slightly impacted volumes and selling prices during the second quarter;
- Lastly, in India after a total interruption of operations from March 24 to April 17 following strict containment decisions taken by the authorities, activity restarted at a significant lower rate than the one recorded last year over the same period.

Adaptive measures have also been put in place as part of a cost-cutting plan, improvement of working capital and postponement of non-strategic industrial investments.

Furthermore, a certain number of measures to adapt working practices have been applied (temporary sites shutdowns, barrier measures, etc.). Therefore, beyond the impacts related to the slowdown in activity and the industrial sub-activity induced in certain countries, these various actions are reflected in the Group's income statement as follows:

- Additional non-productive costs directly attributable to the application of barrier measures such as the purchase of masks, gel, the establishment of specific fittings, etc. The impact of these charges is (1.3) million euros and is presented in “Other non-ordinary income and expenses”
- Government support measures which essentially translate for the Group into partial unemployment measures in France and Turkey. The amount of these measures amounted to 0.9 million euros and is recorded as a deduction from personnel costs (in accordance with IAS 20).

In this particular context, the Group took care to analyse all the potential accounting consequences related to the Covid-19 pandemic. Among these subjects are the impairment of receivables, impairment of inventories as well as fixed assets and investments in associated companies or deferred taxes asset recovery as well as to any evidence of impairment and valuation used for impairment tests. None of these subjects had a significant impact on the Group's accounts in the 1st half year.

Transfer of the head office from Paris to L'Isle d'Abeau

Measures to adapt the Group's cost structures have already been implemented during the first half of the year as part of the reduction of operational costs and postponement of non-strategic industrial investments. In this context, the Group has in particular decided to relocate its head office in L'Isle d'Abeau near Lyon, the Group's operational center in France where the "Corporate" teams will be installed in September.

Volatility of exchange rates and impact on the income statement

The income statement for the first half of 2020 was strongly impacted by the weakening of the majority of foreign currencies against the euro, mainly the Brazilian real, the Indian rupee and the Turkish lira. Over the period, this resulted in a negative currency effect of (8.4) million euros on consolidated sales revenue and (2.7) million euros on EBITDA.

Consolidated shareholders' equity recorded negative translation adjustments over the first half of 2020 for an overall net amount of (145.5) million euros.

Egypt

Despite an operation that has now been under way for nearly 18 months, the Egyptian army has not yet succeeded in fully restoring security to all parts of the Sinai. However, commercial operations have restarted and logistic flows have more or less returned to the previous situation.

Therefore, commercial activity is significantly progressing with sales volumes increasing by 21% in the first half of the year compared to the same period of the previous year, despite the disruptions related to the health crisis. Nevertheless, the entire cement industry has suffered with a market slowed down by the Covid-19 crisis, and furthermore, still disrupted by a cement player dependent on the State.

However, the Group believes, based on economic and operational indicators currently available, these events are not, at this stage, an indication of an enduring decrease in the asset value. Provided no further adverse geopolitical, health or security developments occur, these events and their ramifications are so far unlikely to jeopardize the medium-term prospects of an improvement in the subsidiary's profitability, which should begin to gradually occur starting 2021. Renewed growth in cement consumption amid the upturn in Egypt's macroeconomic conditions, observed before the health crisis holds out the prospect of major development opportunities for Sinai 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 as well as the opening of export opportunities.

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 fund with the capital projects to improve its productivity and control its costs, the Group launched an EGP 680 million increase in share capital to strengthen the subsidiary's financial structure. The funds provided by the shareholders will be released to the subsidiary, once these administrative approvals have been obtained. The procedure for obtaining them is still in progress on the reporting date.

<u>Summary of significant events in 2019</u>

Acquisition of Ciplan

Further to the agreement signed in early October 2018, the Vicat Group acquired Ciplan (Cimento do Planalto) on January 21, 2019, and now holds a majority 66.07% stake in the company's share capital, after taking into account the working capital requirement and net debt at the transaction date.

This deal took place through a reserved capital increase of €295 million, which was used to repay most of Ciplan's existing debt. Vicat financed the acquisition by drawing on its existing bank facilities.

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

Ciplan's 2018 sales amounted to around €140 million (around BRL605 million), with more than 2 million tons of cement, over 1.9 million tons of aggregates sold and almost 420,000 cubic meters of concrete delivered. EBITDA was estimated to be around €24 million in 2018 (around BRL104 million).

This acquisition represents a further step forward in Vicat's strategy of selective acquisitions and geographical diversification and will establish Vicat in a new emerging market with strong growth potential. To help it capture the full potential of the Brazilian market's prospective growth, Vicat will be able to leverage a highly efficient industrial asset base, high brand recognition, abundant quarry reserves and strong competitive positions in its local markets.

Group refinancing - Schuldschein

The Vicat group successfully completed a €290 million Schuldscheindarlehen issue (German private placement) on April 26, 2019 to refinance its debt while lowering its average borrowing costs, extending its average debt maturity and diversifying its funding sources.

This financing consists of 5-year, 7-year and 10-year maturities, combining fixed- and floating-rate tranches. Average maturity worked out at 6.24 years and the average interest rate at 1.3% on the date of the transaction.

Furthermore, Vicat activated the option allowing it to retain the initial 5-year term at the end of the second year on the €550 million syndicated loan as well as the bilateral lines. These transactions extend the average debt maturity which stood at 4.4 years at December 31, 2019.

NOTE 3 GOODWILL

The change in the net goodwill is analysed in the table below:

(in thousands of euros)	June 30, 2020	December 31, 2019
At December 31, 2018	**1,224,430**	**1,006,753**
Acquisitions / Additions (1)	800	225,568
Disposals / Decreases	(696)	(2,988)
Change in foreign exchange rates	(64,190)	(4,903)
Other movements	35	-
At December 31, 2019	**1,160,379**	**1,224,430**

(1) including at the end of 2019 a correction of the goodwill of our Brazilian subsidiary of € (7.2) million following an adjustment in shareholders' equity at the acquisition date

Impairment test on goodwill:

In accordance with IFRS 3 and IAS 36, at the end of each year and in the event of any evidence of impairment, goodwill is subject to an impairment test using the method described in notes 1.4 and 1.11.

Even if, in the end, the Covid-19 health crisis had a relatively limited impact on the Group's consolidated financial statements as at June 30, 2020, the fact remains that it generates real uncertainties for the future, in particular regarding its impact on construction markets and organizational impacts. It is in this context that the Group carried out on June 30, 2020 a review of any impairment loss evidence related to goodwill and sensitivity tests.

These tests were carried out mainly for the CGUs showing a low headroom at the previous close and on the basis of operational assumptions revised compared to the tests carried out at the end of December 2019 (in particular in terms of volumes, sale price and fuel and energy costs) communicated by the operational and financial departments. The discount rates used to perform these sensitivity analyses have also been updated to June 30, 2020.

At the end of these analyses, no impairment has to be recognized on the Group's CGUs as of June 30, 2020.

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

	Goodwill (in thousands of euros)	
	June 30, 2020	December 31, 2019
India CGU	221,459	233,140
France-Italy CGU	222,438	221,157
West Africa Cement CGU	147,241	148,815
Brazil CGU	147,093	199,084
Switzerland CGU	145,984	144,589
Other CGUs cumulated	276,164	277,645
TOTAL	**1,160,379**	**1,224,430**

Sensitivity tests to a variation of + 1% of the discount rate and those to a variation of -1% of the perpetual growth rate carried out at the half-year end on CGUs with a low headroom at the end of the previous closing period result in both cases in a recoverable amount lower than the net book value for three CGUs, for respective cumulative amounts of approximately (47) million euros and (24) million euros, mainly for the CGUs in the Mediterranean zone.

NOTE 4 OTHER INTANGIBLE ASSETS

(in thousands of euros)

Gross values	*Concessions, patents & similar rights*	*Software*	*Other intangible assets*	*Intangible assets in progress*	*Total*
At December 31, 2018	**82,215**	**55,894**	**71,831**	**10,738**	**220,678**
Acquisitions	3,161	4,243	722	10,481	**18,607**
Disposals		(3,060)	(1,149)		**(4,209)**
Changes in consolidation sco	44,521	1,692	15,930		**62,143**
Change in foreign exchange ra	(1,193)	235	722	207	**(29)**
Other movements	2,979	3,430	1,071	(5,048)	**2,432**
At December 31, 2019	**131,683**	**62,434**	**89,127**	**16,378**	**299,622**
Acquisitions		215	1,508	4,608	**6,331**
Disposals		(17)			**(17)**
Changes in consolidation scope					**0**
Change in foreign exchange ra	(11,264)	(408)	(3,751)	88	**(15,335)**
Other movements	(425)	2,534	(1,165)	(2,341)	**(1,397)**
At June 30, 2020	**119,994**	**64,758**	**85,719**	**18,733**	**289,204**

Depreciation and impairment	*Concessions, patents & similar rights*	*Software*	*Other intangible assets*	*Intangible assets in progress*	*Total*
At December 31, 2018	**(24,302)**	**(37,661)**	**(40,399)**	**0**	**(102,362)**
Increase	(1,604)	(5,789)	(4,553)		**(11,946)**
Decrease		505	449		**954**
Changes in consolidation sco	(71)	(8)	179		**100**
Change in foreign exchange ra	(456)	(251)	(708)		**(1,415)**
Other movements	(2,464)		4,557		**2,093**
At December 31, 2019	**(28,897)**	**(43,204)**	**(40,475)**	**0**	**(112,576)**
Increase	(944)	(3,305)	(2,135)		**(6,384)**
Decrease		17			**17**
Changes in consolidation scope					**0**
Change in foreign exchange ra	88	65	253		**406**
Other movements	157	(48)	555		**664**
At June 30, 2020	**(29,596)**	**(46,475)**	**(41,802)**	**0**	**(117,873)**
Net book value at December 31, 2019	102,786	19,230	48,652	16,378	**187,046**
Net book value at June 30, 2020	**90,398**	**18,283**	**43,917**	**18,733**	**171,331**

No development costs were capitalized during the 1st semester 2020 and 2019.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)

Gross values	*Lands & Buildings*	*Industrial equipment*	*Other property, plant and equipment*	*Fixed assets work-in-progress and advances / down payments*	*Total*
At December 31, 2018	**1,158,777**	**2,998,692**	**140,876**	**121,719**	**4,420,064**
Acquisitions	10,099	27,706	6,840	177,208	**221,853**
Disposals	(6,645)	(16,849)	(11,866)	(39)	**(35,399)**
Changes in consolidation sco	154,070	39,282	9,055	394	**202,801**
Change in foreign exchange ra	4,134	18,873	2,164	970	**26,141**
Other movements	28,574	78,195	4,252	(120,150)	**(9,129)**
At December 31, 2019	**1,349,009**	**3,145,899**	**151,321**	**180,102**	**4,826,331**
Acquisitions	1,333	5,392	5,240	99,287	**111,252**
Disposals	(171)	(6,891)	(3,915)		**(10,977)**
Changes in consolidation scope		86	(87)		**(1)**
Change in foreign exchange ra	(45,845)	(46,448)	(748)	(1,839)	**(94,880)**
Other movements	36,024	29,873	5,018	(75,290)	**(4,375)**
At June 30, 2020	**1,340,350**	**3,127,911**	**156,829**	**202,260**	**4,827,350**

Depreciation and impairment	*Lands & Buildings*	*Industrial equipment*	*Other property, plant and equipment*	*Fixed assets work-in-progress and advances / down payments*	*Total*
At December 31, 2018	**(551,209)**	**(1,960,334)**	**(102,476)**	**(5)**	**(2,614,024)**
Increase	(44,408)	(132,074)	(9,223)		**(185,705)**
Decrease	6,156	15,529	10,912		**32,597**
Changes in consolidation sco	(1,449)	(2,532)	(4,396)		**(8,377)**
Change in foreign exchange ra	(5,937)	(13,730)	(1,678)		**(21,345)**
Other movements	2,346	1,897	(1,944)	5	**2,304**
At December 31, 2019	**(594,501)**	**(2,091,244)**	**(108,805)**	**0**	**(2,794,550)**
Increase	(23,321)	(67,559)	(4,694)		**(95,574)**
Decrease	164	6,469	3,676		**10,309**
Changes in consolidation scope		(71)	77		**6**
Change in foreign exchange ra	4,537	18,332	(1)		**22,868**
Other movements	(2,364)	7,474	1,907		**7,017**
At June 30, 2020	**(615,485)**	**(2,126,599)**	**(107,840)**	**0**	**(2,849,924)**
Net book value at December 31, 2019	754,508	1,054,655	42,516	180,102	**2,031,781**
Net book value at June 30, 2020	**724,865**	**1,001,312**	**48,989**	**202,260**	**1,977,426**

Property, plant and equipment under construction amounted to €192 million as at June 30, 2020 (€161 million as at December 31, 2019) and advances/down payments on property, plant and equipment represented €10 million as at June 30, 2020 (€19 million as at December 31, 2019).

Contractual commitments to acquire tangible and intangible assets amounted to €294 million as at June 30, 2020 (€274 million as at December 31, 2019).

NOTE 6 RIGHT OF USE RELATING TO LEASES

(in thousands of euros)

Gross values	*Land*	*Buildings*	*Plant, machinery and equipment*	*Other property, plant and equipment*	***Total***
At January 1, 2019	**83,601**	**68,413**	**164,410**	**73,513**	**389,937**
Acquisitions	3,770	5,549	25,418	16,126	**50,863**
Disposals	(359)	(2,152)	(20,601)	(14,253)	**(37,365)**
Changes in consolidation sco	141	3,149	837		**4,127**
Change in foreign exchange ra	470	374	781	102	**1,727**
Other movements	(5,476)	(549)	1,874	(6,297)	**(10,448)**
At December 31, 2019	**82,147**	**74,784**	**172,719**	**69,191**	**398,841**
Acquisitions	1,175	1,191	8,348	3,645	**14,359**
Disposals	(251)	(899)	(6,653)	(1,846)	**(9,649)**
Changes in consolidation scope			81	(81)	**0**
Change in foreign exchange ra	(620)	(194)	(1,593)	(1,046)	**(3,453)**
Other movements	1,072	(1,106)	(4,637)	(6,416)	**(11,087)**
At June 30, 2020	**83,523**	**73,776**	**168,265**	**63,447**	**389,011**

Depreciation and impairment	*Land*	*Buildings*	*Plant, machinery and equipment*	*Other property, plant and equipment*	***Total***
At January 1, 2019	**(21,184)**	**(34,855)**	**(72,126)**	**(37,980)**	**(166,145)**
Acquisitions	(5,542)	(6,440)	(31,174)	(14,464)	**(57,620)**
Decrease	357	1,752	17,496	14,139	**33,744**
Changes in consolidation sco	(133)	(712)	(636)		**(1,481)**
Change in foreign exchange ra	(103)	(151)	(486)	(81)	**(821)**
Other movements	(300)	345	2,298	10,205	**12,548**
At December 31, 2019	**(26,905)**	**(40,061)**	**(84,628)**	**(28,181)**	**(179,775)**
Acquisitions	(2,821)	(2,799)	(15,366)	(6,204)	**(27,190)**
Decrease	252	899	6,217	1,828	**9,196**
Changes in consolidation scope			(36)	36	**0**
Change in foreign exchange ra	78	131	591	181	**981**
Other movements	569	2,276	(647)	(2,197)	**1**
At June 30, 2020	**(28,827)**	**(39,554)**	**(93,869)**	**(34,537)**	**(196,787)**
Net book value at December 31, 2019	55,242	34,723	88,091	41,010	**219,066**
Net book value at June 30, 2020	**54,696**	**34,222**	**74,396**	**28,910**	**192,224**

Main leasing activities

Most of the leases in force in the Group concern vehicles directly linked to operational activity (construction sites, road transportation and private cars) and real estate (land and buildings). In fact, the Group leases land and buildings, mainly for its offices, concrete plants, quarries and warehouses, but also to a lesser extent for machinery, equipment and IT equipment.

The majority of these contracts are carried by the Group's French entities, and to a lesser extent by American, Swiss and Turkish companies. The other countries in which the Group operates have an unsignificant number of contracts.

Payments made for leases with a term of 12 months or less, or for those relating to low-value assets (unit value of < $5 thousand or equivalent) and expenses related to variable lease payments that are not reliant on a rate and/or index are not included in the measurement of lease liabilities.

An analysis of the maturities of the lease obligations is presented in the note 11 “Net financial liabilities”.

NOTE 7 RECEIVABLES AND OTHER NON CURRENT ASSETS

(in thousands of euros)	*Gross value*	*Impairment*	*Net book value*
At December 31, 2018	**154,658**	**(1,827)**	**152,831**
Acquisitions / Additions	46,212	(1,227)	44,985
Disposals / Decreases	(13,291)		(13,291)
Changes in consolidation scope	65,625		65,625
Change in foreign exchange rates	(1,202)	(22)	(1,224)
Changes of other items in other compréhensive income	(12,432)		(12,432)
Others	(1,019)	667	(352)
At December 31, 2019	**238,551**	**(2,409)**	**236,142**
Acquisitions / Additions	12,228	(11,041)	1,187
Disposals / Decreases	(1,256)	183	(1,073)
Changes in consolidation scope			0
Change in foreign exchange rates	(22,765)	6	(22,759)
Changes of other items in other compréhensive income	4,559		4,559
Others	6,587		6,587
At June 30, 2020	**237,904**	**(13,261)**	**224,643**
including :			
- investments in subsidiaries & affiliates companies (see note 12)	33,292	(709)	32,583
- receivable from subsidiaries and affiliates	491	(10)	481
- loans and receivables (1)	175,856	(12,543)	163,313
- employee benefit plan assets	10,602		10,602
- financial instrument (see note 12)	17,664		17,664
At June 30, 2020	**237,905**	**(13,262)**	**224,643**

(1)

Ciplan
At the time of its acquisition by the Vicat Group, Ciplan received a firm and irrevocable guarantee from its Brazilian partners for all litigation or future litigation relating to the period prior to the acquisition. This guarantee is recognized in other non-current assets (€51 million) for the same amount as provisions for indemnifying claims (note 10).

Bharathi Cement:
On June 30, 2020, 34 million (including interest) recorded in "other non-current receivables, is the subject of two provisional attachments on the bank accounts of an Indian company in the Group, Bharathi Cement, as part of a preliminary investigation by the administrative and judicial authorities into events before Vicat entered its capital.

The Group’s partner in Bharathi Cement is the focus of an inquiry by the CBI (Central Bureau of Investigation) regarding the source and the growth of his assets. In connection with this inquiry, the CBI filed 14 charge sheets in September 2012 and over the course of 2013, presenting its allegations. Among these, four also involve Bharathi Cement (the CBI is interested in determining whether the investments made in this company by Indian investors were carried out in good faith in the ordinary course of business and if the mining concession was granted in accordance with regulations).
The proceedings, in 2015, led to a precautionary seizure by *the* “Enforcement Directorate” of INR 950 million (approximately €12 million) on a bank account held by Bharathi Cement. A second precautionary seizure of INR 1.530 million (approximately €19 million) was made in 2016 within the context of charges regarding the mining concession.

While these measures are not such as to hinder the Company's operations, the Company is appealing to the administrative and judicial authorities to challenge their validity.

In July 2019, the Court of Appeal in Delhi invalidated the seizure of INR 1.530 million, and demanded a bank guarantee prior to the repayment of the funds. The Enforcement Directorate has appealed this judgment.

The provisional attachments do not prejudice the merits of the case (CBI investigation) which is still under review and has not at this point led to a charge. The Company has no reason to think there is any probable or measurable financial risk.

Given how long the proceedings, started in 2012, are taking, the receivable related to these precautionary seizures was reclassified at end-2018 as "other non-current receivables".

Impairment of loans and receivables:
Difficulties related to the macroeconomic environment led the Group to record during the first half of 2020 a depreciation of €11 million related to loans made in connection with investments in the Mediterranean area.

Assignment of receivables in France:
As of June 30, 2020, the Group proceeded to an assignment of receivables amounted to €67 million. This assignment relates to receivables initially held by French entities in the Group. In accordance with IFRS 9, the receivables concerned are de-recognized insofar as the contractual conditions signed with the factor show the transfer of cash flows to the factor and the transfer of almost all the risks and rewards associated with these receivables.

NOTE 8 CASH AND CASH EQUIVALENTS

(in thousands of euros)	**June 30, 2020**	**December 31, 2019**
Cash	142,564	171,841
Marketable securities and term deposits <3 months	240,011	226,673
Cash and cash equivalents	**382,575**	**398,514**

Cash deposits include, at June 30, 2020, €36 million (as at the end of 2019) corresponding to the exchange value in "euros" of subscriptions by the shareholders of Sinai Cement Company, our Egyptian subsidiary, for the ongoing capital increase subscription for which release is contingent on approval of the local competent regulatory authorities (see note 2).

NOTE 9 SHARE CAPITAL

Vicat share capital is composed of 44,900,000 fully paid-up ordinary shares with a nominal value of €4 each, including 678,761 treasury shares as at June 30, 2020 (652,682 as at December 31, 2019) 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 2020 in respect of 2019 amounted to €1.50 per share, amounted to a total of €67,350 thousand, equal to €1.50 per share paid in 2019 in respect of 2018 and amounted to a total of €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 June 30, 2020, the liquidity account is composed of 60,607 Vicat shares and €1,580 thousand in cash.

In February 2020, Vicat and Natixis entered into a new agreement under which Natixis was to buy back a maximum of 40,000 shares, on Vicat's behalf, as part of its share buyback program. As at June 30, 2020, 40,000 Vicat shares had been repurchased for €1,061 thousand in total.

NOTE 10 OTHER PROVISIONS

(in thousands of euros)	June 30, 2020	December 31, 2019
Provisions for pensions and other post-employment benefits	**155,912**	**141,235**
Restoration of sites	52,725	51,420
Demolitions	604	564
Other risks (1)	65,414	91,590
Other expenses	8,558	7,305
Other provisions	**127,301**	**150,878**
- of which less than one year	*9,986*	*10,635*
- of which more than one year	*117,315*	*140,243*

(1) At June 30, 2020, other risks included:

- The provisions recognized in Ciplan's (Brazil) financial statements for a total amount of €40 million (€66 million at December 31, 2019) which mainly concern:
  - tax litigation relating chiefly to tax credits (ICMS) attributable to import duties related to the purchase of coke and diesel for production purposes, and disputed by the tax authorities (€37.8 million);
  - industrial relations and labor tribunal disputes following the departure of former employees (€2.1 million);
  - civil litigation involving fines and claims challenged by the company (€0.5 million).

At the time of its acquisition by the Vicat Group, Ciplan received a firm and irrevocable guarantee from its Brazilian partners for all litigation or future litigation relating to the period prior to the acquisition. This guarantee is recognized in other non-current assets for €51 million (see note 7, on the one hand in respect of indemnifiable claims accounted for as a provision (€40 million) and on the other hand, in respect of a tax recorded as tax debts greater than 1 year (€11 million).).

- an amount of €12.3 million (€11.6 million as at December 31, 2019) corresponding mainly to the estimated amount of the deductible at year-end for work related accident claimsin the United States and which will be paid by the Group;

The remaining amount of other provisions amounting to €13.1 million as at June 30, 2020 (€14 million as at December 31, 2019) corresponds to the sum of other provisions that, taken individually, are not material.

NOTE 11 NET FINANCIAL DEBTS AND PUT OPTIONS

Financial liabilities as at June 30, 2020 break down as follows:

(in thousands of euros)	June 30, 2020	December 31, 2019
Financial debts at more than one year	1,117,439	1,102,263
Put options at more than one year	7,526	7,506
Lease liabilities at more than one year	159,671	178,398
Debts and put options at more than one year	**1,284,636**	**1,288,167**
Financial instrument assets at more than one year - see note 9 - (1)	(17,664)	(13,105)
Total financial debts net of financial instrument assets at more than one year	**1,266,972**	**1,275,062**
Financial debts at less than one year	373,656	391,594
Put options at less than one year	0	0
Lease liabilities at less than one year	52,963	59,864
Debts and put options at less than one year	**426,619**	**451,458**
Financial instrument assets at less than one year (1)	(32,863)	(30,072)
Total financial debts net of financial instrument assets at less than one year	**393,756**	**421,386**
Total financial debts net of financial instrument assets (1)	1,653,202	1,688,942
Total put options	7,526	7,506
Total financial liabilities net of financial instrument assets	**1,660,728**	**1,696,448**

(1) As at June 30, 2020, financial instrument assets (€50.5 million) are presented either under non-current assets (see note 7), if their maturity is more than 1 year (€17.6 million) or under other receivables, if their maturity is less than one year (€32.9 million). They totaled €43.2 million as at December 31, 2019.

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

(in thousands of euros)	*Financial debts and put options > 1 year*	*Financial instruments assets > 1 year*	*Lease liabilities > 1 year*	*Financial debts and put options < 1 year*	*Financial instruments assets < 1 year*	*Lease liabilities < 1 year*	**Total**
As at January 1, 2019	**879,713**	**(25,537)**	**195,751**	**152,813**	**0**	**47,797**	**1,250,537**
Issues	419,706		44,564	9,227		6,299	479,796
Repayments	(38,279)		(6,667)	(5,623)		(45,852)	(96,421)
Change in foreign exchange rate	(4,846)		1,136	(1,675)		(4)	(5,389)
Changes in consolidation scope	66,652		2,653	9,956		341	79,602
Other movements (1)	(213,177)	12,432	(59,039)	226,896	(30,072)	51,283	(11,677)
As at December 31, 2019	**1,109,769**	**(13,105)**	**178,398**	**391,594**	**(30,072)**	**59,864**	**1,696,448**
Issues	34,484		12,090	13,633		3,544	63,751
Repayments	(1,133)		(354)	(32,328)		(24,194)	(58,009)
Change in foreign exchange rate	(15,458)		(1,889)	(3,038)		(835)	(21,220)
Changes in consolidation scope				100			100
Other movements (1)	(2,697)	(4,559)	(28,574)	3,695	(2,791)	14,584	(20,342)
At June 30, 2020	**1,124,965**	**(17,664)**	**159,671**	**373,656**	**(32,863)**	**52,963**	**1,660,728**

(1) mainly reclassifications of less than 1 year of debt dated more than 1 year the previous financial year, and changes in bank overdrafts.

11.1 Financial debts

Analysis of financial liabilities by category and maturity

December 31, 2019 *(in thousands of euros)*	**Total**	**June 21**	**June 22**	**June 23**	**June 24**	**June 25**	**More than 5 years**
Bank borrowings and financial liabilities	1,343,542	252,869	17,271	109,248	164,092	619,129	180,933
Of which financial instrument assets	(50,527)	(32,863)		(17,664)			
Of which financial instrument liabilities	1,864	104			1,142	229	389
Miscellaneous borrowings and financial liabilities	13,936	4,834	436	173	173	761	7,559
Lease liabilities	212,634	52,963	40,203	26,735	15,192	8,776	68,765
Current bank lines and overdrafts	83,090	83,090					
Financial debts	**1,653,202**	**393,756**	**57,910**	**136,156**	**179,457**	**628,666**	**257,257**
of which commercial paper	*427,000*					*427,000*	

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

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

Analysis of borrowings and financial debts by currency and interest rate

By currency (net of currency swaps)

(in thousands of euros)	June 30, 2020	December 31, 2019
Euro	1,089,550	1,105,500
U.S. dollar	62,378	71,945
Turkish new lira	16,150	10,966
CFA Franc	109,022	115,419
Swiss franc	239,900	238,578
Mauritanian ouguiya	7,644	8,159
Egyptian pound	51,146	47,022
Indian rupee	28,544	27,986
Kazakh Tengue	69	103
Brazilian real	48,799	63,264
Total	**1,653,202**	**1,688,942**

By interest rate

(in thousands of euros)	June 30, 2020	December 31, 2019
Fixed rate	802,419	858,512
Floating rate	850,783	830,430
Total	**1,653,202**	**1,688,942**

The average interest rate on the Group's gross indebtedness at June 30, 2020 was 3.11%. Excluding the impact of IFRS16, it would be 2.89 % compared with 3.16% as at December 31, 2019.

Average debt maturity at June 30, 2020 is 3.8 years. Without taking into account the application of IFRS16, it would be 3.6 compared to 4.1 at the end of 2019.

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

Agreements were concluded between Vicat and the International Finance Corporation in order to organize their relations as shareholders of Mynaral Tas, under which the Group granted put options to its partner on its shareholding in Mynaral Tas.

The put option granted to the International Finance Corporation was exercisable at the earliest in December 2013. Booking of this option resulted in the recognition of a liability of €7.6 million at more than one year as at June 30, 2020 (€7.5 million as at December 31, 2019). This liability corresponds to the present value of the exercise price of the option granted to the International Finance Corporation.

NOTE 12 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.

Moreover the principal and interest due on loans originally issued by the Group in US dollars (US $350 million for Vicat) was translated into euros through a series of cross currency swaps, included in the portfolio presented below (see point a).

Interest rate risk

Floating rate debt is hedged through the use of caps on original maturities of 5, 7 and 10 years.

The Group is exposed to an interest rate risk on its financial assets and liabilities and its cash. This exposure corresponds to the price risk for fixed-rate assets and liabilities, and cash flow risk related to floating-rate assets and liabilities.

Liquidity risk

As at June 30, 2020, the Group had €442 million in unutilized confirmed lines of credit that were not allocated to the hedging of liquidity risk on commercial paper (€440 million as at December 31, 2019).

The Group also has a €550 million commercial paper issue program. At June 30, 2020, the amount of commercial paper issued stood at €427 million. Commercial paper consists of short-term debt instruments backed by confirmed lines of credit in the amounts issued and classified as medium-term borrowings in the consolidated balance sheet.

Unused confirmed lines of credit are used to cover the risk of the Group's inability to issue commercial paper on the market, for an amount corresponding to the notes issued, i.e. €427 million on June 30, 2020.

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 relevant subsidiaries. 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 (52.9%) and leverage (2.49) 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 June 30, 2020, the Group is compliant with all ratios required by covenants included in financing agreements.

For the purposes of calculating these covenants, gearing and leverage are calculated excluding IFRS 16 and reach 43.8% and 2.38.

Analysis of the portfolio of derivatives as at June 30, 2020:

(in thousands of currencies)	Nominal value (currency)		Nominal value (euro)	Market value (euro)	Current maturity <1 year (euro)	1 - 5 years (euro)	+5 years (euro)
Cash flow hedges (a)							
Composite instruments							
Cross Currency Swap $ fixed/€ fixed	350,000	$	312,556	50,166 (1)	32,502	17,664	
Other derivatives							
Interest rate instruments							
Euro Caps	714,500	€	714,500	(1,864)	(104)	(1,203)	(557)
Foreign exchange instruments (a)							
Hedging for foreign exchange risk on intra-group loans							
- VAT CHF	51,000	CHF	47,883	69	69		
- VAT CHF	220,000	CHF	206,553	292	292		
				48,663			

(1) The difference between the value of the liability at the hedged rate and at amortized cost comes to €48.5 million.

In accordance with IFRS 13, counterparty risks were taken into account. This mainly relates to derivatives (cross currency swaps) used to hedge the foreign exchange risk of debts in US dollars, which is not the Group's operating currency. The impact of the credit value adjustment (CVA, or the Group's exposure in the event of counterparty default) and of the debit value adjustment (DVA, or the counterparty's exposure in the event of Group default) on the measurement of derivatives was determined by assuming an exposure at default calculated using the add-on method, a 40 % loss given default, and a probability of default based on the credit ratings of banks or the estimated credit rating of the Group. The impact on fair value was not material and was not included in the market value of financial instruments as presented above.

In application of IFRS 7, the breakdown of financial instruments measured at fair value by hierarchical level of fair value in the consolidated statement of financial position is as follows as at June 30, 2020:

(in millions of euros)	June 30, 2020	
Level 1: instruments quoted on an active market	0.0	
Level 2: valuation based on observable market information	48.7	see above
Level 3: valuation based on non-observable market information	32.6	Note 7

NOTE 13 SALES REVENUES

(in thousands of euros)	June 30, 2020	June 30, 2019
Sales of goods	1,137,335	1,163,126
Sales of services	166,360	176,632
Sales revenues	**1,303,695**	**1,339,758**

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

(in thousands of euros)	June 30, 2020	Changes in consolidation scope	Change in foreign exchange rates	June 30, 2020 Constant scope and exchange rates	June 30, 2019
Sales revenues	**1,303,695**	15,269	(8,379)	1,296,805	**1,339,758**

NOTE 14 NET DEPRECIATION, AMORTIZATION AND PROVISIONS EXPENSES

(in thousands of euros)	June 30, 2020	June 30, 2019
Net charges to amortization / depreciation of fixed assets	(102,246)	(97,601)
Net charges to depreciation of lease right-of-use assets	(27,140)	(28,572)
Net provisions expenses	(2,915)	(1,673)
Net charges to other assets depreciation	(4,905)	(3,401)
Net charges to operating depreciation, amortization and provisions	**(137,206)**	**(131,247)**
Other net charges to non-operating depreciation, amortization and provisions (1)	(14,161)	(15,115)
Net depreciation, amortization and provisions	**(151,367)**	**(146,362)**

(1) - including at June 30, 2020

a - An additional provision in Ciplan's accounts of €(2.6) million (€(14.8) million as at June 30, 2019) for indemnifiable disputes provisioned for the half financial year and relating to the period before Vicat's acquisition, and for which Ciplan received a firm and irrevocable guarantee from its Brazilian partners (note 7). The corresponding guarantee income has been recognized as of June 30, 2020 (note 15).

b - A depreciation of € 11 million related to loans made in connection with investments in the Mediterranean area (note 7)

NOTE 15 OTHER INCOME AND EXPENSE

(in thousands of euros)	June 30, 2020	June 30, 2019
Net income from disposal of assets	816	1,856
Income from investments properties	1,968	1,960
Others (1)	11,132	9,230
Other operating income (expense)	**13,916**	**13,046**
Other non-operating income and expenses (2)	132	12,685
Total	**14,048**	**25,731**

(1) - including as at June 30, 2020 an amount of €5,5 million corresponding to a tax credit related to sales tax (PIS COFIN) recorded by our Brazilian subsidiary

(2) Including at June 30, 2020:

- Guarantee income, recognized by Ciplan, of €2.6 million (€14.8 million as at June 30, 2019) corresponding to indemnifiable disputes provisioned during the 1st semester for the period before the acquisition by Vicat (note 7 and 14).
- Additional and non-productive costs directly attributable to the application of barrier measures (purchase of masks, gel, implementation of specific arrangements, etc.) reaching (1.3) million euros (note 2).

NOTE 16 FINANCIAL INCOME

(in thousands of euros)	June 30, 2020	June 30, 2019
Interest income from financing and cash management activities	12,180	13,801
Interest expense from financing and cash management activities	(25,114)	(25,573)
Interest expense from lease liabilities	(5,207)	(5,401)
Cost of net borrowings and financial liabilities	**(18,141)**	**(17,173)**
Dividends	621	222
Foreign exchange gains	4,767	6,703
Fair value adjustments to financial assets and liabilities	-	-
Write-back of impairment of financial assets	183	-
Net expense from disposal of financial assets	180	-
Other income	3,378	103
Other financial income	**9,129**	**7,028**
Foreign exchange losses	(6,386)	(5,803)
Fair value adjustments to financial assets and liabilities	(108)	(210)
Impairment on financial assets	(79)	(1,261)
Net expense from disposal of financial assets	-	(67)
Discounting expenses	-	(4,463)
Other expenses	(62)	-
Other financial expenses	**(6,635)**	**(11,804)**
Net financial income (expense)	**(15,647)**	**(21,949)**

NOTE 17 INCOME TAX

Analysis of income tax expense:

(in thousands of euros)	June 30, 2020	June 30, 2019
Current taxes	(17,157)	(31,023)
Deferred taxes	(2,519)	3,875
Total	**(19,676)**	**(27,148)**

Deferred tax assets not recognized in the financial statements

Deferred tax assets not recognized in the financial statements as at June 30, 2020, 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 €11.2 million (€9.8 million as at December 31, 2019).

NOTE 18 SEGMENT INFORMATION

a) Information by business segment

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

June 30, 2020 (in thousands of euros except number of employees)	France	Europe (outside France)	Americas	Asia	Mediterranean	Africa	Total
Income statement							
Operating sales revenues	456,061	198,531	297,622	149,064	74,829	146,249	1,322,356
Inter – country eliminations	(12,004)	(302)	0	(19)	0	(6,336)	(18,661)
Consolidated net sales revenues	444,057	198,229	297,622	149,045	74,829	139,913	1,303,695
EBITDA (cf. 1.23)	56,363	39,593	56,321	38,221	(9,466)	31,821	212,853
EBIT (cf. 1.23)	13,775	19,649	26,355	18,841	(17,992)	15,019	75,647
Balance sheet							
Total non-current assets	778,832	648,441	939,944	733,619	316,541	497,920	3,915,297
Net capital employed (1)	740,506	633,047	778,594	743,209	304,105	531,036	3,730,497
Other information							
Acquisitions of intangible and tangible assets	26,533	14,746	62,193	8,400	5,428	15,471	132,771
Net depreciation and amortization charges	(40,454)	(18,674)	(29,318)	(17,336)	(8,280)	(15,324)	(129,386)
Average number of employees	3,003	1,093	2,136	1,232	1,688	941	10,093

June 30, 2019 (in thousands of euros except number of employees)	France	Europe (outside France)	Americas	Asia	Mediterranean	Africa	Total
Income statement							
Operating sales revenues	511,153	182,093	274,980	193,106	74,584	115,803	1,351,719
Inter – country eliminations	(10,802)	(210)	0	(31)	0	(918)	(11,961)
Consolidated net sales revenues	500,351	181,883	274,980	193,075	74,584	114,885	1,339,758
EBITDA (cf. 1.23)	84,232	37,924	38,767	48,387	(4,340)	23,177	228,147
EBIT (cf. 1.23)	44,236	19,280	7,761	30,953	(13,664)	8,334	96,900
Balance sheet							
Total non-current assets	804,661	636,120	981,864	798,843	319,317	472,394	4,013,199
Net capital employed (1)	883,039	586,905	834,208	826,893	334,366	522,704	3,988,115
Other information							
Acquisitions of intangible and tangible assets	27,659	15,472	24,928	13,464	5,737	21,197	108,457
Net depreciation and amortization charges	(40,149)	(18,122)	(29,090)	(16,514)	(8,131)	(14,167)	(126,173)
Average number of employees	2,910	1,100	2,085	1,243	1,698	899	9,935

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

b) Information by business segment

June 30, 2020 (in thousands of euros)	Cement	Concrete and aggregates	Other products and services	Total
Income statement				
Operating sales revenues	777,221	502,303	194,342	1,473,866
Inter – segment eliminations	(119,473)	(12,260)	(38,438)	(170,171)
Consolidated net sales revenues	657,748	490,043	155,904	1,303,695
EBITDA (cf. 1.23)	161,974	46,474	4,405	212,853
EBIT (cf. 1.23)	78,289	4,027	(6,669)	75,647
Balance sheet				
Net capital employed (1)	2,742,984	869,796	117,717	3,730,497

June 30, 2019 (in thousands of euros)	Cement	Concrete and aggregates	Other Products and Services	Total
Income statement				
Operating sales revenues	770,223	528,338	210,512	1,509,073
Inter – segment eliminations	(116,748)	(10,068)	(42,499)	(169,315)
Consolidated net sales revenues	653,475	518,270	168,013	1,339,758
EBITDA (cf. 1.23)	154,543	63,928	9,676	228,147
EBIT (cf. 1.23)	75,751	21,308	(159)	96,900
Balance sheet				
Net capital employed (1)	2,977,128	927,062	83,925	3,988,115

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

c) Information about major customers

The Group is not dependent on any of its major customers, and no single customer accounts for more than 10% of sales revenues.

NOTE 19 NET CASH FLOWS GENERATED FROM OPERATING ACTIVITIES

Net cash flows from operating activities conducted by the Group during the first semester 2020 totalled €220 million, compared with €32.9 million as ta June 30, 2019.

This increase in cash flows generated by operating activities between the 1st semester 2019 and 2020 is the result of a growth from cash flow from operations of €2.3 million and an improvement in working capital requirement of €184.9 million.

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

(in thousands of euros)	at Dec. 31, 2018	WCR 2019	changes (1)	at Dec. 31, 2019	WCR 1st sem. 2020	changes (1)	at June 30,2020
Inventories	385,133	(11,418)	27,836	401,551	9,267	(9,972)	400,846
Other WCR components	2,736	54,207	(65,513)	(8,570)	(54,247)	(3,901)	(66,718)
WCR	**387,869**	**42,789**	**(37,677)**	**392,981**	**(44,980)**	**(13,873)**	**334,128**

1) Consolidation scope and miscellaneous

NOTE 20 NET CASH FLOWS FROM INVESTING ACTIVITIES

Net cash flows from investing activities conducted by the Group during the 1st semester 2020 were € (131.5) million, compared with €(427.0) million in the first half 2019.

Acquisitions of intangible and tangible assets

These reflect outflows for industrial investments (€122.5 million during the 1st semester 2020 and €90 million during the 1st semester 2019) mainly corresponding:

- In the 1st semester 2020, to investments made in United states, France, Senegal and Switzerland
- In the 1st semester 2019, to investments made in France, United states, Senegal and Switzerland

Acquisition / disposal of shares in consolidated companies

No operation for the acquisition/disposal of shares in consolidated companies was carried out during the 1st semester 2020. During the 1st half 2019, they resulted in a total outflow of € (292) million.

The main outflows by the Group during the 1st semester 2019 were mainly made to purchase 66.07% of the entity Ciplan in Brazil (see notes 2).

NOTE 21 ANALYSIS OF NET CASH BALANCES

(in thousands of euros)	June 30, 2020 Net	December 31, 2019 Net
Cash and cash equivalents (see note 12)	382,575	398,514
Bank overdrafts	(63,272)	(69,840)
Net cash balances	**319,303**	**328,674**

NOTE 22 TRANSACTIONS WITH RELATED COMPANIES

In addition to information required for related parties regarding the senior executives, 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 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 the 1st semester 2020 and 2019 is as follows, broken down by type and by related party:

	June 30, 2020				June 30, 2019			
	Sales	Purchases	Receivables	Debts	Sales	Purchases	Receivables	Debts
(in thousands of euros)								
Affiliated companies	1,369	1,319	3,052	5,308	205	1,662	3,780	1,005
Other related parties	42	584	0	85	22	527	0	61
Other related parties	**1,411**	**1,903**	**3,052**	**5,393**	**227**	**2,189**	**3,780**	**1,066**

NOTE 23 SUBSEQUENT EVENTS

At the end of July 2020, the Group secured in advance the refinancing of the 2010 USPP instalment due in December 2020 by entering into a new US private placement line for an amount of € 175 million and a term of 15 years under favourable rate conditions. The implementation of this line will allow a substantial saving in financial costs over the whole year 2021.

No other post-balance sheet event has had a material impact on the consolidated financial statements as at June 30.

NOTE 24 LIST OF MAIN CONSOLIDATED COMPANIES AS AT JUNE 30, 2020

Fully consolidated: France

			June 30, 2020	December 31, 2019
COMPANY	**COUNTRY**	**CITY**	**% INTEREST**	
VICAT	FRANCE	PARIS LA DEFENSE	-	-
AGENCY BULK CHARTERING VICAT	FRANCE	NANTES	49.99	49.99
ANNECY BETON CARRIERES	FRANCE	L'ISLE D'ABEAU	49.98	49.98
LES ATELIERS DU GRANIER	FRANCE	CHAPAREILLAN	99.98	99.98
BETON CONTROLE COTE D'AZUR	FRANCE	NICE	99.97	99.97
BETON VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
BETON TRAVAUX	FRANCE	L'ISLE D'ABEAU	99.98	99.98
CARRIERE DE BELLECOMBES	FRANCE	L'ISLE D'ABEAU	49.97	49.97
CENTRE D'ETUDE DES MATERIAUX ET D	FRANCE	FILLINGES	79.98	79.98
DELTA POMPAGE	FRANCE	CHAMBERY	99.98	99.98
GRANULATS VICAT	FRANCE	L'ISLE D'ABEAU	99.98	99.98
PARFICIM	FRANCE	PARIS LA DEFENSE	100.00	100.00
SATMA	FRANCE	L'ISLE D'ABEAU	100.00	100.00
SATM	FRANCE	CHAMBERY	99.98	99.98
SIGMA BETON	FRANCE	L'ISLE D'ABEAU	99.98	99.98
VICAT PRODUITS INDUSTRIELS	FRANCE	L'ISLE D'ABEAU	99.98	99.98

Fully consolidated: Rest of the world

COMPANY	COUNTRY	CITY	June 30, 2020	December 31, 2019
			% INTEREST	
CIPLAN	BRASIL	BRASILIA	66.07	66.07
SINAI CEMENT COMPANY	EGYPT	CAIRO	56.20	56.20
JAMBYL CEMENT PRODUCTION COMPAI	KAZAKHSTAN	ALMATY	90.00	90.00
MYNARAL TAS COMPANY LLP	KAZAKHSTAN	ALMATY	90.00	90.00
BUILDERS CONCRETE	USA	CALIFORNIA	100.00	100.00
KIRKPATRICK	USA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY OF ALABAMA	USA	ALABAMA	100.00	100.00
NATIONAL CEMENT COMPANY INC	USA	DELAWARE	100.00	100.00
NATIONAL CEMENT COMPANY OF CALIFORNIA	USA	DELAWARE	100.00	100.00
NATIONAL READY MIXED	USA	CALIFORNIA	100.00	100.00
VIKING READY MIXED	USA	CALIFORNIA	100.00	100.00
WALKER CONCRETE	USA	GEORGIA	100.00	100.00
CEMENTI CENTRO SUD Spa	ITALY	GENOVA	100.00	100.00
CIMENTS & MATERIAUX DU MALI	MALI	BAMAKO	94.90	94.90
GECAMINES	SENEGAL	THIES	100.00	100.00
POSTOUDIOKOUL	SENEGAL	RUFISQUE (DAKAR)	100.00	100.00
SOCOCIM INDUSTRIES	SENEGAL	RUFISQUE (DAKAR)	99.89	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
VIGIER BETON JURA SA	SWITZERLAND	BELPRAHON (BERN)	82.59	82.59
VIGIER BETON KIES SEELAND AG	SWITZERLAND	LYSS (BERN)	100.00	100.00
VIGIER BETON MITTELLAND AG	SWITZERLAND	FELDBRUNNEN (SOLOTHURN)	100.00	100.00
VIGIER BETON ROMANDIE SA	SWITZERLAND	ST. URSEN (FRIBOURG)	100.00	100.00
VIGIER BETON SEELAND JURA AG	SWITZERLAND	SAFNERN (BERN)	91.76	91.76
VIGIER CEMENT AG	SWITZERLAND	PERY (BERN)	100.00	100.00
VIGIER HOLDING AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER MANAGEMENT AG	SWITZERLAND	DEITINGEN (SOLOTHURN)	100.00	100.00
VIGIER RAIL	SWITZERLAND	MÜNTSCHEMIER (BERN)	100.00	100.00
VIGIER TRANSPORT AG (ex-GRANDY)	SWITZERLAND	LANGENDORF (SOLEURE)	100.00	100.00
VITRANS AG	SWITZERLAND	PERY (BERN)	100.00	100.00

COMPANY	COUNTRY	CITY	% INTEREST June 30, 2020	December 31, 2019
BASTAS BASKENT CIMENTO	TURKEY	ANKARA	91.60	91.60
BASTAS HAZIR BETON	TURKEY	ANKARA	91.60	91.60
KONYA CIMENTO	TURKEY	KONYA	83.08	83.08
KONYA HAZIR BETON	TURKEY	KONYA	83.08	83.08
TAMTAS	TURKEY	ANKARA	100.00	100.00
MAURICIM	MAURITANIA	NOUAKCHOTT	100.00	100.00
BHARATHI CEMENT	INDIA	HYDERABAD	51.02	51.02
KALBURGI CEMENT	INDIA	HYDERABAD	99.98	99.98

Equity method: France

COMPANY	COUNTRY	CITY	% INTEREST June 30, 2020	December 31, 2019
BIOVAL	FRANCE	L'ISLE D'ABEAU	39.99	-
CARRIERES BRESSE BOURGOGNE	FRANCE	EPERVANS	33.27	33.27
DRAGAGES ET CARRIERES	FRANCE	EPERVANS	49.98	49.98
SABLIERES DU CENTRE	FRANCE	LES MARTRES D'ARTIERE	49.99	49.99
SCI ABBE CALES	FRANCE	CHAMBERY	69.98	69.98
EST LYONNAIS GRANULATS	FRANCE	DIJON	33.33	33.33

Equity method: Rest of the world

COMPANY	COUNTRY	CITY	% INTEREST June 30, 2020	December 31, 2019
HYDROELECTRA	SWITZERLAND	AU (ST. GALLEN)	50.00	50.00
SILO TRANSPORT AG	SWITZERLAND	BERN (BERN)	50.00	50.00
SINAI WHITE CEMENT	EGYPT	CAIRO	14.27	14.27
PLANALTO	BRASIL	BRASILIA	32.38	32.38
BIKILTAS ENERJI PETROL MADENCILIK INSAAT AS	TURKEY	SELCUKLU / KONYA	50.00	50.00

3.

STATUTORY AUDITORS' REVIEW REPORT ON THE 2020 HALF-YEAR FINANCIAL INFORMATION

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

the review of the accompanying condensed half-yearly consolidated financial statements of VICAT S.A., for the period from 1 January to 30 June 2020,

the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors on 27 July 2020 based on the information available at that date and in the evolving context of the Covid-19 pandemic and difficulties in apprehending its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II. Specific verification

We have also verified the information presented in the half-yearly management report approved on 27 July 2020 on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris, July 27th, 2020	Chamalières, July 27th,2020
KPMG Audit, KPMG S.A Department	**Wolff & Associés S.A.S.**
Philippe Grandclerc Partner	Grégory Wolff Partner

4.

DECLARATION BY THE PERSONS RESPONSIBLE FOR THE HALF- YEAR FINANCIAL REPORT

« "I hereby declare that, to the best of my knowledge, the consolidated accounts compiled for the ending half-year have been drawn up in accordance with the applicable accounting standards and are a true reflection of the assets and liabilities, financial position and income of the Company and all the firms within the consolidation scope and that the half-year report on operations, attached on page 3, presents a true picture of the major events which occurred during the first six months of the year, their impact on the accounts and the main transactions between related parties and describes the main risks and the main uncertainties for the remaining six months of the year."

Paris La Défense, July 30th,2020

Guy Sidos

Chairman and CEO

Société anonyme au capital de 179 600 000 euros
Siège social : Tour Manhattan - 6 place de l'Iris - 92095 Paris-La Défense Cedex
Tél. : 01 58 86 86 86 - Fax : 01 58 86 87 87
RCS Nanterre 057 505 539 - SIREN 057 505 539