



## **CONSTRUCTIONS INDUSTRIELLES DE LA MÉDITERRANÉE (CNIM)**

CNIM is a limited liability company (*Société anonyme*) incorporated in France, with a Management and Supervisory Board and share capital of €6,056,220

Registered Office: 35, rue de Bassano - 75008 Paris

Registered with the Paris Trade and Companies Registry (RCS) under number 662 043 595

# **FINANCIAL REPORT**

## **for the six-month period ended**

## **JUNE 30, 2019**

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# ACTIVITY REPORT

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## 1 SIGNIFICANT EVENTS OF THE PERIOD

On May 16, 2019 the Group issued a press release announcing that the recurring income of the “Environment & Energy EPC” division (one of the Group’s six operating divisions) had been adversely affected by significant losses due to problems on certain contracts.

In the UK, the problems were mainly due to penalties for delays caused by civil engineering service providers failing to fulfil their contractual obligations. This had a significant impact on two major contracts.

In the Middle East, the Group also incurred significant additional costs on the civil engineering scope of work of the Sharjah contract. The Sharjah plant will be the first waste-to-energy facility in the United Arab Emirates and represents a key business reference for the Group.

Having clearly identified these difficulties, the Group has significantly reinforced supply chain management strategy, in particular with regard to civil engineering, for the entire Environment & Energy EPC business.

Due to these events, the Group generated a loss over the first half of 2019. However, the Innovation & Systems operating segment, which combines the Group’s activities for the defense, space, nuclear power and semiconductor market, expects a profit for the full year.

The Group – as a key player in thermal engineering services and environmental impact reduction – is continuing its expansion in the environment and energy sectors with the acquisition of Cométal France and has widened its offer in the defense and security sectors with the acquisition of Airstar Aerospace.

### Acquisition of Airstar Aerospace

On March 22, CNIM S.A. acquired 85% of Airstar Aerospace from the Airstar group. Thales Alenia Space remains a minority shareholder alongside CNIM and a key industrial partner, particularly for the Stratobus™ stratospheric airship program.

Airstar Aerospace is a leading designer and manufacturer of tethered aerostats, stratospheric balloons (aerostats capable of ascending to and traveling in the stratosphere), airships and thermal insulation for satellites.

Through this acquisition, CNIM aims to become the European leader in balloon- and airship-based platforms for defense, security, inspection and space applications.

### Acquisition of Cométal France

On May 29, CNIM S.A. acquired 100% of Cométal France.

This French industrial company, which was incorporated in 2000, specializes in the production and maintenance of combustion grates for biomass cogeneration plants and waste-to-energy plants. The company also sells spare parts.

With this acquisition, CNIM has expanded and strengthened its service offering, retrofit activity and spare parts supply in its preferred markets.

## 2 OPERATIONS

### 2.1 Order intake

#### 2.1.1 Group order intake by operating segment

(in € millions)	2018			2019			
	1st Quarter	2nd Quarter	Total June 30, 2018	1st quarter	2nd Quarter	Total June 30, 2019	Change 2019 / 2018
Environment & Energy	50.4	51.2	101.6	480.3	9.5	489.8	+382.1%
Innovation & Systems	36.8	33.8	70.6	31.7	23.3	55.0	-22.1%
<b>CNIM Group</b>	<b>87.2</b>	<b>85.0</b>	<b>172.2</b>	<b>512.0</b>	<b>32.8</b>	<b>544.8</b>	<b>+216.4%</b>

Group order intake for the first six months of 2019 amounted to €544.8 million, compared with €172.2 million for the same period in 2018, and €365.9 million for the first six months of 2017.

#### 2.1.2 Environment & Energy order intake

(in € millions)	2018			2019			
	1st Quarter	2nd Quarter	Total June 30, 2018	1st Quarter	2nd Quarter	Total June 30, 2019	Change 2019 / 2018
EPC	0.4	2.4	2.8	373.4	(2.0)	371.4	+13292.9%
LAB	5.4	9.8	15.2	12.1	0.9	13.0	-14.4%
Services	8.2	32.0	40.2	22.9	8.4	31.3	-22.1%
O&M	36.4	7.1	43.4	71.9	2.2	74.1	+70.6%
<b>Environment &amp; Energy</b>	<b>50.4</b>	<b>51.2</b>	<b>101.6</b>	<b>480.3</b>	<b>9.5</b>	<b>489.8</b>	<b>+382.1%</b>

Four Business Divisions have been defined in the Environment & Energy operating segment:

- “EPC”: “turnkey” household waste-to-energy processing plants;
- “LAB”: flue gas treatment solutions for household waste-to-energy processing plants, flue-gas scrubbing systems for merchant ship engines, systems for the removal and recovery of heavy metals from incinerator ash residues, and related services;
- “Services”: expertise, performance enhancement and refurbishment services for household and biomass waste-to-energy processing plants and combustion plants;
- “O&M”: operation and maintenance of household and biomass waste-to-energy processing plants.

#### E&E EPC Business Division

In the first half of 2019, the Division received notice to proceed relating to the Lostock waste-to-energy plant in the United Kingdom and the Rambervilliers plant in France.

#### E&E LAB Business Division

In the first half of 2018, LAB SA received an order to build “turnkey flue gas treatment systems” for a plant in Hogdalen, Sweden. The Division still forecasts high order intake for 2019 (flue gas treatment systems for household waste-to-energy processing plants and ship engines), planned in the second half of the year.

### E&E Services Business Division

The Division recorded orders of €31.3 million in the first six months of 2019, with a significant amount for Albioma relating to the Le Moule power plant in Guadeloupe: coal to biomass conversion, flue gas treatment system.

### E&E O&M Division

In the first half of 2019, the operating concession contract was extended for a plant in the United Kingdom in which the Group holds a minority interest. Consequently, at end-June 2019, the Division recorded a significant order corresponding to fixed remuneration for the remaining five-year contract period.

#### 2.1.3 Innovation & Systems order intake

(in € millions)	2018			2019			
	1st Quarter	2nd Quarter	Total June 30, 2018	1st Quarter	2nd Quarter	Total June 30, 2019	Change 2019 / 2018
Industrial Systems Division	13.7	7.5	21.2	13.8	3.6	17.4	-17.9%
Bertin	23.1	26.3	49.4	17.8	19.8	37.7	-23.8%
<b>Innovation &amp; Systems</b>	<b>36.8</b>	<b>33.8</b>	<b>70.6</b>	<b>31.7</b>	<b>23.4</b>	<b>55.0</b>	<b>-22.0%</b>

The Innovation & Systems operating segment comprises two business divisions:

- DSI: Industrial Systems Division;
- Bertin subsidiaries.

For the Industrial Systems Division, order intake in the first six months of 2019 was down compared with the same period in 2018 (fewer orders for the “Deterrence” and “Other industries” sectors).

Orders for the Bertin subsidiaries break down as follows:

	June 30, 2018	June 30, 2019
Systems & Instrumentation	69%	78%
Information Technology	13%	14%
Consultancy	18%	8%

The decrease in Consultancy business orders was largely due to scope changes between 2018 and 2019, with the sale in 2018 of the Ergonomics and Modelling businesses.

## 2.2 Revenues

### 2.2.1 Revenues by operating segment

(in € millions)	2018			2019			
	1st Quarter	2nd Quarter	Total June 30, 2018	1st Quarter	2nd Quarter	Total June 30, 2019	Change 2019 / 2018
Environment & Energy	86.7	138.2	224.9	77.8	102.5	180.2	-19.9%
Innovation & Systems	46.8	50.8	97.6	42.3	49.4	91.6	-6.1%
<b>CNIM Group</b>	<b>133.5</b>	<b>189.0</b>	<b>322.5</b>	<b>120.0</b>	<b>151.8</b>	<b>271.8</b>	<b>-15.7%</b>

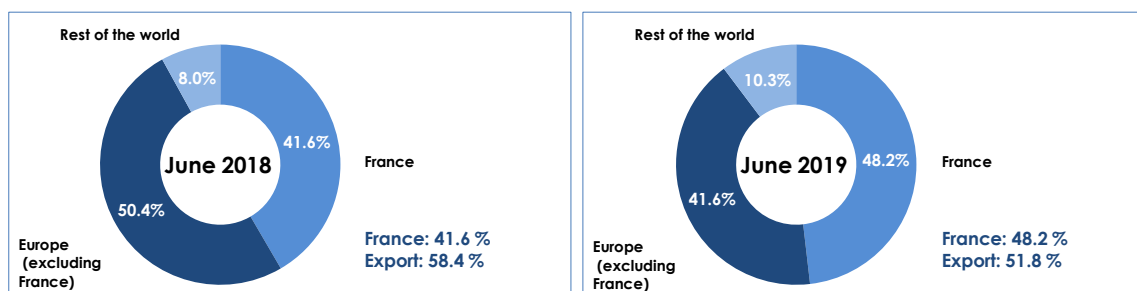
For the six-month period ended June 30, 2019, revenues amounted to €271.8 million, compared with €322.5 million for the same period in 2018.

Revenues from the Environment & Energy operating segment were down 19.8% compared with the first six months of 2018 due to problems with certain ongoing contracts in the “EPC” business division (as mentioned in the “Significant events of the period” section), which negatively impacted profit margin and contract progress.

Revenues decreased 6.1% for the Innovation & Systems operating segment, compared with the first six months of 2018. The “Bertin” Business Division was impacted by the effect of scope changes (sale of “Ergonomics” and “Modelling” business in 2018), and the “Bertin Systems & Instrumentation” business is expected to be stronger in the second half of the year.

## 2.2.2 Breakdown of revenues by geographic area

Revenues generated from exports represented 51.8% of total revenues at June 30, 2019 (58.4% at end-June 2018 and 47% at end-June 2017).



In the first six months of 2019, 48.2% of the Group’s revenues were generated in France, 41.6% in Europe excluding France, and the remaining 10.3% outside Europe.

## 2.3 Backlog

(in € millions)	Backlog Jan 1, 2019	Order intake June 30, 2019	Revenues June 30, 2019	Backlog June 30, 2019
Environment & Energy	712.8	489.8	180.2	1,022.3
Innovation & Systems	268.8	55.0	91.6	232.2
<b>CNIM Group</b>	<b>981.6</b>	<b>544.8</b>	<b>271.8</b>	<b>1,254.5</b>

Group backlog at June 30, 2019 amounted to €1,254.5 million, a record high, up 27.8% compared with backlog at January 1, 2019, with changes per operating segment breaking down as follows:

- + 43.4% for the Environment & Energy operating segment;
- - 13.6% for the Innovation & Systems operating segment.

The backlog per Business Division breaks down as follows:

(in € millions)	Backlog Jan 1, 2019	Order intake June 30, 2019	Revenues June 30, 2019	Backlog June 30, 2019	
<b>Environment &amp; Energy</b>	<b>712.8</b>	<b>489.8</b>	<b>180.2</b>	<b>1,022.3</b>	<b>81%</b>
EPC	483.2	371.4	78.1	776.4	62%
LAB	78.7	13.0	33.5	58.2	5%
Services	49.4	31.3	33.2	47.5	4%
O&M	101.5	74.1	35.4	140.2	11%
<b>Innovation &amp; Systems</b>	<b>268.8</b>	<b>55.0</b>	<b>91.6</b>	<b>232.2</b>	<b>19%</b>
Industrial Systems Division	200.1	17.4	51.8	165.8	13%
Bertin subsidiaries	68.7	37.7	39.8	66.5	5%
<b>CNIM Group</b>	<b>981.6</b>	<b>544.8</b>	<b>271.8</b>	<b>1,254.5</b>	<b>100%</b>

- E&E EPC: 62% (eleven contracts in progress)
- E&E LAB: 5%
- E&E Services: 4%
- E&E O&M: 11%
- I&S DSI: 13%
- I&S Bertin: 5%

### 3 NET INCOME

The condensed interim financial statements have been prepared using the same accounting policies and methods as for the financial statements at December 31, 2018, with the exception of the changes mentioned in Note 1 to the consolidated financial statements.

(in € millions)	June 30, 2018	June 30, 2019
<b>Revenues</b>	<b>322.5</b>	<b>271.8</b>
<b>EBITDA</b>	<b>15.6</b>	<b>(57.7)</b>
Recurring operating income (expense)	6.1	(67.2)
Non-recurring operating income (expense)	9.5	(14.9)
<b>Operating income (expense)</b>	<b>15.5</b>	<b>(82.2)</b>
Equity-accounted investments	2.3	2.6
<b>Operating income (expense) after share of net income from equity-accounted investments</b>	<b>17.8</b>	<b>(79.6)</b>
Net financial income (expense)	0.4	(4.6)
<b>Pretax income</b>	<b>18.3</b>	<b>(84.2)</b>
Income tax	(3.9)	(0.8)
<b>Net income (loss) for the period</b>	<b>14.4</b>	<b>(85.0)</b>
Attributable to non-controlling interests	(1.5)	(5.2)
<b>Net income (loss) attributable to owners of the parent</b>	<b>15.9</b>	<b>(79.8)</b>

The Group's recurring operating income and EBITDA, were heavily impacted by the loss of three contracts in the E&E EPC Division.

*In accordance with Note 7 to the condensed consolidated interim financial statements, the Group has classified under "Other operating income" and "Other operating expenses" all non-recurring transactions of a significant amount that could hinder the clarity of recurring operating performance. They may include:*

- *Gains or losses on disposals of business or groups of assets;*
- *Acquisition and integration costs relating to business combinations;*
- *Restructuring costs resulting from restructuring plans whose unusual and significant nature may hinder the clarity of recurring operating income;*
- *Provisions and impairment of property, plant and equipment or intangible assets of material amounts;*
- *Estimated or actually incurred costs relating to external factors independent of operating effectiveness such as political decisions.*

*Moreover, in accordance with the definition given in the Group's 2018 Registration Document, filed with the French securities market regulator (AMF) on March 28, 2019, EBITDA is defined as operating income excluding depreciation and amortization, impairment of non-current assets and the impact of non-current asset disposals.*

### 3.1 Recurring operating income and EBITDA by operating segment

The contribution of the operating segments to revenues and recurring operating income are shown below, along with year-on-year changes:

(in € millions)	June 30, 2018			June 30, 2019		
	Revenues	Recurring operating income	Recurring operating margin	Revenues	Recurring operating income	Recurring operating margin
Environment & Energy	224.9	0.8	0.4%	180.2	(67.9)	(37.7)%
Innovation & Systems	97.6	5.2	5.4%	91.6	0.7	0.7%
<b>CNIM Group</b>	<b>322.5</b>	<b>6.1</b>	<b>1.9%</b>	<b>271.8</b>	<b>(67.2)</b>	<b>(24.7)%</b>

Changes in EBITDA per operating segment were as follows:

(in € millions)	June 30, 2018			June 30, 2019		
	Revenues	EBITDA	EBITDA margin	Revenues	EBITDA	EBITDA margin
Environment & Energy	224.9	3.6	1.6%	180.2	(64.1)	(35.6)%
Innovation & Systems	97.6	12.1	12.4%	91.6	6.4	7.0%
<b>CNIM Group</b>	<b>322.5</b>	<b>15.6</b>	<b>4.9%</b>	<b>271.8</b>	<b>(57.7)</b>	<b>(21.2)%</b>

#### Environment & Energy operating segment:

- Income in the first six months of 2019 was significantly impacted by losses on the Sharjah, South London and Kemsley contracts (E&E EPC Division);
- Business relating to the removal and recovery of heavy metals from incinerator ash residues (three plants in operation in the United States) was adversely affected by changes in non-ferrous metal prices;
- The "Services" Division generated a loss in the first six months (insufficient profitability of the "Local services" business, increase in costs at completion for two plant refurbishment contracts);
- The "O&M" Division consistently contributes positively to income.

The Group expects a profit from recurring operations for the Environment & Energy operating segment in the second half of 2019.



### Innovation & Systems operating segment:

- The half-year results of the Industrial Systems Division are lower than last year, mainly due to progress on ongoing contracts;
- As in 2018, the Bertin Business Division is expected to generate a profit in the second half of 2019, given the percentage completion of contracts in progress.

The Group also expects a profit from recurring operations for the Innovation & Systems operating segment in the second half of 2019.

## 3.2 Non-recurring income and expense

In the first half of 2019, the Group recognized the following items under “Non-recurring income and expense”:

- The Group’s legal reorganization costs;
- Asset impairment relating to:
  - the cost of setting up and pre-executing a contract previously awarded to the Group, but subject to final approval by a local political body. Notice to proceed has again been postponed, raising uncertainty as to whether the contract will be implemented;
  - “Geodur” assets, after factoring in a lower price index for non-ferrous metals in the medium-term forecasts, given 2019 changes in the index.

## 3.3 Net income from equity-accounted investments

Net income from equity-accounted investments amounted to €2.6 million for the period ended June 30, 2019, compared with €2.3 million for the same period in 2018.

The increase was mainly attributable to interests held by the Group in three waste-to-energy processing plants in the United Kingdom.

## 3.4 Net financial income and expense

Net financial expense for the period ended June 30, 2019 amounted to -€4.6 million, comprising:

- Foreign exchange differences: -€4 million
- Cost of debt: -€0.7 million

The line item “Foreign exchange differences” mainly includes the carrying cost (unrealized and realized forward points) of derivative instruments set up to hedge future commercial contract flows; the “forward points” share of foreign currency hedges (systematic on contracts) is recognized under financial income (expense), with significant changes in the unrealized portion.

## 3.5 Income tax

Income tax expense only partially includes capitalization of income tax in France for the CNIM tax consolidation scope, in line with the principle of prudence.

## 3.6 Net Income

Net loss attributable to owners of the parent, excluding non-controlling interests, amounted to -€79.8 million.

## 4 FINANCING/CASH FLOW

### 4.1 Cash flow statement

The main items presented in the condensed consolidated cash flow statement are as follows:

(in € millions)	June 30, 2018	June 30, 2019
<b>Net cash from operations before changes in working capital and before cost of debt and income tax</b>	<b>(6.8)</b>	<b>(51.4)</b>
Change in working capital requirements	(26.3)	(57.2)
Income tax paid	(4.0)	(0.0)
Net cash flow from (used in) investing activities	6.3	(13.2)
Net cash flow from (used in) financing activities	(3.3)	69.6
Other	(0.6)	0.3
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(34.7)</b>	<b>(52.1)</b>
Opening cash and cash equivalents	144.7	84.4
Closing cash and cash equivalents	110.0	32.4

*The definition of cash in the cash flow statement corresponds to cash and cash equivalents (detailed in Paragraph 4.2) less bank overdrafts.*

#### 4.1.1 Net cash from operations before changes in working capital, cost of debt and income tax

Net cash from operations before changes in working capital, cost of debt and income tax amounted to -€51.4 million for the period ended June 30, 2019, compared with -€6.8 million at end-June 2018, due to the reasons described in section 3.

### 4.1.2 Working capital requirements

(in € millions)	Dec. 31, 2018	June 30, 2019	Change in WCR	Currency translation, scope & other differences	Change in WCR (CFS)
<b>Assets</b>					
Inventories and work in progress	21.9	24.3	2.4	(1.0)	1.4
Advances and down payments made	8.0	4.4	(3.6)	0.0	(3.6)
Trade and other receivables	101.2	127.8	26.5	(48.1)	(21.5)
Accrued income from contracts in progress	137.0	161.0	23.9	47.3	71.2
Social security and tax receivables	74.9	80.8	5.9	(1.2)	4.7
Other current operating assets	12.7	20.1	7.4	(8.4)	(1.0)
<b>TOTAL CURRENT ASSETS</b>	<b>355.7</b>	<b>418.3</b>	<b>62.6</b>	<b>(11.4)</b>	<b>51.2</b>
<b>Liabilities</b>					
Advances and down payments received	(2.2)	(3.9)	(1.7)	0.3	(1.4)
Trade payables	(186.1)	(138.3)	47.9	1.8	49.7
Deferred income from contracts in progress	(57.2)	(87.1)	(29.8)	1.5	(28.3)
Social security and tax payables	(70.4)	(72.1)	(1.7)	0.9	(0.8)
Other current operating liabilities	(11.3)	(22.3)	(11.0)	(2.1)	(13.1)
<b>TOTAL CURRENT LIABILITIES</b>	<b>(327.3)</b>	<b>(323.6)</b>	<b>3.6</b>	<b>2.4</b>	<b>6.1</b>
<b>Working capital requirement</b>	<b>28.4</b>	<b>94.7</b>	<b>66.3</b>	<b>(9.0)</b>	<b>57.3</b>

The Group's working capital requirement increased by €57.3 million during the first six months of 2019. The Group's cash position was significantly affected by the fact that the payment milestones relating to acceptance of the main EPC contracts currently close to completion are expected in the second half.

Given its business activity, which is heavily impacted by long-term contracts, the Group may experience significant changes in working capital requirements, reflecting its trade receivables payment terms and construction schedules.

### 4.1.3 Capital expenditure

For the period ended June 30, 2019, net cash flow used in investing activities was -€13.2 million, comprising the following items:

- Acquisitions of intangible assets: -€3.7 million.  
Increases in intangible assets mainly relating to research and development costs and software licenses;
- Acquisitions of property, plant and equipment: -€6.2 million.  
Increases in property, plant and equipment, mainly relating to industrial equipment (Industrial Systems Division, Bertin Division) and building renovations (La Seyne sur Mer).
- Acquisition of financial assets: -€0.9 million;
- Impact of changes in consolidation scope: -€2.6 million, including:
  - acquisition of Airstar Aerospace (acquisition price -€1.7 million, €0.2 million in cash acquired);
  - acquisition of Cométal (acquisition price -€0.8 million, €0.2 million in cash acquired);

- Net change in advances and loans granted: -€0.5 million;
- Dividends received from equity-accounted investments: +€0.3 million;
- Other: +€0.4 million.

In the first six months of 2018, capital expenditure flows included sales of intangible assets and property, plant and equipment: +€11.5 million relating to the disposal by Bertin Technologies of its ergonomics consultancy business “Bertin Ergonomie”, and the remaining amounts received from the disposal of the Bertin Pharma business.

#### 4.1.4 Net cash flow used in financing activities

Net cash flow used in financing activities amounted to €69.6 million for the period, corresponding to the increased drawdown of the CNIM credit line (+€70 million), the reimbursement of loans and borrowings for -€10 million (mainly -€2.7 million in lease liabilities in accordance with IFRS 16 “Leases” and -€6 million relating to the Exensor acquisition loan, see section 4.3), and partial securitization (€10 million) of the Group’s research tax credit receivable.

#### 4.2 Cash, net of debt

(in € millions)	Dec. 31, 2018	June 30, 2019
Cash equivalents	17.0	0.3
Cash	68.9	35.8
<b>Total cash and cash equivalents</b>	<b>86.0</b>	<b>36.1</b>
Non-current financial liabilities	(63.1)	(143.3)
Current financial liabilities	(13.8)	(30.1)
<b>Financial liabilities</b>	<b>(76.8)</b>	<b>(173.4)</b>
<b>Cash and cash equivalents, net of debt</b>	<b>9.1</b>	<b>(137.3)</b>

The Group’s cash and cash equivalents, net of debt, of -€137.3 million include lease liabilities in accordance with IFRS 16. The impact of IFRS 16 at January 1, 2019 was €21.6 million.

### 4.3 Debt

(in € millions)	Dec. 31, 2018			June 30, 2019		
	Non-current Financial Liabilities	Current Financial Liabilities	Total	Non-current Financial Liabilities	Current Financial Liabilities	Total
Loan to invest in the Exensor group	24.0	6.0	30.0	18.0	6.0	24.0
Loan to fund work at SCI Bassano	1.1	1.1	2.3	0.6	1.1	1.7
Drawdowns of the revolving credit facility	30.0	-	30.0	100.0	-	100.0
Loan to fund R&D projects	2.0	0.5	2.5	1.7	0.7	2.4
Other borrowings	0.1	0.1	0.2	1.1	(0.1)	1.0
<b>Total loans and borrowings</b>	<b>57.2</b>	<b>7.8</b>	<b>65.0</b>	<b>121.4</b>	<b>7.7</b>	<b>129.1</b>
Lease liabilities	-	-	-	15.6	4.7	20.3
Refundable advances	5.7	0.3	6.0	6.2	0.4	6.6
Sales of receivables	-	3.4	3.4	0.1	13.0	13.1
Other financial liabilities	0.2	0.7	0.9	0.0	0.6	0.6
<b>FINANCIAL LIABILITIES</b>	<b>63.1</b>	<b>12.2</b>	<b>75.3</b>	<b>143.3</b>	<b>26.4</b>	<b>169.7</b>
Bank overdrafts and short-term bank loans	-	1.5	1.5	-	3.8	3.8
<b>NET FINANCIAL LIABILITIES</b>	<b>63.1</b>	<b>13.8</b>	<b>76.8</b>	<b>143.3</b>	<b>30.1</b>	<b>173.5</b>

The Group's debt amounted to €173.5 million at June 30, 2019.

The Group has a syndicated, multi-currency, credit facility of €120 million, which was renewed in December 2017 for an initial period of five years, extended to six years in 2018. €100 million had been drawn down at June 30, 2019.

### 4.4 Liquidity

The Group's liquidity position (cash and cash equivalents and additional possible drawdowns net of cash held by subsidiaries excluded from the cash pool set up by the Group) was negatively impacted by the losses generated by three E&E EPC Division contracts and by the fact that the payment milestones relating to acceptance of the main EPC contracts currently close to completion are expected in the second half. The Group's liquidity position amounted to €41 million at June 30, 2019 (compared with €156 million at December 31, 2018).

For the six-month period ended June 30, 2019, the Group updated its cash flow projections, which are largely affected by the scheduling of the key payment milestones for contracts in progress. The cash flow projections, based solely on the Group's current financing resources, without taking into account the expected positive impact of major new construction contracts in the Environment & Energy operating segment, confirm that the Group can continue to operate as a going concern.

### 4.5 Equity

Changes in consolidated equity were as follows:

(in € millions)	Consolidated equity
<b>January 1, 2019</b>	<b>186.3</b>
Net income (loss) for the six-month period ended June 30, 2019	(79.8)
Other comprehensive income, changes in consolidation scope, treasury share transactions	4.6
<b>June 30, 2019</b>	<b>111.1</b>

## 5 CNIM S.A. INDIVIDUAL FINANCIAL STATEMENTS

### 5.1 Net income

The main items presented on CNIM's income statement are as follows:

(in € millions)	June 30, 2018	June 30, 2019
<b>Revenues</b>	<b>211.1</b>	<b>168.6</b>
Operating income	0.6	(49.4)
Financial income	6.6	3.6
Non-recurring income (expense)	(0.1)	(9.5)
Tax and employee profit-sharing expense	1.7	3.3
<b>Net income (loss)</b>	<b>8.9</b>	<b>(51.9)</b>

Several Group Divisions in the two operating segments contribute to the revenues and net income of the parent company: the E&E EPC and Services Divisions and the Industrial Systems Division within the I&S operating segment.

The year-on-year change in operating income for the six-month period ended June 30, 2019 was mainly due to the factors described for the E&E EPC Division.

### 5.2 Cash and cash equivalents

The company's cash and cash equivalents amounted to €10.4 million at June 30, 2019.

## 6 OUTLOOK

The Group forecasts, for end-2019:

- a consolidated recurring operating loss of approximately -€45 million, resulting in a profit in the second half of the year;
- a non-recurring loss similar to that generated in the first half;
- a high level of order intake, for the second consecutive year, resulting in significantly higher backlog at year end;
- negative cash and cash equivalents, net of debt at year-end 2019 (although better than the position at June 30, 2019).

In view of its long-term performance record and level of backlog, the Group expects to generate a recurring operating profit for 2020.

## **7 RISK ANALYSIS**

Risks are described in Note 2.7 of the 2018 registration document.

## **8 TRANSACTIONS WITH RELATED PARTIES**

All transactions with related parties were at arm's length.

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 1. CONSOLIDATED INTERIM BALANCE SHEET

( in € thousands)	Note	June 30, 2019	Dec. 31, 2018*
Intangible assets	10	22,844	22,874
Goodwill	11	72,229	70,795
Property, plant and equipment	12	68,652	69,591
Right-of-use assets	2	21,937	-
Equity-accounted investments	13	25,481	24,022
Other non-current financial assets	14	17,174	15,903
Deferred tax assets		16,459	17,835
<b>TOTAL NON-CURRENT ASSETS</b>		<b>244,777</b>	<b>221,020</b>
Inventories and work in progress		24,315	21,876
Advances and down payments made		4,387	7,977
Trade and other receivables		127,772	101,237
Accrued income from contracts in progress		160,953	137,024
Social security and tax receivables		83,063	78,988
Other current operating assets		19,560	12,875
Cash and cash equivalents		36,113	85,978
<b>CURRENT ASSETS</b>		<b>456,164</b>	<b>445,954</b>
<b>TOTAL CONSOLIDATED ASSETS</b>		<b>700,941</b>	<b>666,974</b>

\* Amounts not restated to account for the impacts of IFRS 16, as mentioned in Note 2.

(in € thousands)	Note	June 30, 2019	Dec. 31, 2018*
Share capital	15	6,056	6,056
Additional paid-in capital		7,237	7,237
Retained earnings		177,602	140,180
Net income for the period		(79,773)	32,825
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>111,122</b>	<b>186,298</b>
Non-controlling interests - Retained earnings		3,312	8,736
Non-controlling interests - Net income (loss)		(5,214)	(4,966)
<b>NON-CONTROLLING INTERESTS</b>		<b>(1,903)</b>	<b>3,770</b>
Borrowings and debt	16	127,731	63,083
Non-current lease liabilities	2, 16	15,598	-
Provisions for retirement and other employee benefits	17	29,968	26,312
Other non-current provisions	18	36,895	16,972
Deferred tax liabilities		292	704
<b>NON-CURRENT LIABILITIES</b>		<b>210,484</b>	<b>107,071</b>
Current financial liabilities	16	25,476	13,758
Current lease liabilities	2, 16	4,662	-
Current provisions	18	26,478	27,748
Trade accounts payable		138,437	186,327
Deferred income from contracts in progress		90,954	59,384
Social security and tax payables		72,968	71,355
Other current operating liabilities		22,261	11,262
<b>CURRENT LIABILITIES</b>		<b>381,238</b>	<b>369,834</b>
<b>TOTAL CONSOLIDATED EQUITY AND LIABILITIES</b>		<b>700,941</b>	<b>666,974</b>

\* Amounts not restated to account for the impacts of IFRS 16, as mentioned in Note 2.

## 2. CONSOLIDATED INTERIM INCOME STATEMENT

(in € thousands)	Note	June 30, 2019	June 30, 2018*
<b>Revenues</b>	5, 6	<b>271,834</b>	<b>322,484</b>
Change in semi-finished and finished goods		2,931	(664)
Operating grants		6,831	6,108
Other operating income		13,425	4,546
Purchases and change in inventories		(178,589)	(189,335)
Other external expenses		(48,118)	(49,773)
Taxes other than income taxes		(3,357)	(4,496)
Personnel expenses		(97,445)	(91,903)
Depreciation and amortization expense		(9,500)	(9,624)
Change in provisions		(18,572)	23,027
Other operating expenses		(6,690)	(4,300)
<b>RECURRING OPERATING INCOME</b>	5	<b>(67,248)</b>	<b>6,069</b>
Non-recurring operating income (expense)	7	(14,911)	9,460
<b>OPERATING INCOME</b>		<b>(82,159)</b>	<b>15,529</b>
Share of net income of equity-accounted investments	13	2,553	2,289
<b>OPERATING INCOME AFTER SHARE OF NET INCOME OF EQUITY-ACCOUNTED INVESTMENTS</b>	5	<b>(79,606)</b>	<b>17,818</b>
Cost of net debt	8	(671)	50
Foreign exchange differences	8	(3,999)	585
Other financial income (expense)	8	43	(186)
<b>FINANCIAL INCOME (EXPENSE)</b>	8	<b>(4,626)</b>	<b>449</b>
<b>PRETAX INCOME</b>		<b>(84,232)</b>	<b>18,267</b>
Income tax expense	9	(755)	(3,917)
<b>NET INCOME FROM CONTINUING OPERATIONS</b>		<b>(84,987)</b>	<b>14,350</b>
<b>TOTAL NET INCOME (LOSS)</b>		<b>(84,987)</b>	<b>14,350</b>
. Attributable to non-controlling interests		(79,773)	15,888
. Attributable to owners of the parent		(5,214)	(1,538)
Earnings per share (in €)			
Basic earnings per share attributable to owners of the parent		(28.21)	5.57
Diluted earnings per share attributable to owners of the parent		(28.21)	5.57
Earnings per share from continuing operations		(30.06)	5.03

\* Amounts not restated to account for the impacts of IFRS 16, as mentioned in Note 2.

### 3. CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(in € thousands)	Note	June 30, 2019	June 30, 2018*
<b>NET INCOME FOR THE PERIOD</b>		<b>(84,987)</b>	<b>14,350</b>
Net actuarial gains and losses on retirement benefits	17	(2,264)	-
Income tax relating to items that may not be reclassified to net income		727	-
Equity-accounted investments - share of items that may not be reclassified to net income	13	-	-
<b>Items that may not be reclassified to net income</b>		<b>(1,537)</b>	<b>-</b>
Currency translation differences		(95)	(1,644)
Changes in fair value of hedging instruments		11,002	(22)
Income tax relating to items that may be reclassified to net income		(3,560)	8
Equity-accounted investments - share of items that may be reclassified to net income	13	(1,742)	(17)
Other		-	1
<b>Items that may be reclassified to net income</b>		<b>5,605</b>	<b>(1,674)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>4,068</b>	<b>(1,674)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(80,920)</b>	<b>12,676</b>
. Attributable to owners of the parent		(74,952)	14,225
. Attributable to non-controlling interests		(5,968)	(1,550)

\* Amounts not restated to account for the impacts of IFRS 16, as mentioned in Note 2.

### 4. CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(in € thousands)	Note	Share capital	Additional paid-in capital	Reserve for retirement benefits	Hedging reserve	Foreign currency translation reserve	Other reserves	Owners of the parent	Non-controlling interests	TOTAL
<b>At December 31, 2017 - reported</b>		<b>6,056</b>	<b>7,237</b>	<b>(10,108)</b>	<b>1,007</b>	<b>(5,907)</b>	<b>178,431</b>	<b>176,716</b>	<b>4,317</b>	<b>181,033</b>
IFRS 9 impacts		-	-	-	-	-	(164)	(164)	-	(164)
<b>At January 1, 2018*</b>		<b>6,056</b>	<b>7,237</b>	<b>(10,108)</b>	<b>1,007</b>	<b>(5,907)</b>	<b>178,267</b>	<b>176,553</b>	<b>4,317</b>	<b>180,869</b>
Net income for the period							15,888	15,888	(1,538)	14,350
Other comprehensive income				-	(43)	(1,620)	-	(1,663)	(12)	(1,674)
<b>Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(43)</b>	<b>(1,620)</b>	<b>15,888</b>	<b>14,225</b>	<b>(1,550)</b>	<b>12,676</b>
Dividend distribution	15						(14,849)	(14,849)	(18)	(14,866)
Change in consolidation scope <sup>(1)</sup>							1,043	1,043	4,310	5,353
Treasury share transactions							(3,505)	(3,505)	-	(3,505)
Capital increase							-	-	-	-
Other		0	0	-	-	(1)	2	1	(0)	1
<b>At June 30, 2018 - reported</b>		<b>6,056</b>	<b>7,237</b>	<b>(10,108)</b>	<b>964</b>	<b>(7,527)</b>	<b>176,846</b>	<b>173,468</b>	<b>7,059</b>	<b>180,527</b>

\* Amounts restated to account for the impacts of IFRS 9

(1) In 2018, changes in equity interests related to SUNCNIM (capital contribution from the French Public Investment Bank (BPI)) and CNIM Martin Private Limited (partnership with Martin GmbH).

(in € thousands)	Note	Share capital	Additional paid-in capital	Reserve for retirement benefits	Hedging reserve	Foreign currency translation reserve	Other reserves	Owners of the parent	Non-controlling interests	TOTAL
<b>At December 31, 2018 - reported</b>		<b>6,056</b>	<b>7,237</b>	<b>(9,352)</b>	<b>(1,038)</b>	<b>(10,352)</b>	<b>193,746</b>	<b>186,298</b>	<b>3,770</b>	<b>190,069</b>
IFRS 16 impacts		-	-	-	-	-	-	-	-	-
<b>At January 1, 2019*</b>		<b>6,056</b>	<b>7,237</b>	<b>(9,352)</b>	<b>(1,038)</b>	<b>(10,352)</b>	<b>193,746</b>	<b>186,298</b>	<b>3,770</b>	<b>190,069</b>
Net income for the period							(79,773)	(79,773)	(5,214)	(84,987)
Other comprehensive income				(1,540)	6,483	(122)	-	4,821	(754)	4,068
<b>Comprehensive income</b>		<b>-</b>	<b>-</b>	<b>(1,540)</b>	<b>6,483</b>	<b>(122)</b>	<b>(79,773)</b>	<b>(74,952)</b>	<b>(5,968)</b>	<b>(80,920)</b>
Dividend distribution	15						0	0	(0)	(0)
Change in consolidation scope <sup>(1)</sup>							(148)	(148)	292	144
Treasury share transactions							(84)	(84)	-	(84)
Capital increase		0	0				-	0	-	0
Other		-	-				8	8	3	10
<b>At June 30, 2019</b>		<b>6,056</b>	<b>7,237</b>	<b>(10,891)</b>	<b>5,445</b>	<b>(10,473)</b>	<b>113,749</b>	<b>111,122</b>	<b>(1,903)</b>	<b>109,220</b>

\* Amounts restated to account for the impacts of IFRS 16, as mentioned in Note 2

## 5. CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(in € thousands)	Note	June 30, 2019	June 30, 2018*
<b>Net income for the period</b>		<b>(84,987)</b>	<b>14,350</b>
<b>Net income from continuing operations</b>		<b>(84,987)</b>	<b>14,350</b>
Adjustments for:			
Share of net income of equity-accounted investments	13	(2,553)	(2,289)
Depreciation, amortization and provisions		34,699	(12,173)
Gains or losses on disposals		(21)	(10,518)
Income from dividends		(2)	(0)
<b>Net cash from operations before changes in working capital and after cost of debt and income tax</b>		<b>(52,865)</b>	<b>(10,630)</b>
Income tax expense	9	755	3,917
Cost of net debt	8	671	(50)
<b>Net cash from operations before changes in working capital and before cost of debt and income tax</b>		<b>(51,439)</b>	<b>(6,763)</b>
Change in working capital requirements		(57,245)	(26,325)
Income tax paid (incl. French value-added business tax (CVAE))		(25)	(3,995)
<b>Net cash flow from (used in) operating activities (A)</b>		<b>(108,710)</b>	<b>(37,084)</b>
Acquisitions (disposals) of companies/operations net of cash acquired		(2,551)	6,347
Acquisition of property, plant and equipment and intangible assets		(9,872)	(10,854)
Acquisition of financial assets		(852)	(340)
Disposal of financial assets		15	-
Net change in advances and loans granted		(493)	(1,976)
Disposal of property, plant and equipment and intangible assets		240	11,539
Dividends received from equity-accounted investments and unconsolidated entities		315	1,604
<b>Net cash flow from (used in) investing activities (B)</b>		<b>(13,199)</b>	<b>6,319</b>
Dividends paid by the parent company		0	1
Dividends paid to non-controlling interests		0	(12)
Proceeds (payments) arising from the sale (purchase) of treasury shares		45	(3,415)
Proceeds from borrowings	16	70,395	781
Repayment of borrowings	16	(9,565)	(1,393)
Interest paid		(874)	(68)
Other financing transactions	16	9,555	767
<b>Net cash from (used in) financing activities (C)</b>		<b>69,556</b>	<b>(3,339)</b>
Effect of movement in exchange rates (D)		266	(566)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS A+B+C+D</b>		<b>(52,087)</b>	<b>(34,670)</b>
<b>Opening cash and cash equivalents</b>		<b>84,435</b>	<b>144,725</b>
Cash equivalents		324	14,161
Cash		35,789	98,355
Cash and cash equivalents		36,113	112,517
Bank overdrafts	16	(3,763)	(2,463)
<b>Closing cash and cash equivalents</b>		<b>32,350</b>	<b>110,055</b>
Attributable to continuing operations		32,350	92,362
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(52,087)</b>	<b>(34,670)</b>

\* Amounts not restated to account for the impacts of IFRS 16, as mentioned in Note 2.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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On August 29, 2019, the Management Board approved and authorized publication of the condensed consolidated interim financial statements of the CNIM Group for the six-month period ended June 30, 2019.

CNIM (parent company) is a listed public limited company (*Société anonyme*) registered with the Paris Trade and Companies Register (RCS) under number 662043595. Its registered office is located at 35, rue de Bassano, Paris, France.

The consolidated financial statements are presented in thousands of euros rounded to the nearest thousand.

As a result of rounding, there may be immaterial differences in the totals and sub-totals in the tables.

The notes are an integral part of the condensed consolidated interim financial statements for the six-month period ended June 30, 2019.

Note 1. Significant accounting policies

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**1.1. Applicable standards**

CNIM's condensed consolidated financial statements for the six-month period ended June 30, 2019 have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the International Financial Reporting Standards (IFRS) adopted by the European Union at June 30, 2019.

The complete body of standards adopted by the European Union can be consulted on the European Commission's website at the following address: [https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting\\_en](https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en)

IAS 34 specifies that condensed consolidated interim financial statements do not need to include all information required under IFRS for consolidated financial statements. However, they should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2018. The consolidated financial statements are presented in the 2018 Registration Document, which was filed with the French securities market regulator (AMF) on March 28, 2019 (D.19-0221).

The accounting policies used to prepare the condensed consolidated interim financial statements are identical to those used by the Group at December 31, 2018, with the exception of the newly-adopted standards and interpretations that are applicable as of January 1, 2019, and the specific provisions of IAS 34 on condensed consolidated interim financial statements, as described below in Paragraphs 1.1.1 and 1.2. In particular, the true and fair presentation, going concern and consistency of accounting policies principles have been applied.

**Going concern**

In Note 4 to the consolidated financial statements, the Group describes the main factors contributing to the significant losses generated over the period.

The Group's cash flow level (cash and cash equivalents and additional drawdown capacity net of cash held by subsidiaries excluding the cash pool set up by the Group) was negatively impacted by the losses generated during the period. It amounted to €41 million at June 30, 2019 (compared with €156 million at December 31, 2018).

When preparing its financial statements for the six-month period ended June 30, 2019, the Group updated its cash flow projections, which notably result from the scheduling of the key payment milestones for contracts in progress. Cash flow projections, based only on the Group's current financing resources (without taking into account the expected positive impact of major new construction contracts in the environment sector), confirm the Group's ability to continue operating as a going concern.

In view of its long-term performance record, the Group expects to generate a recurring operating profit for 2020.

As mentioned in Note 16 "Loans and borrowings", the Group has three credit lines subject to a net debt to EBITDA ratio covenant. Following the profit warning issued on May 16, 2019, the majority of lending banks granted the Group the right to not apply the covenant at June 30, 2019. Discussions with the lending banks on application of the covenant at December 31, 2019 are planned for the second half of 2019 and, should take place at the latest by the date of issue of the consolidated financial statements, at end-March 2020.

**1.1.1. New standards applicable as of January 1, 2019**

- **Main standards applicable as of January 1, 2019**

**IFRS 16 "Leases »**

This standard replaces IAS 17 "Leases" and the associated interpretations, and introduces a single lease accounting method for lessees.

IFRS 16 removes the distinction in IAS 17 between operating leases and finance leases. The lessee is now required to recognize all leases in a similar way to finance leases under IAS 17, and therefore to recognize an asset and liability corresponding to the rights and obligations created by the lease.

Changes and impacts resulting from the application of IFRS 16 are described in Note 2 "Changes in accounting policies".

- **Other standards applicable as of January 1, 2019**

The following standards, mandatory for accounting periods beginning on or after January 1, 2019, have no impact on the Group's consolidated financial statements:

- Amendments to IAS 19 "Plan amendment, curtailment or settlement";
- Amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures";
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- Amendment to IFRS 9 "Prepayment Features with Negative Compensation".

### 1.1.2. New IFRS adopted by the European Union but not yet applicable

There are no new IFRS that have been adopted by the European Union and are not yet applicable.

### 1.1.3. Standards not yet adopted by the European Union

The Group does not expect the implementation of the following standards, which have not yet been adopted by the European Union, to have a material impact on the consolidated financial statements:

- Revised IFRS Conceptual Framework;
- Amendments to IFRS 3: "Definition of a Business";
- Amendments to IAS 1 and IAS 8: "Definition of Material".

## 1.2. Accounting policies and bases of measurement used by the Group for interim financial reporting

- **Retirement and related employee benefits**

No full actuarial calculations were performed at the reporting date of the condensed consolidated interim financial statements.

The expense recognized for the period for retirement and other employee benefits reflects the estimated expense for the year reported on a pro rata basis, calculated on the basis of the actuarial assumptions at December 31, 2018.

Impacts of changes in actuarial assumptions for the period relating to post-employment benefits (discount rate and long-term inflation rate), have no material impact on the Group's financial statements.

## Note 2. Changes in accounting policies

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### First-time adoption of IFRS 16 "Leases"

The Group has chosen the simplified retrospective approach for the initial application of this new standard as of January 1, 2019. Under this approach, the cumulative effect of initially applying the standard is recognized in equity at the date of initial application (January 1, 2019) and 2018 comparative information is not restated in the 2019 financial statements.

In accordance with the practical expedients available under the standard, the Group has chosen to:

- Not restate short-term leases;
- Not restate leases of low-value assets;
- Not separate services components of leases, including those relating to passenger vehicles;
- Not restate leases for which the lease term ends within 12 months of the date of initial application;
- Not take into account initial direct costs to measure right-of-use assets at the date of initial application;
- Use the experience effect to determine, at the date of initial application, the lease term where the lessee has the option to extend or terminate the lease.

The Group considers that right-of-use assets and lease liabilities relate to the same lease and should be treated together with regard to deferred taxes. Deferred taxes are consistently recognized for temporary differences in

accordance with the approach adopted under IAS 17 (recognition of deferred taxes for temporary differences relating to finance leases).

To apply the standard, the Group inventoried all its leases that fall within the scope of IFRS 16. Property leases represent the bulk of the Group's lease commitments and account for most of the restated leases.

Due to difficulties in determining the interest rates implicit in the Group's leases (limited information regarding the fair value of leased assets or their expected residual value at the end of the lease term), the Group primarily used the subsidiary's (lessee's) incremental borrowing rates, estimated using CNIM SA's incremental borrowing rate, adjusted to take into account the subsidiary's specific circumstances/risk profile as financing is centralized at parent company level. In the eurozone, where the impacts are most significant, discount rates are between 1.00% and 1.95%, depending on the lease term.

At January 1, 2019, application of IFRS 16 led to the recognition of an additional lease liability for operating leases of approximately €21.5 million (see Note 16) as well as right-of-use assets and accruals of €21.7 million and -€0.2 million, respectively.

When applying IFRS 16, the Group considered that the temporary occupation permit for part of the public port domain of La-Seyne-sur-mer (Var, France), in force since 1976, was valid at January 1, 2019, even though the administrative approval process for its renewal was still underway. This 35-year lease represented a lease liability of €6.1 million at January 1, 2019. The additional financial liabilities relating to other operating leases of approximately €15 million reflect the amount of operating lease commitments reported in Note 26 to the 2018 consolidated financial statements.

Application of IFRS 16 at January 1, 2019 had no impact on Group equity. The only impacts of IFRS 16 at January 1, 2019 were as follows:

**RESTATED CONSOLIDATED BALANCE SHEET**

(in € thousands)	At January 1, 2019		
	Reported	IFRS 16 Impacts	Restated
Intangible assets	22,874	-	22,874
Goodwill	70,795	-	70,795
Property, plant and equipment	69,591	(1,964)	67,627
Right-of-use assets	-	23,702	23,702
Equity-accounted investments	24,022	-	24,022
Other non-current financial assets	15,903	-	15,903
Deferred tax assets	17,835	-	17,835
<b>TOTAL NON-CURRENT ASSETS</b>	<b>221,020</b>	<b>21,738</b>	<b>242,758</b>
Inventories and work in progress	21,876	-	21,876
Advances and down payments made	7,977	-	7,977
Trade and other receivables	101,237	-	101,237
Accrued income from contracts in progress	137,024	-	137,024
Social security and tax receivables	78,988	-	78,988
Other current operating assets	12,875	-	12,875
Cash and cash equivalents	85,978	-	85,978
<b>CURRENT ASSETS</b>	<b>445,954</b>	<b>-</b>	<b>445,954</b>
<b>TOTAL CONSOLIDATED ASSETS</b>	<b>666,974</b>	<b>21,738</b>	<b>688,712</b>



(in € thousands)	At January 1, 2019		
	Reported	IFRS 16 Impacts	Restated
Share capital	6,056	-	6,056
Additional paid-in capital	7,237	-	7,237
Retained earnings	140,180	-	140,180
Net income for the period	32,825	-	32,825
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>	<b>186,298</b>	<b>-</b>	<b>186,298</b>
Non-controlling interests - Retained earnings	8,736	-	8,736
Non-controlling interests - Net income (loss)	(4,966)	-	(4,966)
<b>NON-CONTROLLING INTERESTS</b>	<b>3,770</b>	<b>-</b>	<b>3,770</b>
Borrowings and debt	63,083	(207)	62,876
Non-current lease liabilities	-	17,397	17,397
Provisions for retirement and other employee benefits	26,312	-	26,312
Other non-current provisions	16,972	-	16,972
Deferred tax liabilities	704	-	704
<b>NON-CURRENT LIABILITIES</b>	<b>107,071</b>	<b>17,190</b>	<b>124,262</b>
Current financial liabilities	13,758	(350)	13,407
Current lease liabilities	-	4,675	4,675
Current provisions	27,748	-	27,748
Advances and down payments received from customers	186,327	-	186,327
Deferred income from contracts in progress	59,384	-	59,384
Social security and tax payables	71,355	-	71,355
Other current operating liabilities	11,262	223	11,486
<b>CURRENT LIABILITIES</b>	<b>369,834</b>	<b>4,548</b>	<b>374,382</b>
<b>TOTAL CONSOLIDATED EQUITY AND LIABILITIES</b>	<b>666,974</b>	<b>21,738</b>	<b>688,712</b>

In accordance with the provisions of IFRS 16, the Group has modified the presentation of its cash flow statement. For financial year 2019, the Group expects an improvement in net cash from operating activities due to the cancellation of lease expenses, and a corresponding increase in net cash used in financing activities reflecting the repayment of lease liabilities. The Group also expects an increase in EBITDA due to the cancellation of lease expenses, with no material effect on operating income.

At June 30, 2019, the impacts of IFRS 16 were as follows:

(in € thousands)	June 30, 2019
	IFRS 16 Impacts
Cancellation of lease expenses	2,625
Amortization expense	(2,376)
<b>Net impact on operating income</b>	<b>249</b>
Net interest	(231)
<b>Net impact on pretax income</b>	<b>17</b>
<b>Net impact on EBITDA</b>	<b>2,625</b>

### Note 3. Consolidation scope

There were no material changes in the Group's consolidation scope in the first six months of 2019.

Changes in consolidation scope concerned the following companies:

Companies	Registered office	Consolidation method	% control	Type of change
<b>Environment &amp; Energy</b>				
Cométal France	France	Fully consolidated	100%	Acquired
CNIM CZ Sro	Czech Republic	-	-	Deconsolidated
<b>Innovation &amp; Systems</b>				
Airstar Aerospace	France	Fully consolidated	85%	Acquired
Verbalys	France	-	-	Merger
Exensor Security International AB	Sweden	-	-	Merger

#### Note 4. Significant events of the period

On May 16, 2019, the Group issued a press release announcing that the recurring income of the “Environment & Energy EPC” division (one of the Group’s six operating divisions) had been adversely affected by significant losses due to problems on certain contracts.

In the UK, the problems were mainly due to penalties for delays caused by civil engineering service providers failing to fulfil their contractual obligations. This had a significant impact on two major contracts.

In the Middle East, the Group also incurred significant additional costs on the civil engineering scope of work of the Sharjah contract. The Sharjah plant will be the first waste-to-energy facility in the United Arab Emirates and represents a key business reference for the Group.

Having clearly identified these difficulties, the Group has significantly reinforced supply chain management strategy, in particular with regard to civil engineering, for the entire Environment & Energy EPC business.

Due to these events, the Group generated a loss over the first half of 2019. However, the Innovation & Systems operating segment, which combines the Group’s activities for the defense, space, nuclear power and semiconductor market, expects a profit for the full year.

The Group – as a key player in thermal engineering services and environmental impact reduction – is continuing its expansion in the environment and energy sectors with the acquisition of Cométal France and has widened its offer in the defense and security sectors with the acquisition of Airstar Aerospace.

Consequently, as announced on May 16, 2019, the Group expects a consolidated recurring operating loss of around -€45 million at end-2019.

The five other Group Divisions (LAB, Services, O&M for the Environment & Energy operating segment, CNIM Industrial Systems and Bertin for the Innovation & Systems operating segment) continue to grow, as planned.

For financial year 2019, the Group expects a high level of order intake, for the second consecutive year, resulting in significantly higher backlog at year end.

#### Acquisition of Airstar Aerospace

On March 22, CNIM S.A. acquired 85% of Airstar Aerospace from the Airstar group. Thales Alenia Space remains a minority shareholder alongside CNIM and a key industrial partner, particularly for the Stratobus™ stratospheric airship program.

Airstar Aerospace is a leading designer and manufacturer of tethered aerostats, stratospheric balloons (aerostats capable of ascending to and traveling in the stratosphere), airships and thermal insulation for satellites. The company was incorporated in 2015, following the takeover by the Airstar group of Zodiac Marine's Space division.

Through this acquisition, CNIM aims to become the European leader in balloon- and airship-based platforms for defense, security, inspection and space applications.

### Acquisition of Cométal France

On May 29, CNIM S.A. acquired 100% of Cométal France.

This French industrial company, which was incorporated in 2000, generates revenues of approximately €2 million. Cométal specializes in the production and maintenance of combustion grates for biomass cogeneration plants and waste-to-energy plants. The company also sells spare parts.

With this acquisition, CNIM has expanded and strengthened its service offering, retrofit activity and spare parts supply in its preferred energy markets.

## Note 5. Segment information

### Operating segment information

IFRS segment information reviewed by the Group's chief operating decision maker is presented below:

(in € thousands)	Environment & Energy		Innovation & Systems		TOTAL	
	June 30, 2019	June 30, 2018*	June 30, 2019	June 30, 2018*	June 30, 2019	June 30, 2018*
Revenues	180,231	224,894	91,603	97,590	271,834	322,484
Operating income (expense)	(82,714)	808	555	14,721	(82,159)	15,529
Share of net income from equity-accounted investments	2,441	2,253	112	36	2,553	2,289
Operating income (expense) after share of net income of equity-accounted investments	(80,472)	3,061	866	14,757	(79,606)	17,818

\* Amounts not restated to account for the impacts of IFRS 16, as mentioned in Note 2

(in € thousands)	Environment & Energy		Innovation & Systems		Total	
	June 30, 2019	Dec. 31, 2018	June 30, 2019	Dec. 31, 2018	June 30, 2019	Dec. 31, 2018
Intangible assets*	3,634	2,702	19,211	20,172	22,844	22,874
Goodwill	31,505	31,171	40,724	39,624	72,229	70,795
Property, plant and equipment*	39,146	35,904	29,507	33,687	68,652	69,591
Other non-current financial assets	15,210	14,328	1,964	1,575	17,174	15,903

\* Not including IFRS 16 right-of-use assets

### Breakdown of revenues by geographic area

Geographical breakdown is based on the country in which contracts are performed.

(in € thousands)	June 30, 2019				June 30, 2018			
	France	United Kingdom	Rest of the world	Total	France	United Kingdom	Rest of the world	Total
Revenues	130,927	68,732	72,175	271,834	134,144	128,730	59,610	322,484

(in € thousands)	June 30, 2019				Dec. 31, 2018			
	France	United Kingdom	Rest of the world	Total	France	United Kingdom	Rest of the world	Total
Intangible assets*	19,188	175	3,482	22,844	18,416	179	4,279	22,874
Property, plant & equipment*	46,771	663	21,219	68,652	42,460	736	26,395	69,591
Other non-current financial assets	14,814	1,667	693	17,174	13,993	1,369	541	15,903

\* Not including IFRS 16 right-of-use assets

## Note 6. Revenues

### Breakdown of revenues

Revenues can be broken down between the Group's Business Divisions as follows:

(in € thousands)	June 30, 2019	June 30, 2018
EPC	78,106	130,978
LAB	33,466	26,244
Services	33,233	32,936
O&M	35,425	34,734
Other	0	2
<b>Environment &amp; Energy</b>	<b>180,231</b>	<b>224,894</b>
Industrial Systems Division	51,758	47,579
Bertin	39,845	50,010
<b>Innovation &amp; Systems</b>	<b>91,602</b>	<b>97,590</b>
<b>GROUP TOTAL</b>	<b>271,834</b>	<b>322,483</b>

The breakdown complies with segment information on revenues presented in Note 5, in accordance with IFRS 8.

The Group's two operating segments trade in very different businesses:

- Environment & Energy: a comprehensive thermal offer encompassing turnkey projects, operation and maintenance of waste-to-energy plants, and service agreements;
- Innovation & Systems: an offer focusing on mechanical, optical and electromechanical systems, including the design, development and production of software and products in small or medium production runs.

Four Business Divisions have been defined within the Environment & Energy operating segment:

- EPC – Turnkey Waste-to-Energy Processing Plants
- LAB
- Services
- O&M – Operation and Maintenance

Two Business Divisions have been defined within the Innovation & Systems operating segment:

- Industrial Systems
- Bertin and subsidiaries

The EPC Division designs and builds turnkey household and biomass waste-to-energy processing plants. CNIM utilizes proprietary technologies that meet the highest performance and environmental-protection standards, with a multi-sector approach.

The LAB Division offers flue gas treatment solutions for household waste-to-energy processing plants, flue-gas scrubbing systems for merchant ship engines, systems for the removal and recovery of heavy metals from incinerator ash residues, and related services.

The Industrial Services Division provides optimization, refurbishment, retrofitting and maintenance services for household and biomass waste-to-energy processing plants and combustion plants.

The O&M Division operates and maintains household and biomass waste-to-energy processing plants.

The Systems Division provides a unique range of services offering the development, production, installation and maintenance of innovative equipment and systems. It also provides manufacturing subcontracting for various cutting-edge industrial sectors.

The Bertin Division and its subsidiaries operate in three major fields: systems & instrumentation, information technology, and innovative solutions for energy, the environment, heavy industry and local authorities.

CNIM Group's contracts with customers generally feature a single performance obligation. Revenue is recognized on a percentage-of-completion basis since CNIM provides specific equipment that customers control over time or services, whose benefits are simultaneously received and consumed by customers. Percentage of completion is generally based on costs incurred.

As an exception to this, in the O&M Division, the amount of revenue is determined based on the right to payment for performance completed to date. If the contract includes a "Major Maintenance and Repair" obligation, the latter is recognized as a single performance obligation separate from the "O&M" performance obligation.

One of the Group's objectives is to develop the recurring portion of its business. This could take several forms:

- LAB: developing a line of flue gas treatment systems;
- Services: multi-faceted business, with a lower amount involved in individual contracts;
- O&M: plant operating contracts with a firm, multi-year commitment and few variations from year to year;
- Industrial Systems: developing partnerships for serial delivery of high added-value mechanical equipment;
- Bertin: product lines for Defense and Security and nuclear safety.

This recurring portion of Group business, primarily outside the scope of the EPC Division, accounted for approximately one-third of consolidated revenues in 2019.

## Backlog

At the closing date, the amount of Group revenue allocated to the remaining performance obligation was as follows:

(in € thousands)	Dec. 31, 2018	Order intake	Revenues	June 30, 2019
Environment & Energy	712,737	489,769	180,231	1,022,275
Innovation & Systems	268,778	55,074	91,602	232,249
<b>GROUP TOTAL</b>	<b>981,515</b>	<b>544,843</b>	<b>271,834</b>	<b>1,254,524</b>

## Note 7. Non-recurring income and expense

Transactions of a material amount that do not contribute to current operating performance are classified under "Other operating income" and "Other operating expenses".

They may include:

- gains or losses on disposals of business or groups of assets;
- acquisition and integration costs relating to business combinations;
- restructuring costs resulting from restructuring plans whose unusual and significant nature may hinder the clarity of recurring operating income;
- provisions and impairment of property, plant and equipment or intangible assets of material amounts;

- estimated or actually incurred costs relating to external factors independent of operating effectiveness such as political decisions.

(in € thousands)	June 30, 2019	June 30, 2018
Gains / (losses) on disposals of business or groups of assets	-	9,473
Reorganization, restructuring and adaptation costs	(442)	-
Impairment	(14,488)	-
Other	19	(13)
<b>TOTAL NON-RECURRING INCOME (EXPENSE)</b>	<b>(14,911)</b>	<b>9,460</b>

In the first half of 2019, the Group recognized the following items under “Non-recurring income (expense)”:

- the Group’s legal reorganization costs;
- asset impairment relating to:
  - o the cost of setting up and pre-executing a contract previously awarded to the Group, but subject to final approval by a local political body. Notice to proceed has again been postponed, raising uncertainty as to whether the contract will be implemented;
  - o “Geodur” assets, after factoring in a lower price index for non-ferrous metals in the medium-term forecasts, given 2019 changes in the index.

Over the first half of 2018, the Group recognized non-recurring income from the disposal of Bertin Ergonomie.

#### Note 8. Net financial income and expense

(in € thousands)	June 30, 2019	June 30, 2018
Interest income from cash equivalents	40	41
Other interest and similar income	494	435
Interest and financial expense	(1,205)	(425)
<b>Total cost of net debt</b>	<b>(671)</b>	<b>50</b>
Foreign exchange gains	3,490	4,679
Foreign exchange losses	(7,489)	(4,095)
<b>Net foreign exchange gains (losses) <sup>(1)</sup></b>	<b>(3,999)</b>	<b>585</b>
Other financial income and expense <sup>(2)</sup>	43	(186)
<b>FINANCIAL INCOME (EXPENSE)</b>	<b>(4,626)</b>	<b>449</b>

(1) Mainly includes the carrying cost (unrealized and realized forward points) of derivative instruments set up to hedge future commercial contract flows

(2) Equity investment income and impairment allowances/reversals of financial assets

#### Note 9. Income tax expense

(in € thousands)	June 30, 2019	June 30, 2018
Current tax expense	(1,868)	(3,272)
Deferred tax income (expense)	1,113	(645)
<b>INCOME TAX EXPENSE</b>	<b>(755)</b>	<b>(3,917)</b>

**Reconciliation of effective and theoretical income tax expense**

(in € thousands)	June 30, 2019	June 30, 2018
Operating income (expense)	(82,159)	15,529
Financial income (expense)	(4,626)	449
<b>Consolidated pretax income (expense)</b>	<b>(86,785)</b>	<b>15,978</b>
<b>Theoretical income tax expense at the tax rate in effect in France (32.02%)</b>	<b>27,789</b>	<b>(5,501)</b>
Effect of differences in local income tax rates	17	1,531
Impact of tax loss carryforwards <sup>(3)</sup>	(30,173)	(787)
Tax not levied on a specific tax base <sup>(1)</sup>	(361)	(779)
Tax credits <sup>(2)</sup>	1,975	2,262
Non-deductible taxes	(432)	(162)
Other permanent differences	430	(481)
<b>Effective income tax expense</b>	<b>(755)</b>	<b>(3,917)</b>
<b>Effective income tax rate</b>	<b>-0.87%</b>	<b>24.51%</b>

(1) Mainly French value-added business tax (CVAE)

(2) Impact of tax credits recognized in operating income and exempt from tax.

(3) Only €1.7 million in deferred tax on tax losses for the French consolidated tax group were capitalized over the reporting period (€6 million accumulated), due to annual caps on the use of tax losses, the limited time horizon over which tax income (expense) is projected (5 years), and the inclusion of provisions for contingencies used to estimate future flows.

**Note 10. Intangible assets**

(in € thousands)	Dec. 31, 2018	Acquisitions / Increases / Additions <sup>(1)</sup>	Disposals / Decreases / Reversals	Changes in consolidation scope	Translation and other adjustments	June 30, 2019
Capitalized development costs	52,644	1,796	(2,576)	23	(126)	51,761
Concessions, patents and licenses	10,788	52	-	0	8	10,850
Other intangible assets	26,594	212	-	158	809	27,773
Intangible assets in progress	8,862	1,659	-	-	(1,022)	9,499
<b>Gross value</b>	<b>98,889</b>	<b>3,719</b>	<b>(2,576)</b>	<b>181</b>	<b>(331)</b>	<b>99,883</b>
Capitalized development costs	(43,467)	(1,895)	2,576	(12)	118	(42,679)
Concessions, patents and licenses	(9,698)	(140)	-	-	(7)	(9,846)
Other intangible assets	(22,135)	(1,650)	-	(113)	100	(23,798)
Intangible assets in progress	(715)	-	-	-	-	(715)
<b>Accumulated amortization/impairment</b>	<b>(76,015)</b>	<b>(3,685)</b>	<b>2,576</b>	<b>(125)</b>	<b>212</b>	<b>(77,038)</b>
Capitalized development costs	9,177	(99)	-	10	(8)	9,081
Concessions, patents and licenses	1,090	(88)	-	0	2	1,004
Other intangible assets	4,459	(1,438)	-	45	909	3,974
Intangible assets in progress	8,148	1,659	-	-	(1,022)	8,785
<b>CARRYING AMOUNT</b>	<b>22,874</b>	<b>34</b>	<b>-</b>	<b>56</b>	<b>(119)</b>	<b>22,844</b>

(1) Including €0.8 million in impairment of Geodur assets (see Note 7)

(in € thousands)	Dec. 31, 2017	Acquisitions / Increases / Additions <sup>(1)</sup>	Disposals / Decreases / Reversals	Changes in consolidation scope	Translation and other adjustments	Dec. 31, 2018
Capitalized development costs	46,740	2,810	(123)	-	3,217	52,644
Concessions, patents and licenses	10,550	248	(1)	-	(9)	10,788
Other intangible assets	25,054	471	(117)	(79)	1,266	26,594
Intangible assets in progress	9,121	4,650	(35)	-	(4,872)	8,862
<b>Gross value</b>	<b>91,464</b>	<b>8,179</b>	<b>(277)</b>	<b>(79)</b>	<b>(399)</b>	<b>98,889</b>
Capitalized development costs	(32,899)	(10,404)	137	-	(300)	(43,467)
Concessions, patents and licenses	(9,404)	(301)	1	-	6	(9,698)
Other intangible assets	(18,948)	(3,462)	110	64	101	(22,135)
Intangible assets in progress	(408)	(715)	-	-	408	(715)
<b>Accumulated amortization/impairment</b>	<b>(61,659)</b>	<b>(14,882)</b>	<b>248</b>	<b>64</b>	<b>215</b>	<b>(76,015)</b>
Capitalized development costs	13,841	(7,594)	14	-	2,917	9,177
Concessions, patents and licenses	1,146	(53)	-	-	(3)	1,090
Other intangible assets	6,106	(2,991)	(7)	(15)	1,367	4,459
Intangible assets in progress	8,713	3,935	(35)	-	(4,465)	8,148
<b>CARRYING AMOUNT</b>	<b>29,806</b>	<b>(6,704)</b>	<b>(29)</b>	<b>(15)</b>	<b>(184)</b>	<b>22,874</b>

(1) In 2018, since there were no orders other than for the construction of the Llo solar power plant (in Pyrénées-Orientales), the intangible assets developed by SUNCNIM (concentrated solar power technology) were written down by €3.1 million. Additionally, impairment indicators on Geodur business led to the €2.0 million impairment of a demonstration facility.

## Note 11. Goodwill

### Period change

(in € thousands)	June 30, 2019	Dec. 31, 2018
<b>Opening carrying amount</b>	<b>70,795</b>	<b>73,845</b>
Foreign currency translation adjustments	(590)	(1,589)
Goodwill impairment	-	-
Change in consolidation scope <sup>(1)</sup>	2,025	(735)
Deconsolidation, assets sold <sup>(2)</sup>	-	(726)
<b>Period-end carrying amount</b>	<b>72,229</b>	<b>70,795</b>

(1) In 2019, acquisition of Airstar Aerospace for €1,693 thousand and of Cométal France for €334 thousand. In 2018, adjustment of goodwill for Winlight by -467 thousand, and Exensor by -€324 thousand

(2) In 2018, disposal of the Bertin Ergonomie and Bertin Consultancy businesses in multi-physical modeling and scientific IT.

### Acquisition of Airstar Aerospace

On March 22, 2019 the Group acquired 85% of the shares and voting rights of French company Airstar Aerospace, thus obtaining control of it (see Note 4).

Over the three-month period from the acquisition date to June 30, 2019, Airstar Aerospace contributed to Group performance as follows:

- Revenues: €1,143 thousand
- Operating expense: -€409 thousand
- EBITDA: -€386 thousand

Management believes that if the acquisition had taken place on January 1, 2019, revenues in the consolidated financial statements would have amounted to €1.7 million, operating expense for the period would have amounted to -€0.8 million, and EBITDA would have amounted to -€0.7 million. To determine these amounts, Management assumed that the provisional fair value adjustments made at the acquisition date would have been the same if the acquisition had taken place on January 1, 2019.

The consideration transferred for this transaction was a cash payment of €1,700 thousand.



At the acquisition date, the provisional fair value of assets acquired and liabilities assumed and provisional goodwill resulting from the acquisition were as follows:

(in € thousands)	
<b>Purchase price of shares</b>	<b>1,700</b>
<i>Of which amount paid</i>	<i>1,700</i>
<b>Assets</b>	
Fixed assets	3,351
Right-of-use assets	606
Other non-current financial assets	104
Deferred tax assets	838
Inventories and work in progress	541
Trade and other receivables	494
Social security and tax receivables	1,167
Other current operating assets	58
Cash and cash equivalents	153
<b>Liabilities</b>	
Borrowings and debt	1,762
Non-current lease liabilities	506
Provisions for retirement	219
Other non-current provisions	74
Deferred tax liabilities	415
Current lease liabilities	100
Trade accounts payable	1,627
Deferred income from contracts in progress	313
Social security and tax payables	782
Other current operating liabilities	1,500
<b>Total net assets acquired</b>	<b>12</b>
Attributable to:	
. Non-controlling interests	3
. Owners of the parent	9
<b>Provisional goodwill</b>	<b>1,691</b>

Fixed assets mainly include development costs for the Stratobus™ stratospheric airship demonstrator.

If new information on the facts and circumstances prevailing on the acquisition date were obtained within one year from the acquisition date, resulting in adjustments to the amounts above or to the recognition of additional provisions existing at the acquisition date, the acquisition accounting would be modified.

Goodwill mainly concerns Airstar Aerospace know-how and technical expertise on a range of products that complement those already offered by Innovation & Systems, as well as the synergies expected from Airstar Aerospace joining the Group. Goodwill recognized is not tax deductible.

#### Acquisition of Cométal France

On May 29, 2019 the Group acquired all the shares and voting rights of French company Cométal France, thus obtaining control of it (see Note 4).

Cométal has joined the E&E Services Division, within which synergies are expected.

Over the one-month period from the acquisition date to June 30, 2019, Cométal France did not contribute to Group performance.

The Group has one year from the acquisition date to obtain the information it needs to determine the fair value of assets acquired and liabilities assumed, at the acquisition date.

Provisional goodwill was based on the carrying amount of assets acquired and liabilities assumed:

(in € thousands)	
<b>Purchase price of shares</b>	764
<i>Of which amount paid</i>	764
<b>Assets</b>	
Fixed assets	213
Other non-current financial assets	30
Inventories and work in progress	508
Trade and other receivables	221
Other current operating assets	17
<b>Liabilities</b>	
Current financial liabilities	220
Trade accounts payable	206
Deferred income from contracts in progress	4
Social security and tax payables	128
Other current operating liabilities	2
<b>Total net assets acquired</b>	<b>430</b>
Attributable to:	
. Non-controlling interests	-
. Owners of the parent	430
<b>Provisional goodwill</b>	<b>334</b>

Goodwill recognized is not tax deductible.

## Note 12. Property, plant and equipment

(in € thousands)	Dec. 31, 2018	Acquisitions / Increases / Additions <sup>(1)</sup>	Disposals / Decreases / Reversals	Changes in consolidation scope <sup>(2)</sup>	Translation and other adjustments <sup>(3)</sup>	June 30, 2019
Land	8,700	-	-	-	(263)	8,437
Buildings	56,172	363	(2)	79	(2,613)	53,999
Technical facilities, equipment and tooling	82,827	824	(1,432)	546	771	83,536
Other PP&E	31,675	933	(33)	319	(268)	32,626
PP&E in progress and advances and down payments	4,940	4,034	-	3,004	(1,191)	10,786
<b>Gross value</b>	<b>184,314</b>	<b>6,153</b>	<b>(1,466)</b>	<b>3,948</b>	<b>(3,565)</b>	<b>189,384</b>
Land	(285)	(4)	-	-	-	(289)
Buildings	(32,380)	(1,035)	1	(28)	1,362	(32,079)
Technical facilities, equipment and tooling	(56,546)	(6,719)	1,432	(185)	(29)	(62,047)
Other PP&E	(25,135)	(1,077)	19	(181)	438	(25,937)
PP&E in progress and advances and down payments	(377)	-	-	-	(2)	(380)
<b>Accumulated depreciation/impairment</b>	<b>(114,723)</b>	<b>(8,835)</b>	<b>1,451</b>	<b>(394)</b>	<b>1,769</b>	<b>(120,731)</b>
Land	8,415	(4)	-	-	(263)	8,148
Buildings	23,792	(672)	(1)	51	(1,251)	21,920
Technical facilities, equipment and tooling	26,282	(5,895)	-	361	741	21,489
Other PP&E	6,541	(145)	(14)	138	170	6,689
PP&E in progress and advances and down payments	4,562	4,034	-	3,004	(1,194)	10,406
<b>CARRYING AMOUNT</b>	<b>69,591</b>	<b>(2,681)</b>	<b>(15)</b>	<b>3,554</b>	<b>(1,796)</b>	<b>68,652</b>

(1) Including impairment of Geodur PPE (see Note 7)

(2) In 2019, acquisition of Airstar Aerospace, mainly

(3) Including the reclassification of finance lease assets under IAS 17, for €3.8 million gross and €1.8 million in accumulated depreciation at January 1, 2019, mainly relating to buildings.

(in € thousands)	Dec. 31, 2017	Acquisitions / Increases / Additions <sup>1)</sup>	Disposals / Decreases / Reversals	Changes in consolidation scope <sup>2)</sup>	Translation and other adjustments	Dec. 31, 2018
Land	8,417	-	-	139	145	8,700
Buildings	54,931	2,892	(4,095)	1,791	652	56,172
Technical facilities, equipment and tooling	70,000	2,168	(5,170)	(17)	15,847	82,827
Other PP&E	31,823	2,450	(2,656)	(76)	136	31,675
PP&E in progress and advances and down payments	14,000	6,754	(2)	-	(15,813)	4,940
<b>Gross value</b>	<b>179,171</b>	<b>14,263</b>	<b>(11,923)</b>	<b>1,836</b>	<b>967</b>	<b>184,314</b>
Land	(278)	(7)	-	-	-	(285)
Buildings	(33,800)	(2,101)	4,095	(578)	5	(32,380)
Technical facilities, equipment and tooling	(53,627)	(7,859)	5,043	17	(119)	(56,546)
Other PP&E	(25,633)	(2,177)	2,566	68	41	(25,135)
PP&E in progress and advances and down payments	-	(366)	-	-	(12)	(377)
<b>Accumulated depreciation/impairment</b>	<b>(113,338)</b>	<b>(12,509)</b>	<b>11,704</b>	<b>(493)</b>	<b>(85)</b>	<b>(114,723)</b>
Land	8,139	(7)	-	139	145	8,415
Buildings	21,131	791	-	1,213	657	23,792
Technical facilities, equipment and tooling	16,373	(5,691)	(128)	(0)	15,727	26,282
Other PP&E	6,190	273	(90)	(9)	177	6,541
PP&E in progress and advances and down payments	14,000	6,388	(2)	-	(15,824)	4,562
<b>CARRYING AMOUNT</b>	<b>65,832</b>	<b>1,753</b>	<b>(219)</b>	<b>1,343</b>	<b>882</b>	<b>69,591</b>

(1) In 2018, since there were no orders other than for the construction of the Llo solar power plant (in Pyrénées-Orientales, France), the property, plant and equipment developed by SUNCNIM (concentrated solar power technology) were written down by €1.4 million. Additionally, impairment indicators on Geodur business led to the impairment of one of the three plants in operation.

(2) In 2018, mainly adjustment of Winlight goodwill

### Note 13. Investments in equity-accounted investments

#### Period change

(in € thousands)	June 30, 2019	June 30, 2018	Dec. 31, 2018
<b>Opening carrying amount</b>	<b>24,022</b>	<b>33,083</b>	<b>33,083</b>
Share of net income of equity-accounted investments <sup>(1)</sup>	2,553	2,289	25,372
Foreign currency translation adjustments	(63)	29	748
Dividends	(313)	(1,604)	(31,253)
Change in consolidation scope <sup>(2)</sup>	-	1,047	1,404
Share of other comprehensive income items that may be reclassified to net income <sup>(3)</sup>	(1,742)	(17)	(208)
Other <sup>(4)</sup>	1,026	(345)	(5,124)
Reclassification as "assets held for sale" <sup>(5)</sup>	-	(3,795)	-
<b>Period-end carrying amount</b>	<b>25,481</b>	<b>30,687</b>	<b>24,022</b>

(1) At December 31, 2018, including €22 million from the disposal of SELCHP and MES SELCHP equity interests by CNIM Development jointly held with an investment fund (Cube before the disposal, Icon after the disposal).

(2) During the first half of 2018, Picardie Biomasse Énergie entered the consolidation scope.

(3) In 2019, -€1,761 thousand decrease in the fair value of derivative instruments.

(4) At December 31, 2018, including -€4,536 thousand in impairment of receivables from equity-accounted investments.

(5) At June 30, 2018, share of equity of SELCHP and MES SELCHP, sold during the second half of 2018.

**Breakdown of investments in equity-accounted investments**

(in € thousands)	% interest			Share of equity		Share of net income (loss)	
	June 30, 2019	June 30, 2018	Dec. 31, 2018	June 30, 2019	Dec. 31, 2018	June 30, 2019	June 30, 2018
CNIM Development <sup>(1)</sup>	50.00	50.00	50.00	(1,755)	(2,201)	511	77
CCUAT	49.88	50.00	49.88	81	81	-	(4)
CSBC	50.00	50.00	50.00	3	3	-	-
Dudley Waste Services Ltd (DWS Ltd)	33.33	33.33	33.33	3,362	3,126	250	4
Hanford Waste Services Holding Ltd (HWS Ltd)	34.75	34.75	34.75	5,878	5,691	186	131
Technoplus Industries	34.79	34.79	34.79	4,936	4,824	112	36
Wolverhampton Waste Services Ltd (WWS Ltd)	33.33	33.33	33.33	3,153	2,840	327	144
Ello <sup>(2)</sup>	28.34	28.30	28.34	8,406	8,532	888	(35)
Picardie Biomasse Energie <sup>(3)</sup>	44.95	44.95	44.95	1,418	1,125	279	330
<b>TOTAL EQUITY-ACCOUNTED INVESTMENTS</b>				<b>25,481</b>	<b>24,022</b>	<b>2,553</b>	<b>2,289</b>

(1) Share of equity including the CNIM Development participating loan recognized by CNIM Netherlands and restatement of capital gains (losses) on intragroup disposals.

(2) Share of equity, including the loan relating to the investment, restatement of internal margin, and impairment of -€3,125 thousand recognized at December 31, 2018.

(3) Share of equity, including the loan relating to the investment, and impairment of -€1,411 thousand recognized at December 31, 2018.

**Full financial information**

(in € thousands)	Revenues		Net income (loss)		Total balance sheet		Debt	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018	June 30, 2019	Dec. 31, 2018	June 30, 2019	Dec. 31, 2018
CNIM Development	-	-	1,023	154	23,931	23,294	13,847	12,993
CCUAT	-	-	-	(9)	164	164	-	-
CSBC	-	-	-	-	36	36	22	22
Dudley Waste Services Ltd (DWS Ltd)	5,588	5,012	981	11	9,338	8,233	5,055	5,615
Hanford Waste Services Holding Ltd (HWS Ltd)	9,137	10,065	1,317	376	19,507	21,735	8,595	11,694
Technoplus Industries	322	103	322	103	26,681	26,359	3	3
Wolverhampton Waste Services Ltd (WWS Ltd)	6,393	5,836	1,234	433	9,232	7,965	5,994	6,480
Ello	254	-	1,730	(69)	62,135	64,235	59,991	60,501
Picardie Biomasse Energie	14,532	-	620	733	20,082	20,770	9,038	9,430

**Note 14. Other non-current financial assets**

(in € thousands)	June 30, 2019			Dec. 31, 2018		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Non-consolidated equity investments	12,545	(6,468)	6,078	11,666	(6,468)	5,199
Receivables related to non-consolidated equity investments	8,485	(74)	8,411	8,273	(74)	8,199
Loans	1,171	-	1,171	1,176	-	1,176
Other financial assets <sup>(1)</sup>	1,514	-	1,514	1,371	(42)	1,329
<b>OTHER NON-CURRENT FINANCIAL ASSETS</b>	<b>23,716</b>	<b>(6,542)</b>	<b>17,174</b>	<b>22,487</b>	<b>(6,584)</b>	<b>15,903</b>

(1) Mainly deposits and guarantees.

## Non-consolidated equity investments and related receivables

(in € thousands)	June 30, 2019						Dec. 31, 2018					
	Securities				Related receivables <sup>(1)</sup>	Total	Securities				Related receivables <sup>(1)</sup>	Total
	Gross value	Impairment	Carrying amount	% direct or indirect	Carrying amount		Gross value	Impairment	Carrying amount	% direct or indirect	Carrying amount	
S.M.A	63	-	63	3.00%	-	63	63	-	63	3.00%	-	63
Vocapia Research	804	-	804	20.00%	-	804	804	-	804	20.00%	-	804
Foster Wheeler Fakop	1,051	-	1,051	8.41%	-	1,051	1,051	-	1,051	8.41%	-	1,051
Kogeban	1,867	(64)	1,803	10.87%	3,598	5,400	1,867	(64)	1,803	10.87%	3,510	5,313
Cogénération Biomasse d'Estrées-Mons <sup>(2)</sup>	613	(613)	-	7.00%	4,814	4,814	613	(613)	-	7.00%	4,689	4,689
Other	8,149	(5,791)	2,358		0	2,358	7,270	(5,791)	1,479		0	1,479
<b>NON-CONSOLIDATED EQUITY INVESTMENTS</b>	<b>12,545</b>	<b>(6,468)</b>	<b>6,078</b>		<b>8,411</b>	<b>14,489</b>	<b>11,666</b>	<b>(6,468)</b>	<b>5,199</b>		<b>8,199</b>	<b>13,398</b>

(1) Shareholders' current accounts without repayment schedules

(2) Impairment of receivables relating to equity investments in Cogénération Biomasse d'Estrées-Mons, amounting to -€74 thousand

## Note 15. Equity

### Share capital

At June 30, 2019, share capital amounted to €6,056,220 divided into 3,028,110 fully paid shares with a par value of €2.

There were no changes over the year.

### Average number of shares outstanding

	June 30, 2019	June 30, 2018
Total number of shares	3,028,110	3,028,110
Weighted average number of treasury shares	200,609	176,628
Weighted average number of ordinary shares	2,827,501	2,851,482
Weighted average number of ordinary shares used to calculate diluted earnings per share	2,827,501	2,851,482

### Dividends payable

	June 30, 2019	June 30, 2018
Number of shares	3,028,110	3,028,110
Number of treasury shares at closing date	201,162	199,721
Dividend payable per share (in €)	-	5.25
<b>Dividend payable (excluding treasury shares)</b>	<b>-</b>	<b>14,849</b>

As decided at the Shareholders' Meeting of June 26, 2019, all income for the period ended December 31, 2018 was allocated to "Retained earnings", so no dividends were paid for the 2018 financial year.

## Note 16. Loans and borrowings

### Breakdown of current and non-current financial liabilities

(in € thousands)	June 30, 2019			Dec. 31, 2018		
	Non-current	Current	Total	Non-current	Current	Total
Borrowings	121,427	7,720	129,147	57,221	7,759	64,980
Lease liabilities	15,598	4,662	20,260	-	-	-
Refundable advances	6,246	389	6,635	5,654	312	5,966
Sales of receivables	57	12,994	13,051	-	3,439	3,439
Other liabilities	1	609	610	208	705	912
<b>GROSS FINANCIAL LIABILITIES</b>	<b>143,329</b>	<b>26,375</b>	<b>169,704</b>	<b>63,083</b>	<b>12,214</b>	<b>75,297</b>
Bank overdrafts	-	3,763	3,763	-	1,543	1,543
<b>NET FINANCIAL LIABILITIES</b>	<b>143,329</b>	<b>30,138</b>	<b>173,467</b>	<b>63,083</b>	<b>13,758</b>	<b>76,840</b>

Borrowings and debt due in less than one year are recorded under current financial liabilities.

### Change in financial liabilities

(in € thousands)	June 30, 2019
<b>Opening balance</b>	<b>75,297</b>
Issue of loans and borrowings <sup>(1)</sup>	70,395
Repayment of loans and borrowings <sup>(1)</sup>	(9,565)
Other financing transactions <sup>(1)</sup>	9,556
Other changes <sup>(2)</sup>	24,021
<b>Closing balance</b>	<b>169,704</b>

(1) Amounts analyzed in the cash flow statement

(2) Including €2,480 thousand from changes in consolidation scope (Airstar, Cométal – see Note 4) and €21,550 thousand in impacts at January 1, 2019 resulting from the application of IFRS 16 as mentioned in Note 2

### Breakdown of loans and borrowings

(in € thousands)	June 30, 2019	Dec. 31, 2018
Loan to invest in <b>Exensor</b> Group	24,000	30,000
Loan to fund work at <b>SCI Bassano</b>	1,697	2,256
Loan to invest in the <b>Estrées Mons</b> project company	-	200
Drawdown of the renewable credit line	100,000	30,000
Financing loan for <b>R&amp;D projects</b>	2,431	2,513
Other loans and borrowings	1,019	11
<b>TOTAL</b>	<b>129,147</b>	<b>64,980</b>
Non-current	121,427	57,221
Current	7,720	7,759

The Group is bound by a covenant for three financial liabilities:

- a syndicated, multi-currency credit facility, renewed in December 2017 for an initial period of five years (with the possibility of a one-year extension) at a floating rate (Euribor or Libor). €100 million had been drawn down at June 30, 2019;
- a floating-rate loan (Euribor, but rendered fixed rate via an interest rate swap), repayable over six years, taken out in December 2017 to refinance the acquisition of Exensor. The balance outstanding at June 30, 2019 was €24 million;

- a loan at the fixed rate of 1.2%, repayable over five years, taken out in 2015 to finance renovation work at the Group's headquarters. The balance outstanding at June 30, 2019 was €1.7 million.

The covenant, based on the consolidated financial statements on a rolling 12-month basis, requires a net debt to EBITDA ratio of less than or equal to 2.5.

Following the profit warning issued on May 16, the majority of lending banks granted the Group the right to not apply the covenant at June 30, 2019. Borrowings falling due in more than one year were therefore maintained in non-current financial liabilities.

As indicated in the press release of June 27, 2019, discussions with the lending banks on application of the covenant at December 31, 2019 have been postponed and should take place at the latest by the date of issue of the annual consolidated financial statements, at end-March 2020.

### Note 17. Retirement and other employee benefits

(in € thousands)	Provision at Dec. 31, 2018	Additions	Reversals (utilizations)	Actuarial differences	Other*	June 30, 2019
Provisions for long-service awards	485	-	-	-	-	485
Provisions for retirement benefits	25,827	1,352	(192)	2,264	231	29,483
<b>TOTAL</b>	<b>26,312</b>	<b>1,352</b>	<b>(192)</b>	<b>2,264</b>	<b>231</b>	<b>29,968</b>

\* Acquisition of Airstar Aerospace, mainly

The discount rates used to measure commitments are as follows:

	June 30, 2019		Dec. 31, 2018	
	France	United Kingdom	France	United Kingdom
Discount rate	0.90%	2.20%	1.60%	2.75%

### Note 18. Other provisions for contingencies and liabilities

(in € thousands)	Dec. 31, 2018	Increases	Reversals (utilizations)	Reversals (surplus)	Foreign currency translation adjustments	Other changes	June 30, 2019
Provisions for litigation	5,689	221	(310)	(50)	2	-	5,552
Provisions for losses at completion <sup>(1)</sup>	4,316	24,131	(832)	(599)	(142)	0	26,874
Other contingency provisions	6,908	118	(2,286)	(406)	2	50	4,386
Provisions for other expenses	60	-	-	-	-	24	84
<b>Non-current provisions</b>	<b>16,972</b>	<b>24,469</b>	<b>(3,428)</b>	<b>(1,055)</b>	<b>(137)</b>	<b>74</b>	<b>36,895</b>
Provisions for guarantees	10,882	2,286	(3,562)	(857)	32	-	8,780
Accrued expenses on completed contracts	16,866	7,638	(6,394)	(418)	6	(0)	17,698
<b>Current provisions</b>	<b>27,748</b>	<b>9,924</b>	<b>(9,956)</b>	<b>(1,275)</b>	<b>38</b>	<b>(0)</b>	<b>26,478</b>
<b>TOTAL</b>	<b>44,721</b>	<b>34,394</b>	<b>(13,384)</b>	<b>(2,331)</b>	<b>(100)</b>	<b>74</b>	<b>63,373</b>

(1) The increase in provisions for losses at completion is mainly due to the expected losses that have been announced for two contracts (see Note 4)

### Note 19. Off-balance sheet commitments

(in € thousands)	June 30, 2019	Dec. 31, 2018
<b>Commitments given</b>		
Contract bank guarantees	389,704	429,591
<b>Commitments received</b>		
Bonds received from suppliers	162,375	168,003

### Note 20. Risk exposure

The Group implemented its financial, counterparty and liquidity risk management policies, as described in the notes to the consolidated financial statements for the year ended December 31, 2018.

### Note 21. Contingent liabilities

In application of IAS 37 criteria, the Group considers that the legal proceeding described below did not have to be provisioned at June 30, 2019 since the outcome is uncertain.

In May 2019, CNIM and CNIM Industrie were named as parties in the lawsuit of a director of a foreign subsidiary who is demanding backpay over a very long period of time. The Group is contesting the conformity of the summons and the merit of the claim. The suit is awaiting hearing by the French commercial court (*Tribunal de Commerce*).

### Note 22. Subsequent events

None.



# STATUTORY AUDITORS' REPORT ON THE INTERIM FINANCIAL STATEMENTS

**PricewaterhouseCoopers Audit**

63 rue de Villiers  
92208 Neuilly-sur-Seine Cedex

**Deloitte et Associés**

6, Place de la Pyramide  
92908 Paris-La Défense Cedex

**Statutory Auditors' Report  
on the Interim Financial Statements****(Period from January 1 to June 30, 2019)**

To the Shareholders,

**Constructions Industrielles de la Méditerranée (CNIM)**

35 rue de Bassano  
75008 Paris

In compliance with the engagement entrusted to us by your Annual General Meeting, and in application of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we have:

- performed a review of the accompanying condensed consolidated interim financial statements of Constructions Industrielles de la Méditerranée (CNIM) for the period from January 1 to June 30, 2019, and
- verified the information provided in the interim report.

The condensed consolidated interim financial statements are the responsibility of the Management Board. Our role is to draw conclusions on these interim financial statements based on our review.

**I - Opinion**

We conducted our review in accordance with professional standards applicable in France. A review consists primarily of interviewing the executive persons responsible for financial and accounting matters and applying analytical procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in France. Consequently, it does not enable us to obtain the same level of assurance that the financial statements taken as a whole are free from material misstatements.

Based on our review, we have not found any material misstatements that could cause us not to believe that the accompanying condensed consolidated interim financial statements have been prepared in accordance with IAS 34 “Interim Financial Reporting” adopted by the European Union.

Without qualifying our opinion, we draw your attention to:

- The “Going concern” paragraph of Note 1.1 to the condensed consolidated interim financial statements, which presents the reasons for which the going concern principle was maintained at the reporting date of June 30, 2019;
- Note 2 “Changes in accounting policies” to the condensed consolidated interim financial statements, which presents the impact of the first-time adoption of IFRS 16 “Leases” at January 1, 2019.

## II - Specific verifications

We have also verified the information provided in the activity report for the six-month period ended June 30, 2019 regarding the condensed consolidated interim financial statements that we reviewed. We have no matters to report as to their fair presentation and their consistency with the condensed consolidated interim financial statements.

Paris-La Défense and Neuilly-sur-Seine, August 30, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Deloitte et Associés

Sébastien Lasou

Philippe Battisti

## **CERTIFICATION BY THE PERSON ASSUMING RESPONSIBILITY FOR THE INTERIM FINANCIAL REPORT**

I hereby attest that, to the best of my knowledge, the condensed consolidated interim financial statements for the six-month period ended June 30, 2019 have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets and liabilities and financial position of the Company and all entities in the consolidation scope as at June 30, 2019, and the results of their operations for the period then ended. I also hereby attest that the accompanying activity report for the six-month period ended June 30, 2019 presents a true and fair view of the major events that occurred during the first half of the financial year, their impact on the interim financial statements, the main related party transactions, and a description of the main risks and uncertainties for the remaining six months of the financial year.

Paris, August 30, 2019

Nicolas Dmitrieff  
Chairman, Management Board