SUMMARY

OF THE 138TH CORPORATE FINANCIAL YEAR

2018 DELIVERS GOOD PERFORMANCES IN THE THREE DIVISIONS

MESSAGE FROM THE CHAIRMAN AND THE CEO

2018 was a good year for the CFE group, and was characterized by a high level of activity. This is evidenced by the consolidated revenue, which increased by 18.7% to € 3,641 million, and by the well-filled order book which at year-end amply topped € 5.3 billion. This high volume of business was also reflected in a very satisfactory profitability. The net profit of € 171.5 million is barely 5% lower than the previous year, when windfall profits were reported in the Real Estate Development division.

These strong consolidated results are the outcome of the excellent performance of our three divisions.

At **DEME,** revenue increased by 12.3% to a record level of € 2,646 million, 46% of which was generated by renewable energy projects. Construction work on large offshore wind farms in Denmark, Germany and the United Kingdom ensured a virtually full utilization of the vessels of GeoSea and Tideway. Revenue from traditional dredging also grew with the continuation of work in Singapore, the start of deepening work in the port of Szczecin (Poland), and maintenance dredging in Belgium, Germany, Africa and India. Dimco also reported a substantial growth of business with three major projects in the Netherlands (the Rijnlandroute link, the Terneuzen lock, and the Blankenburg connection), illustrating the dynamic of the civil engineering branch that was transferred by CFE at the end of 2015.

DEME recorded a slight increase in its EBITDA to € 458.9 million (or 17.3% of revenue), while the net profit remained stable at € 155.6 million.

Many new contracts were won. Besides deepening the fairway to Szczecin, DEME will deepen and maintain the Canal Martin Garcia between Argentina and Uruguay. In offshore

wind, there are substantial new orders for the offshore wind farms Borssele (NL), Moray East (UK) and SeaMade (B). Dimco, for its part, landed the contract for the construction and 20-year maintenance of the Blankenburgverbinding (NL). These and other contracts boosted DEME's order book by 13.9% to € 4,010 million at year-end 2018.

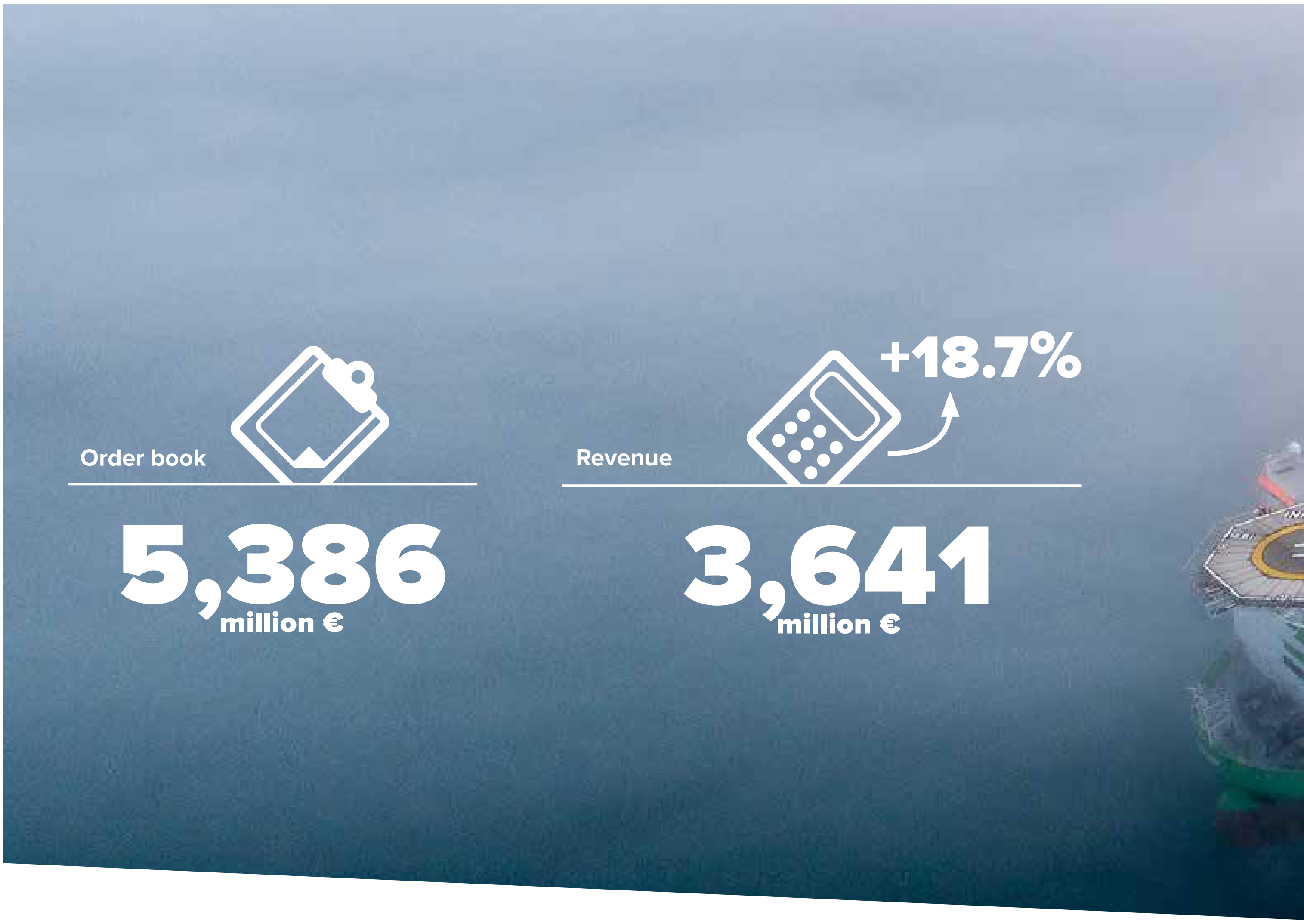
To execute this order book, DEME reinforced its fleet further in 2018. The multi-purpose cable-laying vessel 'Living Stone' and the jack-up vessel 'Apollo' were brought into service, while construction work continued on the ground-breaking cutter suction dredger 'Spartacus' and the offshore installation vessel 'Orion', which will be delivered this year. Finally, two modern trailing suction hopper dredgers and two self-propelled barges were commissioned for delivery in 2020.

DEME expects to realize revenue in 2019 comparable to that of the past year, and an EBITDA margin within the historical range.

CFE Contracting reported a 30% revenue growth to € 935 million. If we discount the activities of Coghe and Van Laere, which were only acquired at year-end 2017, that growth is still 10%. Growth was driven by the three segments. On a like-for-like basis, construction activity increased by 11% in Belgium, Luxembourg and Poland. The integration of Van Laere is running smoothly. In Multitechnics, where the integration of the electrical and HVAC installations within VMA is paying off, business increased by 10%. Rail & Utilities, which now operate under the name 'Mobix', reported 14% growth.

The solid commercial positioning of our construction and installation companies is also reflected in the order book, which increased year-on-year by more than 7% to € 1,320 million. This does not yet include two major contracts that were awarded to CFE in 2018, but of which the start was still subject to certain conditions precedent, namely the Public-Private Partnership contract for the modernization and 20-year maintenance of the public lighting along the motorways in Wallonia (Mobix), and the NEO 2 project for the construction of a congress centre and hotel on the Heysel plateau in Brussels (BPC).

Although the net profit of CFE Contracting remained virtually stable at € 15.2 million, the EBIT fell slightly to € 22.7 million (2.4% of revenue). The activities in Tunisia, which are being wound down, made a negative contribution. Additionally, there is still potential for improvement at Van Laere, which is already breaking even after earlier losses prior to the acquisition by CFE Contracting. In light of the above,



CFE Contracting should be able to improve its operating income in 2019.

BPI Real Estate, too, reported buoyant activity in its three geographical markets. In Belgium, 259 apartments were sold in seven projects that are under construction. Planning applications have been filed for new projects in Brussels, Ottignies and Liège, and two new building plots were acquired in Auderghem. In Luxembourg, the ‘Domaine de l’Europe’ project - which is fully sold - is nearly completed, and work has begun on the ‘Livingstone’ project, where the apartments of the first two phases are already sold. In Poland, two residential projects with a total floor area of 40,000 m^2 were delivered, and four projects are under construction and on sale in Warsaw, Wroclaw and Poznan.

BPI recorded a net profit of € 9.3 million compared with € 22.3 million in 2017, when an extraordinary capital gain of € 18.4 million was recognized. The operating result amounted to € 13.2 million (9.5% return on capital employed).

The companies of the group have once again reported a solid growth during the past year. For us, however, revenue and growth are not an end in itself. For several years now we have shown in all divisions of the group that the revenue growth is also profitable. To be really sustainable, our activities not only need to make economic sense; we also have to pay more heed to the social and ecological aspects. For many years now, the health and safety of our employees has been paramount throughout the group. Although renewable energy and the remediation of contaminated soils are part of DEME’s core business, attention is also consistently paid to limiting the environmental impact of its projects and vessels. Within CFE Contracting, too, we want to coordinate and step up our efforts to promote the 17 Sustainable Development Goals defined by the United Nations. To this end, the new position of Sustainability Officer was created.

We want to thank all staff members of the group for the dedication and enthusiasm with which they bring in and carry out the many projects on a daily basis, often in challenging conditions. This year, we also want to turn the spotlight on two colleagues.

Renaud Bentégeat has retired after having led CFE as CEO for 15 years. During that time, he has helped to shape the group as we know it today.

Through the acquisition of Bâtiments & Ponts, he reinforced the construction and development activities, and he also initiated the diversification into installation techniques and rail infrastructure.

At DEME, Alain Bernard handed over the reins to Luc Vandenbulcke on 1 January 2019. Alain joined the company in 1980 and has made his mark as CEO on DEME's amazing development over the past 12 years. With his entrepreneurship and sense of innovation, he has expanded DEME from a pure dredging firm to a highly international and diversified marine engineering group.

We wish to thank Renaud and Alain for all they have achieved and are pleased that we can continue to call upon their experience and enthusiasm.

LUC BERTRAND

CHAIRMAN OF THE BOARD OF DIRECTORS

PIET DEJONGHE

MANAGING DIRECTOR

CFE IS A DIVERSIFIED INDUSTRIAL GROUP, LISTED ON EURONEXT BRUSSELS AND ACTIVE IN THREE MAJOR DIVISIONS: **DREDGING** AND **MARINE ENGINEERING, CONSTRUCTION** AND **TECHNICAL INSTALLATIONS,** AND **REAL ESTATE DEVELOPMENT**.

CFE SA CARRIES OUT ITS ACTIVITIES THROUGH THREE WHOLLY-OWNED SUBSIDIARIES THAT ARE THE LEAD COMPANIES OF THE THREE OPERATIONAL DIVISIONS OF THE GROUP:

DEME

Dredging, Environmental & Marine Engineering

DEME (Dredging, Environmental and Marine Engineering) is one of the biggest marine engineering companies in the world. Besides the traditional dredging activity, there has been an organic diversification into civil engineering, development and construction of offshore wind projects, offshore works for the oil and gas industry, decontamination of polluted soils and sludge, and harvesting of marine resources. DEME has a workforce of more than 5,000 people and operates a modern and versatile fleet of more than 100 vessels that are deployed on every ocean and every continent.

CFE Contracting is active in construction, technical installations (electricity and HVAC) and rail infrastructure (tracks, catenaries and signalling). The CFE Contracting entities employ more than 3,500 people, primarily in Belgium, Luxembourg and Poland.

BPI Real Estate develops real estate projects in Belgium, Luxembourg and Poland. Focus is on large-scale and innovative inner-city redevelopments mainly in regions or cities with population growth, economic development and in which infrastructure works are planned, thus offering an alternative in terms of mobility.

CFE IS PROUD OF ITS ROOTS THAT GIVE IT SOLID FOUNDATIONS.

Each of those entities is led by its own management team with operational and financial responsibility for profit and loss and balance sheet.

Collaboration between the different companies is stimulated where it makes sense and added value is created, either between the three main divisions as is often the case between the construction companies and real estate development, or between companies within the same division. This collaboration may take the form of integrated execution where different technical skills are combined, or the exchange of best practices, the joint

SOME KEY DATES

1880
Establishment of the Compagnie Générale de Chemins de Fer Secondaires (CFE)

1921
CFE goes public

1930
Creation of the Société Générale de Dragage

1974
CFE and Ackermans & van Haaren create Dredging International by combining their respective dredging activities

1981
Merger of CFE and Entreprises Ed. François & Fils

purchasing of goods and services, or the pooling of expertise. CFE also deploys its expertise in financing, insurance, corporate finance, taxation, legal, IT and HR for the benefit of the various companies, and oversees the risk management and financial reporting within the group.

CFE's strategy is aimed at the long-term sustainable growth of all its activities. In this respect, revenue is not an end in itself. Growth must be profitable, and CFE pursues a level of profitability for each of its activities that is consistent with the best companies in their line of business. Given the project-based nature of all the activities, where staff often have to work in difficult conditions and unforeseen circumstances must be taken into account, focus is on operational excellence. This involves a rigorous approach throughout the entire project cycle, from selection and winning of the project to preparation, execution, monitoring and delivery. In order to minimize errors and make the processes more efficient, technology and digital tools are deployed on site and in the office.

To be really sustainable, our activities not only need to make economic sense; we also have to pay heed to the social and ecological aspects. For many years now, the health and safety of our employees has been paramount throughout the group; nevertheless, we want to go the extra mile by systematically stepping up our efforts to promote the 17 Sustainable Development Goals defined by the United Nations.

1991
Creation of DEME from the merger of Dredging International and Baggerwerken Decloedt

2004
Acquisition of BPC and BPI

2007
Acquisition of VMA

2013
Ackermans & van Haaren contributes its stake in DEME to CFE and becomes its controlling shareholder

2017
Acquisition of Group Van Laere

01

The Rentel substation set off from the STX shipyards of Saint-Nazaire in France to be installed at sea. The 1,200-tonne substation will export the power generated by the 42 wind turbines of the Rentel wind farm with a capacity of 309 MW, currently under construction off the Belgian coast. The Rentel project contributes to Belgium's leading role in offshore wind energy, the achievement of the Belgian 2020 goals, the EU climate standards, and the transition to a sustainable energy supply, thereby reducing the use of fossil fuels and nuclear energy.

Installation of the Belgian topside of the electrical substation, which marks an important step in the construction of the Merkur Offsore wind farm. The topside structure comprises four decks, is 20 metres high, weighs 2,500 tonnes, and has an output capacity of 396 MW.

2018 HIGHLIGHTS

02

Van Laere started the construction of the residential project 'Zen Factory' on the historic site in Lot-Beersel for the property developer BPI Real Estate Belgium. This project comprises 87 apartments with underground car park, divided into five blocks.

CFE Polska began construction work on a new raw materials warehouse for its customer Coca Cola in Radzymin.

03

BPI Real Estate concluded an agreement with Xior for the redevelopment of a student accommodation building in Brussels, comprising 91 units and known as Woodskot.

GSR successfully conducted its fourth multidisciplinary offshore campaign in the Clarion-Clipperton Fracture Zone. This expedition marks an important milestone in the partnership with Cook Islands Investment Corporation, which in 2016 signed a contract with the ISA for the harvesting of polymetallic nodules.

05

BPC Hainaut won the DBFM contract 'Shape 2020' for the construction of 600 new housing units (300 apartments and 300 houses) for NATO's military personnel near Mons.

06

CFE Polska finished the first phase of the prestigious Bulwary Ksiazece project in Wroclaw for the property developer BPI Real Estate Poland. The first phase comprises 175 apartments, the second phase 190 apartments, and is located in the historic city centre along the river Oder.

04

VMA Vanderhoydoncks won the contract for the electrical installations for the extension (phase 2) of Nike's European Logistics Campus in Ham (Limburg).

Inauguration of the 'Ecole et Lycée Français Vauban' in Gasparich in the presence of Grand-Duchess Maria Teresa of Luxembourg and Prime Minister Xavier Bettel. This project was carried out by CLE.

Foundation stone ceremony for the new police station in Ninove, in the presence of executive director Catherine De Bolle. This new building will be constructed by Van Laere.

07

The ‘Living Stone’, an innovative multipurpose cable laying vessel that installs cables at double the speed, was brought into service. With its cable laying capacity of more than 10,000 tonnes, its advanced installation system, dual fuel engines and dynamic positioning (DP3) capabilities, the ‘Living Stone’ sets a new landmark in the industry and will be deployed on the Hornsea Project One offshore wind farm in the United Kingdom.

MBG won, in joint venture, the Design & Build project for the new Stock Exchange in Bruges. This new building will accommodate the new stock exchange and a congress centre.

08

GeoSea took delivery of the self-propelled jack-up vessel ‘Apollo’. The vessel set out for Flushing in the Netherlands for its first assignments. One of the first assignments is a decommissioning project in the North Sea.

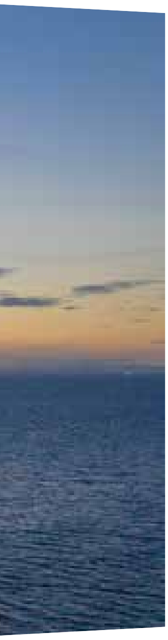
One of the special features of the ‘Apollo’ are its 106.8 metre long lattice legs that allow it to operate at depths of up to 70 metres. The vessel is equipped with an 800-tonne LEC crane (Leg Encircling Crane). The deck has a surface area of 2,000 m^2 and a load carrying capacity of 15 tonnes/m^2. This versatile vessel will serve the offshore wind industry, but will be mainly deployed by DEME Group’s EverSea subsidiary to provide services to the oil and gas industry, focusing in particular on the installation and decommissioning of platform facilities.

GeoSea’s installation vessel ‘Innovation’ successfully completed the installation of 20 suction bucket jackets at Borkum Riffgrund 2 in Germany. This wind farm, owned by Ørsted and Global Infrastructure Partners, will comprise 56 Vestas turbines of 8 MW each and will have a total capacity of 450 MW.

09

The consortium of CFE and its partner Cofinimmo and Ateliers Jean Nouvel were selected by NEO SCRL/CVBA for the construction of an international congress centre and high-class hotel on the Heysel plateau in North Brussels.

GSR, DEME’s subsidiary specializing in deep sea harvesting, unveiled the nodule collector ‘Patania II’. This pre-protoype is the successor of the tracked soil testing device ‘Patania I’, which was successfully tested during a 2017 expedition in the Central Pacific Ocean.

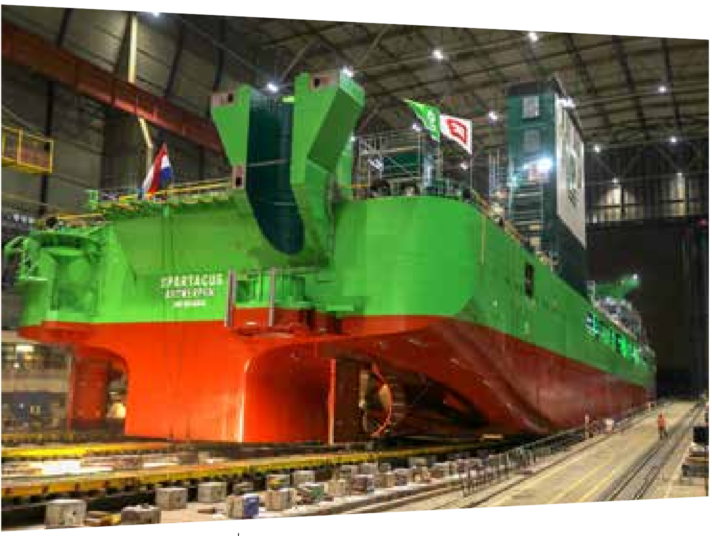


10

CFE announced that DEME's Board of Directors approved the succession of Alain Bernard by Luc Vandenbulcke as CEO as from 1 January 2019.Luc Vandenbulcke has been with the DEME group for 21 years. He is the founder and CEO of GeoSea which, since its creation in 2005, has been one of the fastest-growing entities of the DEME group.

The theme park 'Holiday Park Kownaty' (Poland) opened to the public. CFE Polska took care of the infrastructure works, concrete structures and facilities, while specialists set up the attractions and carried out the finishing works.

The consortium that includes DEME reached financial close on the € 1 billion Blankenburgverbinding Public-Private Partnership project in the Netherlands. The Blankenburg Connection is a design, build, finance and maintain (DBFM) project which will improve road links between Rotterdam and its port – and is the largest PPP project awarded in the Netherlands to date.



11

Launch of the 'Spartacus', the world's most powerful and ecological cutter suction dredger with an installed power of 44,180 kW. DEME's mega cutter suction dredger was successfully launched at the Royal IHC shipyard in Krimpen aan den Ijssel in the Netherlands. Soon after its launch, the vessel already received the 'Dredger of the Year' award from 'Dredging and Port Construction Awards'.

In China, DEME launched its next-generation giant offshore installation vessel 'Orion'. The 'Orion' will feature an unrivalled combination of exceptionally high transport and load capacity, impressive lifting heights and green technology. The vessel will be deployed for the construction of the largest offshore wind farms, to service the oil and gas industry and for the decommissioning of offshore installations.

12

A world first and a major construction milestone was reached at Ørsted's Hornsea Project One offshore wind farm in the UK when Tideway completed the export cable installation. With an offshore export cable totalling 467 km, it is the world's longest AC offshore wind cable. Additionally, the cable manufacturing and installation were completed several months ahead of schedule.

The SeaMade offshore wind farm selected DEME for its foundations, turbines, offshore substations and inter-array and export cables. SeaMade is a combination of two offshore wind projects in Belgium, previously known as Mermaid (235 MW) and Seastar (252 MW). The project will comprise 58 wind turbines and will be located about 45 km off the Ostend coast. The construction of the project has already been initiated with offshore works due to start in June 2019. Both wind farms are planned to be operational before the end of 2020.

Launch of the new 'Mobix' cluster, encompassing the activities of ENGEMA, Louis Stevens & Co, Remacom, Coghe and ENGETEC, which together generate more than € 70 million revenue and employ nearly 600 people across Belgium. This new group positions itself as a multidisciplinary contractor for rail-track laying and the installation of signalling and catenaries.

LUC BERTRAND

CHAIRMAN OF THE BOARD
OF DIRECTORS
MEMBER OF THE APPOINTMENTS
AND REMUNERATION COMMITTEE

PIET DEJONGHE

MANAGING DIRECTOR

RENAUD BENTÉGEAT

EXECUTIVE DIRECTOR

BOARD OF DIRECTORS

PHILIPPE DELUSINNE

INDEPENDENT DIRECTOR
MEMBER OF THE APPOINTMENTS
AND REMUNERATION COMMITTEE
MEMBER OF THE AUDIT COMMITTEE

LEEN GEIRNAERDT

PAS DE MOTS SPRL,
REPRESENTED BY LEEN
GEIRNAERDT
INDEPENDENT DIRECTOR
MEMBER OF THE AUDIT
COMMITTEE

KOEN JANSSEN

DIRECTOR

CHRISTIAN LABEYRIE

DIRECTOR
MEMBER OF THE AUDIT
COMMITTEE

ALAIN BERNARD

EXECUTIVE DIRECTOR

JOHN-ERIC BERTRAND

DIRECTOR
CHAIRMAN OF THE AUDIT COMMITTEE

MURIEL DE LATHOUWER

MUCH SPRL, REPRESENTED BY MURIEL DE LATHOUWER
INDEPENDENT DIRECTOR

CISKA SERVAIS

CISKA SERVAIS SPRL, REPRESENTED BY CISKA SERVAIS
INDEPENDENT DIRECTOR
CHAIR OF THE APPOINTMENTS AND REMUNERATION COMMITTEE
MEMBER OF THE AUDIT COMMITTEE

JAN SUYKENS

DIRECTOR

MARTINE VAN DEN POEL

EURO-INVEST MANAGEMENT SA REPRESENTED BY MARTINE VAN DEN POEL
INDEPENDENT DIRECTOR
MEMBER OF THE APPOINTMENTS AND REMUNERATION COMMITTEE

OPERATIONAL CHART

MARCH 2019 – MAIN ENTITIES

DEME
Dredging, Environmental
& Marine Engineering

DREDGING, ENVIRONMENTAL & MARINE ENGINEERING

DREDGING

- Baggerwerken Decloedt & Zn – Baggerwerken en Waterbouw
- Dredging International – Marine & Waterway Solutions
- Dredging International | ASIA PACIFIC – Marine & Waterway Solutions
- Dragabras – Dragagem, Engenharia Marítima e Ambiental
- International Seaport Dredging
- Mordraga – Marine & Waterway Solutions
- Nordsee – Wasserbau & Wasserstrassenbau
- MEDCO – MIDDLE EAST DREDGING COMPANY Q.S.C – شركة الشرق الاوسط للجرف ش.م.ق
- SDI – Solutions Maritimes & Fluviales
- SIDRA – Dredging, Marine & Environmental Solutions
- NewWaves Solutions – Marine & Environmental Services

ENVIRONMENTAL

- DEC – Environmental Solutions
- de Vries & van de Wiel – Dredging & Environmental Solutions
- Ecoterres – Solutions Environnementales
- Purazur – Water Treatment Solutions

OFFSHORE

- DEME OFFSHORE

INFRA

- DIMCO – Infra Marine Contractors
- DBM – Building Materials
- CTOW – Terminal & Marine Services

CFE

CFE

CFE CONTRACTING

CONSTRUCTION

- MBG
- AMART
- BPC
- BPC Hainaut
- BPC Liège
- BPC Namur
- VAN LAERE
- THIRAN
- ARTHUR VANDENDORPE

INTERNATIONAL

- CFE CTE Tunisie
- CFE Polska
- CLE

BOND LAMINATED STRUCTURES/ TIMBER CONSTRUCTION

- laminated timber solutions
- spanbo

CONSTRUCTION SITE ASSISTANCE

- BENELMAT

MULTITECHNICS

ELECTRO + HVAC

- VMA
- VMA Antwerpen
- VMA West
- VMA Vanderhoydoncks
- VMA Nizet
- VMA Midlands
- VMA Polen
- VMA Slowakije
- VMA Food & Pharma
- VMA Druart
- VMA be.Maintenance
- PROCOOL

RAIL & UTILITIES

- MOBIX ENGEMA
- MOBIX ENGETEC
- MOBIX COGHE
- MOBIX REMACOM
- MOBIX STEVENS & CO

BPI
URBAN SHAPERS

REAL ESTATE DEVELOPMENT

REAL ESTATE DEVELOPMENT

- BPI URBAN SHAPERS Belgium
- BPI URBAN SHAPERS Polska
- BPI URBAN SHAPERS Luxembourg

REPORT ON NON-FINANCIAL INDICATORS OF THE CFE GROUP

1
ENVIRONMENT

1.1.
POLICY

CONTRACTING AND REAL ESTATE DEVELOPMENT

The entities of the two divisions exhibit their willingness to build a sustainable future both in their day-to-day operations and in the implementation of their real estate and building projects.

DAY-TO-DAY OPERATIONS

Measures have been taken by the management of the various entities to contribute on an everyday basis to the protection of the environment, both on site and in the office. Those measures are aimed at:

- **reducing energy consumption**. The numerous measures that have been taken or continued in 2018 in that area include making staff aware of the need to consume less energy and to systematically cut excessive energy consumption, the use of LED lighting, installation of presence detectors in the offices, optimizing the energy efficiency of buildings (insulation, heating and ventilation systems, etc.), and the actual or planned installation of solar panels. The desire to reduce energy consumption also extends to the on-site installations, such as the installation of more energy-efficient containers and the use of frequency modulation engines. Furthermore, energy is increasingly sourced from green energy suppliers.
- **water conservation**. Many entities recover rainwater for use on site or in the workshop.
- **reducing, sorting and processing waste** in the office, in the workshop and on site. Sorting covers a wide range of materials (often more than 20 different containers are set up), for which contracts are often concluded with specialized recyclers. The different entities also make efforts to convince and inform staff of the importance of recycling.
- **greener mobility**. Various strategies are implemented to reduce car travel. These include allowing employees to work regularly from

RECYCLING AND SOCIAL ECONOMY

At BPC, one of the projects participated as a 'pilot' project in waste sorting and the creation of a circular economy in partnership with the Scientific and Technical Centre for the Building Industry. Similarly, a partnership has been concluded with a social economy player for the free return of wood waste for recovery and reuse in a 'social' carpentry workshop. In the area of ICT, end-of-life computers are refurbished and donated to social projects.

CONTRACTING ACTIVITIES SUSTAINABLE BY NATURE

These activities are concerned with the optimization of energy management in buildings that are under construction, being renovated or already delivered, for example by the installation of heating or air-conditioning systems using heat recovery (Procool) or the maintenance of buildings allowing the fine-tuning of settings to limit energy consumption (be. Maintenance).

Likewise, the activities of Laminated Timber Solutions (LTS) should be mentioned; this entity specializes in timber construction, a natural resource with the special feature that it absorbs and stores CO_2.

We should also recall the positive role of railway maintenance and optimization with a view to a less polluting mobility (MOBIX).

The largest passive building in Belgium is the Herman Teirlinck building in Brussels, co-developed by Van Laere and by VMA for the electrical installations.

More than ever, sustainability goes hand in hand with quality, since this building won a Real Estate Award at the last Realty Fair as the "Best Project for Institutional Investors".

home or from a satellite office closer to home, assigning workers to a project according to where they live, carpooling and videoconferencing.

Carbon emission levels are also taken into account in the choice of company cars and leasing, with the commitment to replace the vehicle fleet with less polluting models; a practical example is the feasibility study on the introduction of Compressed Natural Gaz-powered cars (which is still a problem in 2018 due to the lack of CNG fuel stations). Some entities also organize eco-driving classes for high annual car mileage workers.

At the same time, soft mobility is also increasingly encouraged in the form of public transport season tickets, electric bikes, and 'cash for car' schemes offered to CFE employees.

ENVIRONMENTAL CRITERIA OF OUR PROJECTS - PASSIVE OR LOW-ENERGY BUILDINGS

CFE's property development and construction entities have already repeatedly distinguished themselves in recent years by the sustainable nature of their projects and buildings, even going a step further than the environmental and energy regulations in force.

Depending on the type of activity, the entities attach particular importance to the use of sustainable raw materials, such as FSC and PEFC certified wood.

Nevertheless, it should be pointed out that the construction firms are often limited in their freedom of action by the fact that the project owners and architects generally define the performance specifications of the projects.

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA

The environment is an important issue and forms part and parcel of DEME's basic values, which are grouped together under the heading 'STRIVE', which stands for Safety, Technical leadership, Respect & integrity, Innovation, Value creation and the Environment. These values are outlined in policies and charters that are tailored to the activities and segments in which DEME operates. The environmental actions and initiatives can be seen in DEME's operations as well as from the very nature of the projects and services that DEME provides to its customers.

For its operations, DEME has brought dual fuel dredgers into service to reduce its CO_2 emissions. All the new vessels of the fleet are also fitted with other environmentally friendly applications, such as solar panels and heat recovery systems. As part of an extensive QHSE risk management programme, DEME identifies all the environmental aspects of its own operations in order to limit its impact on the environment.

As a company engaged in dredging, marine engineering and environmental remediation, DEME is also involved in numerous projects that contribute to sustainable development. In this respect, DEME plays an important part in the offshore energy market and helps its customers and national governments to achieve their renewable energy goals. DEME not only specializes in the construction of offshore wind farms; it also provides the financial means to fund renewable energy projects. For example, DEME has a concession in the Belgian wind farms Rentel and SeaMade. DEME also uses new techniques to further reduce the building cost of wind farms. In 2018, DEME launched the innovative cable laying vessel 'Living Stone', which uses a revolutionary cable laying system to install the subsea cables for the offshore wind farms more quickly and efficiently. In this way, the costs can be substantially reduced.

In view of the growing shortage of available space, the redevelopment of brownfield sites is becoming more and more important. DEME gives a new lease of life to heavily polluted sites, such as that of a former steelworks in Italy or Blue Gate in Antwerp.

In association with the International Seabed Authority, DEME is also examining the possibility of harvesting mineral resources from the seabed. After a first successful expedition in 2017, DEME is entering a new phase of research this year with a second expedition, during which the soil testing device 'Patania II' will explore the seabed at a depth of more than 4,000 metres.

1.2. OUTCOMES AND KEY PERFORMANCE INDICATORS (KPI)

To measure our environmental performance, we calculate our carbon footprint for the group. In absolute terms, our carbon emissions have increased in 2018 compared with 2017.

However, this increase is entirely due to the growth of our respective activities. In relative terms with respect to turnover and the number of employees, we can note globally a stable level of our carbon emissions.

CONTRACTING AND REAL ESTATE DEVELOPMENT

The first outcome of the policies being pursued is that everyone is being engaged to take action to protect the environment: sustainable development has indeed become everybody's business!

A concrete example are our ISO 14001 certified environmental management systems. In 2018, 62% of our organization (in terms of revenue) was certified. The efforts made in the areas of safety (including the management of environmental risks) and waste recycling have also been rewarded with certifications and labels - VCA, 9001, LSK (in Luxembourg).

Scope	Unit	CFE Contracting		DEME		**Total**	
		2017	2018	2017	2018	**2017**	**2018**
CO_2 emissions (scope 1)	Tonnes CO_2	13,290	19,298	109,178	126,356	**122,468**	**145,654**
CO_2 emissions (scope 2)	Tonnes CO_2	2,583	4,565	4,740	5,376	**7,323**	**9,841**
CO_2 emissions (scope 1 & 2)	**Tonnes CO_2**	**15,873**	**23,863**	**113,918**	**131,732**	**129,791**	**155,595**

The share of renewable energy in total electricity consumption continues to grow: supply contracts increasingly contain the provision of a specific quota of green electricity, with some entities sourcing up to 100% renewable energy.

New measures are and will be taken in 2019 and 2020 to achieve ever more ambitious sustainable goals in the area of sorting and processing of building site waste and in the area of mobility with the promotion of soft mobility and stricter carbon emission standards for the vehicle fleet. New sustainable building projects (BREEAM certified or in the process of BREEAM certification) will also continue or will be started up during the coming months.

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA

To assess the environmental performance of its operations, DEME uses indicators that are primarily connected with energy and climate.

Those indicators form part of the integrated management system QHSE-S which DEME uses to measure the environmental aspects and the improvement of its environmental performance.

At group level we continuously analyze the energy consumption of our vessels and equipment. New technologies and new green replacement fuels (such as LNG-powered dual-fuel vessels) are being developed and are the focus of DEME's investment programmes.

In 2018, we obtained for the first time the ISO 14001 certification for the whole DEME group. This certificate guarantees a uniform environmental performance level for the group worldwide.

We also won a level 5 certification on the CO_2 performance ladder for DEME's activities in Belgium and the Netherlands. The mandatory biannual reports published by DEME on its CO_2 emissions in Belgium and the Netherlands can be downloaded from DEME's website: https://www.deme-group.com/nl/performance-ladder/inzicht

1.3 MAIN RISKS AND THEIR MANAGEMENT

CONTRACTING AND REAL ESTATE DEVELOPMENT

RISKS RELATED TO POTENTIAL DAMAGE CAUSED BY BUILDING SITES

On-site fuel or oil leaks, dust generation and noise pollution are identified as potential environmental risks and constitute a threat to both the environment and CFE's reputation. They are liable to sour relations with local residents living near the building sites and may lead to the closing down of the project or even extra costs (e.g. fines).

Therefore special control and analysis plans are developed by the main construction entities to address those potential risks. They implement preventive measures such as the use of gutters to avoid fuel leaks, information meetings for local residents when a building site is started up, the handling of complaints, and the use of less noisy machinery.

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA

RISKS RELATED TO HYDRAULIC AND LUBRICATION SYSTEMS

Leaking hydraulic and lubrication systems can constitute a risk to the environment due to the discharge of toxic fluids. To reduce this risk, DEME systematically uses biodegradable oils and lubricants on all its floating equipment.

RISKS RELATED TO SUBCONTRACTORS

It is important to involve DEME's subcontractors and suppliers in the management of environmental risks, since their activities can have an impact on DEME's reputation. In this respect, DEME has started an analysis of the greenhouse gas (GHG) footprint of its supply chain for a wind farm project.

2 HUMAN RESOURCES

2.1 POLICY

When it comes to human resources, the following issues have been defined as crucial to our different activities:

- diversity and equal opportunities
- health and safety
- training
- social relations
- community engagement

CONTRACTING AND REAL ESTATE DEVELOPMENT

DIVERSITY AND EQUAL OPPORTUNITIES

Diversity and equal opportunities are firmly embedded in the human resources policy of the Contracting and Real Estate Development divisions. The entities promote values such as respect for others, spirit of cooperation and openness, motivation, reliability, integrity, customer focus (quality, flexibility), professionalism, and safety.

Our clearly stated ambition is that men and women with the same skills have the same opportunities, irrespective of nationality or background. The construction industry is traditionally a male-dominated world, and there is still a shortage of women with technical qualifications on the job market. Nevertheless, over the years a growing number of women (albeit still in the minority) are holding management positions in the entities, as well as engineering jobs, or are working as project or site managers.

When workers are hired in white-collar or blue-collar jobs, only the competencies required in the position in question and the potential of the candidates are taken into consideration, without discrimination on grounds of gender, nationality or skin colour.

The non-discrimination policy of the entities is not confined to the recruitment process. It also comes to the fore in the opportunities for promotion, training, internal mobility, pay and employee benefits.

HEALTH AND SAFETY

Attention to safety is part of the group's DNA; after all, people come to work to earn their living, not to lose it! This attention is reflected in numerous measures:

- **Awareness** - toolbox meetings in the office, on-site posters with safety instructions, the Safety Day - a whole day devoted to safety at all the entities.
- **Training** - organization of training sessions, workshops and toolbox meetings on the specific safety aspects of the various operations, first-aid courses and fire drills.
- **Risk identification** - prior analysis of on-site risks, interactive workshops to encourage feedback on site issues and dangerous situations, reporting of accidents or dangerous situations by means of a safety app, regular on-site safety inspections by project and site managers, unannounced visits by management and health & safety advisers, and remedying of unsafe situations.
- **Safe equipment** - acquisition of new, more adequate and effective personal protective materials and equipment (sturdier cut-resistant gloves, hard hats with safety visor, safer and easier-fitting harnesses for working at heights, etc), and regular checks of that equipment.
- **Incentives** - such as a quarterly zero-accident bonus to reinforce and reward compliance with safety procedures.

Numerous measures also testify to the importance that is attached to health and the benefits of a healthy lifestyle, such as by a healthy diet, physical exercise and giving up smoking. For example, staff members are encouraged to take part in sporting challenges and in the FitBees programme, an external initiative organized by professionals and devoted to the health of employees, adopting a fun approach. Certain

SAFETY DAY 2018: UNFORGETTABLE MOMENTS!

This Safety Day focused on all links in the chain, since safety is the concern of everyone!

This fascinating day highlighted a wide diversity of safety aspects. For example, at the head office of CFE, emphasis was on road safety, with a rolling car simulator which revolves around its axis.

An unforgettable experience for those who ventured to take a seat at the wheel, and now realize how much protection a seatbelt gives them!

It was also a highly instructive day for the 'builders': Amart and BPC spelled out the five S's: "Scheiden, Schikken, Schoonmaken, Standaardiseren, Standhouden" (Separate, Arrange, Clean, Standardize, Maintain), a highly practical system on site and in the office. MBG brought together all of these collaborators to participate in interactive workshops on a variety of topics. CLE showed some impressive videos inspired by the accidents in 2017 to stress the importance of using suitable personal protective equipment; CFE Polska showed a film featuring safety goggles; the Van Laere group took the opportunity to launch its "Vision Zero" campaign to achieve a "zero incident" score, while Laminated Timber Solutions demonstrated the operation of a bridge crane. The Safety Day was also an eventful occasion for the management of Druart, VMA and MOBIX Remacom, which guided its visitors on an unusual night-time walk on the rail tracks of Schaerbeek station!

leading entities also offer medical checkups or flu vaccines.

This willingness to care for the well-being of workers is also reflected in the improvement of working conditions such as ergonomic adjustments in the office and on site, and various training programmes and initiatives to strengthen the team spirit, reduce stress and prevent burnout.

TRAINING PROGRAMMES

In addition to coaching of newcomers, safety and technical training programmes specific to the various lines of business, the two divisions offer their staff a wide range of training courses: leadership and coaching, communication, finance, project and subcontractor management, negotiating with suppliers, legal aspects, administration, IT security and accounting. The various entities also offer language training or proficiency courses, as well as initiatives and training sessions relating to the environment, hygiene, health (diet, sport) and burnout prevention (recognizing the signs, setting up tools), among other topics.

Those training programmes are organized internally or in partnership with external organizations. In some cases, we provide funding for new studies (accounting, management, etc).

THE WINNERS OF THE BEST PRACTICE AWARDS IN LONDON: A JOURNEY FOSTERING INTERACTION BETWEEN SUBSIDIARIES

The Best Practice Awards are based on the principle that good ideas are there to be shared. This was borne out by the trip to London where the winners of the first edition of this Award came together. Those three days were not only marked by inspirational visits and discoveries, but also led to new contacts between participants who in this way got to know each other's activities better. They met each other again afterwards, which led to several very concrete initiatives for knowledge sharing between the winning entities.

A SHORT AND INGENIOUS TRAINING COURSE

A recruiter may identify talents in candidates who do not necessarily have the specific qualifications that are sought, and hire them despite this lack of qualifications. This was the case at Louis Stevens & Co, which was faced with a shortage of optical fibre welders. The problem is that newcomers are often discouraged by the complexity of the task. The company came up with the solution of a two-week training course to prevent candidates from losing heart and giving up as was the case before. The initiative was a success...

and the experience of the 'old hands'

The MOBIX cluster will focus more than ever on training and will open a centre for that purpose. The novelty of its concept lies in the fact that recently retired colleagues will come there to share their wealth of experience in assembly work (high-voltage power lines) and rail activities.

At MBG, a recently retired project manager is leading the MBG Academy, which has set itself the task of teaching the 'trade' to junior project managers and engineers by presenting practical and real cases.

The construction business is constantly innovating, a trend that has accelerated and increased further in recent years. Innovation not only covers techniques, machinery, tools and materials, but also overall project and site management processes, such as Lean Management and BIM (Building Information Modelling), for optimal efficiency. All those aspects are taken into account in the various training programmes, starting with those in the field of digital technologies.

SOCIAL RELATIONS

The paramount importance that is attached to the human factor is reflected in particular in good relations with the representatives of the social partners. Those relations are constructive and open, marked by a spirit of dialogue and transparency.

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA

DIVERSITY AND EQUAL OPPORTUNITIES

As an international group, we firmly believe in a policy of equal opportunity, which we strive to promote throughout DEME. This policy, based on respect and integrity (one of our key values - STRIVE), should give every one of our employees the opportunity to build a career in the group, provided that they have the necessary qualifications, training and experience.

HEALTH AND SAFETY

DEME constantly strives to improve its performance in matters of health, safety and environment.

HIPO (High Potential) analyses are conducted on a quarterly basis throughout the DEME group. They highlight worrying incidents or developments that need to be addressed as soon as possible. For

THE IMPORTANCE OF THE HUMAN FACTOR ALSO MEANS SUPPORT FOR SOLIDARITY PROJECTS

The entities of BPC organized a 'Solidarity Day', with employees offering half a day of their annual vacation, and half a day offered by their company. The aim is to give practical help to the non-profit organization L'Escalpade, which raises funds for a nursery, primary and secondary school and a day centre for young adults with severe disabilities.

On 1 June 2018, a team of 12 highly motivated employees spent an intense day gardening and laying out the area around the primary school, despite heavy and uninterrupted rainfall! This day of joint effort was a pleasant experience for everyone in the organization and the team alike, and helped to strengthen relations among the colleagues who took part.

Building the future of our children

The non-profit organization TADA (ToekomstAtelierDelAvenir) caters to young people from disadvantaged areas in Brussels and makes them aware of their potential in practical workshops given by volunteer professionals (nurses, butchers, lawyers, etc.). Some sixty children spent a whole day on BPC's civil engineering site 'Erasmus' in Anderlecht. In several workshops (safety, techniques, measuring, etc.) they had the opportunity to discover a building site in full progress as well as various building trades. A highly positive experience!

example, by analysing QHSE incidents that occurred during marine, hoisting, earth-moving and other operations, potential problems are identified immediately, so that the management and QHSE-S team can use this information to work out a targeted action plan.

Furthermore, a Safety Task Force was set up composed of representatives of the marine engineering operations, QHSE-S and hoisting specialists. This Task Force systematically visits every vessel of the fleet to define the new safety procedures and to train the crews.

DEME also attaches great importance to the safety awareness of its employees. For this purpose, the company developed CHILD (Colleagues Help Injuries to Leave DEME), DEME's safety programme, which includes safety awareness sessions. DEME also introduced a Safety Charter, which asks all employees to look out for each other. All employees were asked to sign the Charter.

TRAINING PROGRAMMES

DEME works on skills development through internal training (based on internally developed training matrices). This training actively promotes career paths in the different entities and departments of the group, and in national and international projects. The acquisition and transfer of (scientific) expertise and obtaining training certificates or maritime navigation licences also serve to develop skills within the group.

In 2018, DEME focused on the implementation, monitoring and assessment of targets relating to the services, the development of technical and/or management skills, and the need for general and specific training.

A skills-based performance assessment was rolled out on a large scale, and development through 'Time To' was put in place for all the staff. The range of training programmes for beginners (Basics4Starters) was also extended, and an in-depth analysis was made of the recruitment and on-boarding policy with a view to the formulation of a new approach (on-boarding process). A planned course of action and staff coaching sessions are also set up and are designed to work on the soft skills (such as basic communication, human resources management for

With its DEME4Life foundation, DEME actively contributes to the achievement of the United Nations SDGs

junior and senior employees and for future managers), with emphasis on management and leadership skills. Finally, a number of management proficiency initiatives have also been worked out further, such as EPC, DEME 2020, etc.

SOCIAL RELATIONS

Employee support in social and personnel issues is provided by an approach based on HR partnerships and is actively managed by a team of Human Resources partners and experts, who in close collaboration with the management and social partners must guarantee fairness, coherence and consistency in the deployment and application of policies and procedures in their parts of the organization.

DEME also guarantees social dialogue and consultation. More specifically, DEME firmly believes that social dialogue and open communication between employees and management are essential to the proper performance and success of all our activities.

For this social dialogue to be effective, it is organized and conducted in accordance with the local laws and regulations of the countries in which we operate. In this respect, we support an open and constructive dialogue to create the best and safest possible working conditions and to implement a fair policy in terms of working conditions.

COMMUNITY ENGAGEMENT

Giving back to the community has always been an important part of DEME's corporate culture.

With its DEME4Life foundation, DEME actively contributes to the achievement of the United Nations SDGs by fostering solid partnerships with charities and non-governmental organizations concerned with improving the living conditions of people in the communities where DEME operates.

Many of those initiatives are run by the employees themselves, who often spend several years living in the community, supporting and working together with local charities.

2.2 OUTCOMES AND KEY PERFORMANCE INDICATORS (KPI)

DIVERSITY AND EQUAL OPPORTUNITIES

The diversity and equal opportunity policies pursued by the entities foster a good understanding between employees from different backgrounds. The induction of newcomers, with an introduction to the colleagues and a mentoring programme lasting up to several months, involves all staff members to ensure a successful integration of every person.

HEALTH AND SAFETY

Efforts to increase awareness of the importance of effective safety management and observance of the ensuing guidelines and procedures are paying off: the number of serious accidents has fallen to an all-time low severity rate of 0.49 for CFE.

Well-being at work was also a focus of attention in 2018. Examples of this include the campaign "Energy – Be Well, Build Well" that was launched in September 2018 by the entities of BPC with a view to the implementation, at the beginning of 2019, of a policy on well-being and burnout prevention through a survey and practical workshops. At MBG and VMA, special attention went to the matter of work resumption after sick leave due to burnout.

Furthermore, a large-scale survey on employee well-being was conducted at numerous entities of CFE Contracting and Real Estate Development. The results of those surveys led to the formulation of an action plan in several areas (physical, mental, social, etc.) to further improve the well-being of all.

NUMBER OF EMPLOYEES BY DIVISION

	CFE	DEME	Total
2016	3,276	4,476	**7,752**
2017	3,982	4,707	**8,689**
2018	**3,524**	**5,074**	**8,598**

NUMBER OF STAFF BY CATEGORY

2018	Blue-collar workers (male)	White-collar workers (male)	Total
CFE	1,984	1,540	**3,524**
DEME	2,279	2,795	**5,074**
Total	**4,263**	**4,335**	**8,598**

NUMBER OF EMPLOYEES BY TYPE OF CONTRACT FOR THE WHOLE CFE GROUP (INCL. DEME)

	Open-ended contract	Fixed-term contract	Work & studies	Total
2016	6,257	1,491	4	**7,752**
2017	7,733	949	7	**8,689**
2018	**7,939**	**648**	**11**	**8,598**

GENDER BALANCE MALE/FEMALE EMPLOYEES FOR THE WHOLE CFE GROUP (INCL. DEME)

	White-collar workers (male)	White-collar workers (female)	Blue-collar workers (male)	Blue-collar workers (female)
2016	2,893	895	3,910	54
2017	3,040	1,016	4,569	64
2018	**3,272**	**1,064**	**4,201**	**61**

AGE PYRAMID OF EMPLOYEES FOR THE WHOLE CFE GROUP (INCL. DEME)

per 5 years	2016	2017	2018
< 25	513	382	**377**
26-30	1,106	1,160	**1,207**
31-35	1,245	1,374	**1,320**
36-40	1,125	1,267	**1,267**
41-45	1,004	1,189	**1,182**
46-50	1,005	1,105	**1,049**
51-55	877	1,072	**1,040**
56-60	603	754	**770**
> 60	274	386	**386**

SENIORITY OF EMPLOYEES FOR THE WHOLE CFE GROUP (INCL. DEME)

per 5 years	2016	2017	2018
< 1	830	1,344	**1,144**
1-5	2,978	2,866	**2,652**
6-10	1,725	1,847	**1,767**
11-15	762	960	**1,104**
16-20	570	682	**701**
21-25	426	379	**352**
> 25	461	611	**878**

ABSENTEEISM

	2016	2017	**2018**
Number of days of absence due to illness	69,031	70.954	**111.410**
Number of days of absence due to work-related accidents	4,454	4.109	**4.488**
Number of days of absence due to commuting accidents	6	36	**492**
Number of days of absence due to occupational disease	0	0	**0**
Number of days worked	1,745,799	1,824,046	**1,892,886**
Absenteeism rate	4.21%	4.12%	**4.01%**

END OF CAREER IN STYLE, DESPITE BURNOUT

VMA currently has no absence to report due to burnout. In 2018, however, a staff member who had been absent for that reason was able to return to work after several candid interviews and by taking up other duties. In this way, VMA helped this employee back into active life, which was all the more beneficial to him as he had only a few months to go before retirement. A fine example of the importance that CFE attaches to the human factor!

TRAINING PROGRAMMES

Knowledge sharing between the entities made it possible to prioritize the use of the group's own competences for the purposes of the projects and sites being executed. Digitalization plays an important part in the communication of information between colleagues. The digital platform set up for that purpose in 2017 was further improved in 2018 to improve the exchange of information between the different departments and entities. It is a valuable tool within CFE Contracting for the exchange of experiences and good practices, which have acquired considerable importance in the two divisions.

In 2018, we reported an 8.5% increase in training time per employee for the whole CFE group (incl. DEME).

TRAININGS

Number of hours by type of training	Total 2017	**Total 2018**
Techniques	44,029	**56,785**
Health and safety	55,325	**41,912**
Environment	1,581	**1,062**
Management	12,235	**16,192**
IT	6,899	**10,850**
Admin/ Accounting/ Management/ Legal	13,029	**13,499**
Languages	3,484	**6,289**
Diversity	64	**326**
Other	6,808	**7,409**
Total hours of training	143,454	**154,324**
Total hours of training per employee	16.5	**17.9**

FROM VLERICK BUSINESS SCHOOL TO COOPERATION ON THE GROUND!

Giving each other a helping hand is not a rare occurrence if the atmosphere in a department is good. What is special here is that these two colleagues do not work together: one is site manager at BPC, the other is tender manager at VMA Druart (HVAC). They met in 2018 and appreciated each other's qualities at the training course organized by CFE Contracting at Vlerick Business School. As a result, the colleague of VMA Druart did not hesitate one moment to give his new friend at BPC a helping hand when he hit a problem at the Tivoli site. The matter was quickly settled!

Such synergies also occurred between Mobix Remacom and VMA where the project manager of VMA helped the boss of Remacom to equip the hi-rail cranes with smart cameras to improve the safety of Remacom workers during night work.

SOCIAL RELATIONS

DEME's programme "Together for Mobility" aims to remedy the growing burden of commuting, which is having an impact on staff recruitment and retention.

For the Benelux offices, adjustments were made to regulated work arrangements, without constraints of location or schedule. The implementation of the project was fostered by a positive social dialogue.

In this respect, labour policy was fully focused on:

- an increase in flexibility in terms of daily working hours for positions in the main offices and satellites
- the provision of several satellite offices spread over Flanders and Brussels
- the possibility of regulated teleworking
- the necessary support in terms of work organization and IT infrastructure.

For other offices in Europe, a similar flexibility in terms of hours and workplace is also contemplated when necessary.

COMMUNITY ENGAGEMENT

In 2018, DEME partnered with Mercy Ships, a humanitarian organization that sails to Africa with the world's biggest private hospital ship to provide free surgery, medical treatment, and training for doctors. It is the greatest partnership in the history of DEME4Life. In addition, DEME supports various initiatives in other countries, such as India and Vietnam.

2.3.

MAIN RISKS AND THEIR MANAGEMENT

CONTRACTING AND REAL ESTATE DEVELOPMENT

RISKS RELATED TO DANGEROUS SITUATIONS.

Working at heights, vertical transportation of loads, use of machinery, and working on electrical installations constitute dangerous situations. Those situations present risks (electrocution, falls, injuries, etc.) that endanger the health of our workers as well as the reputation of CFE. Nevertheless, those activities cannot be avoided since they are inherent in

the building trade and in operations employing special techniques.

To mitigate those risks, CFE ensures that the line management is perfectly aware and informed of those risks at the start of the projects in order that a safe work environment can be created. As soon as a problem arises, appropriate measures can be taken immediately. Those measures include site visits, communication of information by the construction site teams to their supervisors, and immediate notification of new risks by means of the safety app for smartphone.

THE CHALLENGES OF "LIVING TOGETHER"

Gender and cultural diversity may give rise to tensions among the group's workforce. Those tensions may in turn cause communication and organizational problems between employees and thus impede CFE's activities.

To address this issue, the entities of the two divisions adopt a firm position with regard to diversity by countering intolerance in any form. When a dispute arises, the individuals concerned are confronted with each other and asked to learn again to communicate with each other.

If necessary, specific measures may be taken as well. For example, any employee who feels the need may confide in a confidential counsellor. We also organize brainstorming and training sessions for site and project managers on the topic of "Working Together".

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA

RISKS RELATED TO NEW JOB VACANCIES

Recruitment and filling of a significant number of new vacancies is a necessary condition for achieving planned growth. DEME is hiring in a very competitive labor market and looking for a considerable number of profiles for which market provision can be scarce and subject to competition from inside and outside our industries. Quality and speed of international sourcing, hiring and onboarding, even in this scarce market, remain key to sustainable delivery and success. Upon demonstrated sourcing and hiring pace and quality in previous years we remain confident that strength of our employer brand and employment offering will support realization of the expected efforts.

RISKS RELATED TO STAFF RETENTION AND COMMITMENT

Poor retention and consolidation of staff commitment may cause an outflow and increased turnover of staff, which is damaging to the overall know-how and expertise of the group.

To prevent this, DEME focuses on employee training, career development, well-being and growth within the group.

RISKS RELATED TO THE INTERNATIONALIZATION AND DIVERSITY OF STAFF POTENTIAL

In line with its needs of sourcing, hiring and retaining employees in scarce and highly competitive market, further internationalization and diversification of our workforce remain key successfactors to meet future employment needs.

RISKS RELATED TO THE SOCIAL CLIMATE

A sustainable and constructive social climate and continuation of open dialogue with employees and with employee representatives contributes positively towards continuity of its operations

3

RESPECT FOR HUMAN RIGHTS

3.1.

POLICY

CONTRACTING AND REAL ESTATE DEVELOPMENT

A FUNDAMENTAL VALUE

Respect for human rights is one of the core values on which the general policy of the Contracting and Real Estate Development divisions is based, both in Belgium and internationally.

This respect is embodied in a formulated policy with a specific code of conduct focused on the integrity of employees which constitutes the general framework of which the implementation is ensured by individual reports and internal audits.

Any discrimination - whether in hiring, day-to-day labour relations or training opportunities - based on criteria related to gender, age, nationality, ethnic origin, beliefs or disability is strictly prohibited. The group's general policy also encompasses compliance with staff privacy laws, which is reflected in ICT-related measures at the subsidiaries to protect the security of the personal data of employees.

The attention given to environmental conservation also fits in with this policy in terms of its overall impact on society and the respect for the health and safety of our workforce.

This general policy is also reflected in the contractual clauses of our agreements with suppliers, in which we require compliance with the current laws on human rights. In the selection of foreign suppliers, the necessary audits are carried out, for example with regard to social security and minimum pay conditions.

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA

DEME's compliance programme is based on the corporate Code of Ethics and Integrity. This code reflects the core values of DEME, expressed in the acronym 'STRIVE', which stands for Security, Technical Leadership, Respect & Integrity, Innovation, Value Creation and Environment.

Besides compliance with the law, which is a conditio sine qua non, respect and integrity are paramount for all the staff of DEME, and anyone who wishes to work together with DEME must uphold the same standards.

All staff members of DEME are treated fairly, with dignity and respect, regardless of their personal traits, beliefs or their national or ethnic origin, cultural background, religion, age, gender and sexual orientation, political convictions, and their mental or physical abilities. We want to create a workplace where all employees are treated fairly and without discrimination.

We respect and protect human rights in general and the fundamental rights and freedoms as defined in the United Nations Universal Declaration of Human Rights. We will never tolerate slavery, child labour, forced or compulsory labour, or trafficking in human beings.

3.2.

OUTCOMES AND KEY PERFORMANCE INDICATORS (KPI)

CONTRACTING AND REAL ESTATE DEVELOPMENT

So far, no violation of our human rights policy has been reported in the Contracting and Real Estate Development divisions. Nevertheless, we came across a few cases of workers employed by subcontractors whose classification was not in compliance with the law. Corrective actions have been taken in this respect, such as, if the problem recurs, registration on a subcontractor blacklist, which is shared between the procurement departments of the different subsidiaries. The classification of workers is also systematically checked on site.

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA

The implementation of our policies ensures that all our partners are aware of the importance of respect for human rights and know when and where to report any breaches.

3.3.

MAIN RISKS AND THEIR MANAGEMENT

RISKS RELATED TO SUBCONTRACTORS, SUPPLIERS AND PARTNERS

The activities of the two CFE divisions, Contracting and Real Estate Development, involve working with subcontractors, suppliers and partners who do not necessarily share the same values as CFE in terms of respect for human rights. However, human rights violations by one or several of our subcontractors, suppliers or partners can have serious repercussions for the reputation of the CFE group. For that reason, CFE takes a whole range of measures to prevent those risks. Those measures are centred around:

- **Prevention**: A CFE Charter has been implemented in the subsidiaries, a system of approved suppliers has been organized, contractual clauses have been put in place with subcontractors, and human resources policies that respect the rights of every individual have been adopted;
- **Training**: This may take many forms (meetings, workshops, feedback, etc.), including training of the line management on the subject of legal obligations and employee well-being;
- **Monitoring**: This involves regular site visits, reporting and audits. Entities that are confronted with human rights violations by a subcontractor respond firmly by discontinuing their collaboration.

Continuous improvement measures as part of the general policy on human resources and respect for human rights also help us to optimize the management of this type of risks.

RISKS RELATED TO THE INTERNATIONAL NATURE OF THE ACTIVITIES

CFE operates in several foreign countries with different sets of laws and risk profiles in terms of human rights. The group's presence in countries with a higher risk profile in terms of human rights violations constitutes a threat to CFE's reputation.

The measures that are taken to prevent those risks are similar to those taken to prevent risks related to subcontractors, suppliers and partners of CFE as described earlier.

4

FIGHT AGAINST FRAUD AND CORRUPTION

4.1.

POLICY

CONTRACTING AND REAL ESTATE DEVELOPMENT

AN ANTI-CORRUPTION CODE OBSERVED BY ALL ENTITIES

The anti-corruption code drawn up by CFE and updated in 2018 is incorporated in the policies of the subsidiaries and is addressed to all staff members, regardless of their position. It clearly states that all forms of corruption or influence peddling, direct or indirect, by companies and individuals is prohibited. It is prohibited to "solicit, agree to or receive a benefit of any kind with a view to adopting a particular course of action within the scope of his or her duties (passive corruption)", but also to "grant or offer such a benefit in order for a person to adopt such a course of action (active corruption)".

In order to ensure the effectiveness and proper understanding of the ethical rules that have been issued, the code gives specific details of customary business practices, such as benefits, gifts, privileges and tokens of hospitality: it specifies what is permitted and what is not, the limits to be observed, etc., taking into account the national (of Belgium and/or the foreign country concerned) and international rules.

The entities have wholeheartedly undertaken to promote compliance with those guidelines among their staff in several ways, such as by the introductory document that is handed over to new employees, interviews with employees and information meetings on this topic, dissemination of the Code to all the staff, and incorporation of that document in the company rules of the entity.

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA

DEME has a clear policy to carry out all its activities with integrity and not to tolerate any form of corruption. In addition to the corporate Code of Ethics and Integrity, DEME has implemented a fully-fledged corporate compliance programme which also defines anti-corruption policies. In the context of our compliance programme, those anti-corruption policies also form part of our annual employee awareness programme. In addition, this policy is in turn accompanied by specific procedures to guarantee its day-to-day effectiveness. The third-party due diligence policy, the policy on the integrity of outgoing payments, the supply-to-payment policy for key third parties, and a training programme for staff members involved in this kind of procedure constitute an effective instrument in the fight against fraud and corruption.

4.2.

OUTCOMES AND KEY PERFORMANCE INDICATORS (KPI)

CONTRACTING AND REAL ESTATE DEVELOPMENT

NO REPORTED VIOLATIONS

The commitment of the subsidiaries and their staff, a sense of propriety and a willingness to work in a spirit of cooperation and trust, and the establishment of a set of internal procedures aimed at limiting the risk of fraud and corruption are all elements that have guaranteed proper compliance with the anti-fraud and anti-corruption rules. No breach of the rules has been reported in 2018.

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA

We carry out due diligence checks on a daily basis for the risks of our key third parties in order to detect and prevent the risk of fraud and corruption as much as possible and at a very early stage. Furthermore, we also organize a training programme in a classroom setting for our staff who are (liable to become) involved in high-risk situations.

4.3.

MAIN RISKS AND THEIR MANAGEMENT

CONTRACTING AND REAL ESTATE DEVELOPMENT

In the construction business, the financial stakes are often high, competition is sometimes fierce, and many projects require the conclusion of joint ventures and the placing of orders with a large number of subcontractors and suppliers. Furthermore, relations with clients may involve offering or receiving gifts, hospitality, invitations to various events, etc. This may give rise to situations where there is a risk of 'losing control' due to corruption. The negative consequences of corruption for CFE and its employees (harm to health and safety, breach of the law, reputation damage) are therefore to be avoided at all cost.

To mitigate those risks, CFE pursues a policy of prevention. An Anti-Corruption Code has been implemented at the subsidiaries, setting out the basic principles and the specific rules to be applied in the various high-risk situations. This is complemented by company rules enshrining shared ethical values of integrity and various concrete measures taken by the entities to ensure the application of those rules, which is verified by regular audits and checks.

The management also demands to be informed by the staff as soon as possible of any suspicious behaviour that may be in breach of the Anti-Corruption Code. Employees who are found guilty of fraud or corruption are liable to disciplinary action which, depending on the nature of the offence, may ultimately result in dismissal for serious misconduct.

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA

Our activities are deployed worldwide and therefore also in countries that have a higher score in the perception of corruption index. Potential situations of corruption are a risk to the group's reputation. For that reason, DEME has set up a due diligence procedure, not only for those high-risk countries, but also for all situations where there appears to be a high risk of fraud and corruption.

First of all, we advise against using sponsors or agents. If there is no way to do otherwise, those parties must first be screened; this screening will be more or less extensive depending on the level of risk. We also monitor the third parties we do business with. Specific clauses are included in the contracts, under which the parties agree to always act in accordance with the standard of conformity required by DEME. Finally, we ensure that those parties effectively comply with our policies and procedures in the area of corruption.

Moreover, we reduce those risks as much as possible through policies and procedures that are well known to everybody and implemented throughout the organization. In this respect, we offer a special training programme to instruct management staff and teach them how to manage the risks of corruption with full knowledge of the facts.

5

DIVERSITY POLICY APPLIED TO THE GOVERNANCE BODIES OF THE CFE GROUP

A TRUE CORPORATE CULTURE FOCUSED ON INCLUSION, RESPECT AND PROMOTION OF DIVERSITY!

CFE is an international and highly diversified group in its history, activities and organizational structure.

Our main asset are the men and women who work together on the development and delivery of our projects.

In this context, the Board of Directors of CFE and the Executive Committees of the divisions are the driving forces which every day promote a strong corporate culture across all entities that focuses on the development of each person's potential to contribute to the success of the group, irrespective of gender, background, age or professional experience.

5.1.

BOARD OF DIRECTORS

The CFE Group believes that the diversity of skills and points of view within the Group's Board of Directors and Executive Committees facilitates a good understanding of the company's organization and affairs. It allows members to constructively challenge strategic decisions, raise awareness of risk management, and be more open to innovative ideas.

The Board of Directors of the CFE group currently numbers four women and nine men.

5.2.

EXECUTIVE COMMITTEE AND GENERAL MANAGEMENT

The Executive Committee of CFE Contracting is currently composed of five men.

Five women and three men are entrusted with the management of the group's support functions and central experts.

The Steering Committee of the Real Estate Development division is composed of one woman and six men.

In 2018 DEME had no Executive Committee. An Executive Committee will be set up in 2019. There is a management team composed of one woman and sixteen men.

CFE HOLDING AND NON-TRANSFERRED ACTIVITIES

The operations of the holding are essentially the concession activities, the supervision of the activity of Rent-A-Port, the international activities and the civil engineering activities that were not transferred to DIMCO..

UNQUALIFIED SUCCESS OF THE CONCESSIONS

The main concession, Green Offshore, covers the offshore wind farms in the North Sea. Work on the Rentel project, in full operation in 2018, will be completed during the year. At the year-end, work started on the Seastar and Mermaid projects (brought together under the name SeaMade), which will be completed in 2020.

Apart from those offshore wind concessions, the CFE group has won two major successes: the Neo 2 contract, for which CFE in joint venture with Cofinimmo was declared preferred bidder, and which is due to be finally concluded in 2019.
The project comprises a hotel and congress centre next to the site of the future Neo 1 shopping centre on the Heysel plateau in Brussels. Construction work on the project, which involves the architect Jean Nouvel, is set to begin in 2020-2021.

The other public-private partnership contract landed by CFE is the modernisation of the public lighting project in Wallonia. In joint venture with Citelum and EDF Luminus, the group on 13 February 2019 signed this contract which will allow ENGETEC, a subsidiary of CFE Contracting, to substantially expand its business in this new segment.

RENT-A-PORT CONSOLIDATES ITS POSITION

Rent-A-Port has essentially positioned itself in Vietnam and Oman. Focusing on the study, development and management of port and port area projects, the company also has a subsidiary, Rent-A-Port Green Energy, which specializes in renewable energy generation and plans to position itself in Wallonia in particular.

The company's business in the develop-ment of port areas includes the distribution of water and electricity, the collection and processing of waste, and wastewater treatment. It is in this line of business that Rent-A-Port was able to continue its growth in 2018, particularly in Vietnam.

VIETNAM

Thanks to its partnership with the authorities of Haiphong, Rent-A-Port was able to speed up its efforts to develop land sites. At the year-end, half of the power distribution activity was sold to Tepco. The arrival on the scene of this major company demonstrates the Japanese interest in the whole project being developed by Rent-A-Port in partnership with the Vietnamese operations.

DIVERSITY OF SKILLS TO WIND UP CERTAIN ACTIVITIES AND TO PREPARE FOR THE FUTURE

A OMAN

Under the concession agreement signed between the Sultanate of Oman and the 'Antwerp Port' consortium (60% R-A-P and 40% IAI), the latter is entrusted with the development of industrial land on the Duqm site and has taken on the role of port authority as well as the management and operation of the terminals.

2018 saw revenue boosted by more than 20%: the port is certain to become the gateway for cargoes to support the Oman oil industry. Furthermore, the port has leased most of its sites to companies engaged in oil transportation or the supply of drilling equipment.

In 2019, the port will make every effort to finish putting up all the basic infrastructure to allow final opening in 2020.

AN UPDATED SHARE OWNERSHIP

At the beginning of 2019, CFE and Ackermans & van Haaren, which each owned 45% of the capital, acquired the shares held by the previous management of the company, thereby increasing their stake to 50% each.

INTERNATIONAL CONSTRUCTION

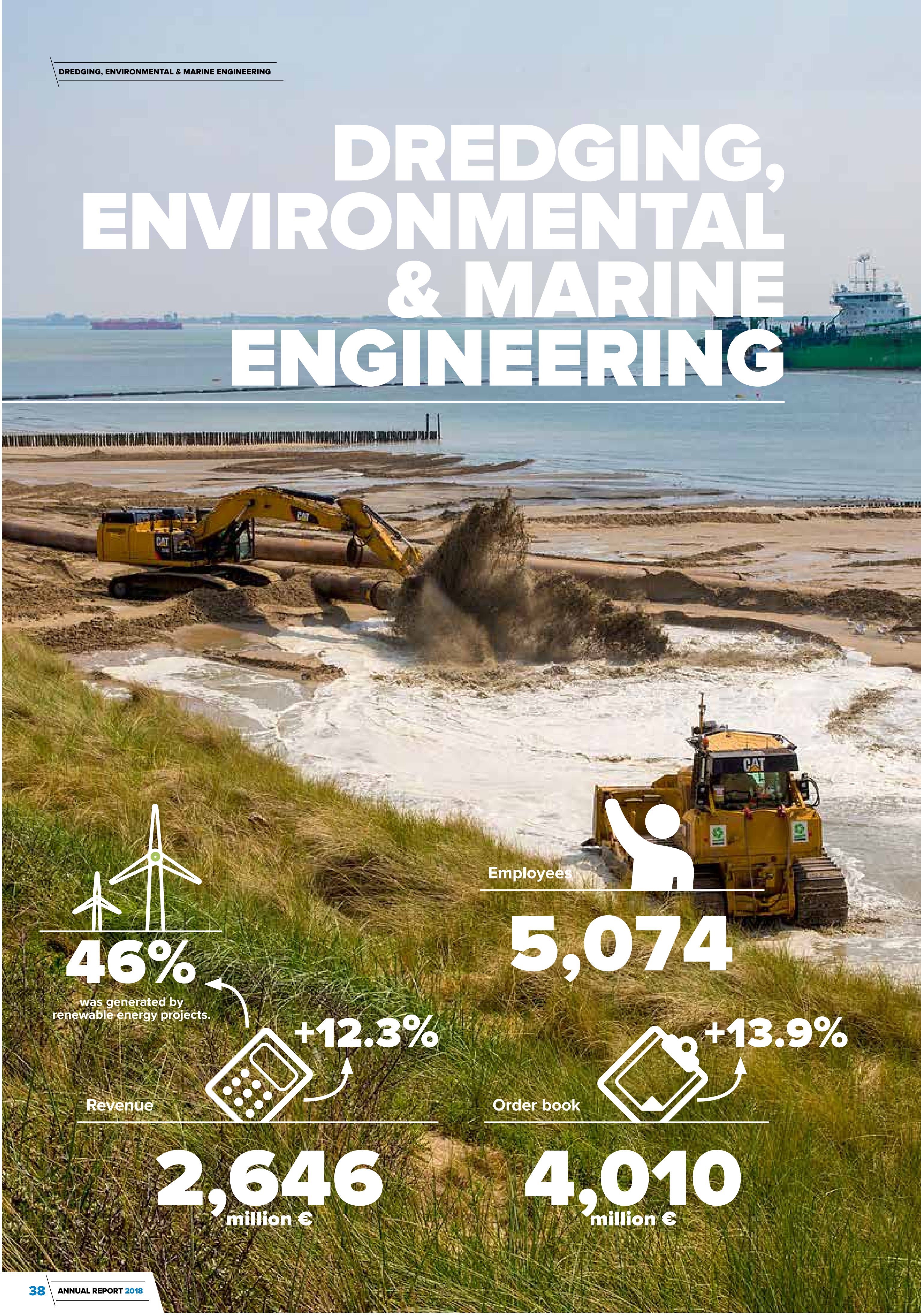
The CFE group continued its activity in several countries: in Sri Lanka, where the works carried out by CFE International and Nizet Entreprise were finally accepted, in Romania where the Bucharest hospital project was accepted by the customer, and in Algeria where the maintenance contract for the head office of BNP continued to the customer's satisfaction.

In Chad, CFE International only had part of its substantial outstanding receivable settled with regard to the Grand Hotel in N'Djamena. Nevertheless, progress has been made in negotiations between the Afrexim Bank and the Chadian government to arrange international financing with a view to settling this difficult issue.

CIVIL ENGINEERING

The second phase of the Brussels-South wastewater treatment plant project was successfully completed! Activity was intense on the site of the Brussels-South wastewater treatment plant. The consortium CFE-Nizet Entreprise, in joint venture with VINCI, managed to deliver the second phase of the wastewater treatment plant in record time. The project owner, SBGE, made a point of congratulating the consortium which had to work round the clock for several months to meet the challenge set by the customer. Final acceptance of the whole project is scheduled for 31 December 2020. CFE-Nizet Entreprise and VINCI now have to develop a new phase of the works while at the same time continuing to ensure operation of the phases already finished.

DREDGING, ENVIRONMENTAL & MARINE ENGINEERING



Employees

5,074

46%

was generated by renewable energy projects.

Revenue

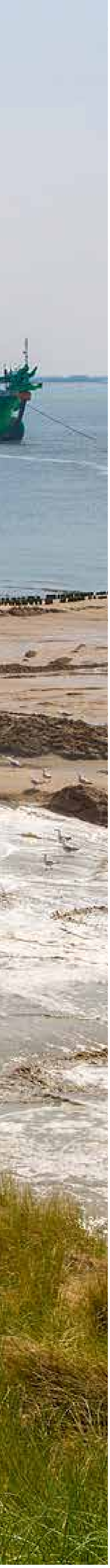
+12.3%

2,646 million €

Order book

+13.9%

4,010 million €



2018 WAS AN EXTRAORDINARY YEAR FOR DEME IN MANY WAYS.

We achieved a 12.3% increase in our turnover, which climbed to 2,646 million EUR, and an EBITDA of 458.9 million EUR. The activities of our subsidiaries GeoSea, Tideway, A2Sea and EverSea, which are now grouped into the new DEME Offshore organisation, made a substantial contribution to this result. With a high level of project execution and several new contracts we also had a strong performance in the dredging market. The start of the works at three mega-infrastructure projects in the Netherlands has led to an exceptionally busy year for our infra marine subsidiary DIMCO.

The long-term success of DEME depends on our ability to continuously put safety and the wellbeing of our employees as a top priority in all our operations. There is nothing more important to us than ensuring our employees, contractors and partners remain safe, whether on board our vessels or ashore. We continuously challenge ourselves to raise the bar with our safety performance and do not accept compromises in this area. All employees share the responsibility for ensuring a safe working environment and are encouraged to report potential hazards. Zero harm is our ultimate target on every project, site and vessel.

As a global solutions provider, we can contribute significantly to the United Nations Agenda 2030 for Sustainable Development. With our technology expertise we can play a leading role in addressing global challenges, including the rising sea level, the increasing world population, the reduction of CO_2 emissions, the scarcity of mineral resources and polluted rivers and soil. We also manage our operations in a sustainable manner, further reducing our environmental impact and developing technology innovations that will help address the climate challenges ahead of us.

Our innovative dredging vessels have been executing a variety of challenging projects across the globe. In Asia and in one of the largest land reclamation projects DEME has ever worked on, we completed more than 80% of the Tuas Terminal Phase 1 (TTP1) project by the end of the year. We are well on track to finish the project in Singapore by the end of 2020. In a joint venture we were also awarded a major contract for the modernisation of the Świnoujście - Szczecin fairway in Poland.

In the offshore energy market, we had an extremely strong year, with several challenging offshore wind projects successfully completed in Europe. Our offshore installation vessels were fully occupied on projects like Rentel, Merkur and Hornsea Project One.

Our marine harvesting specialist, Global Sea Mineral Resources (GSR) unveiled the nodule collector 'Patania II'. The pre-prototype is the successor of the tracked soil testing device 'Patania I', which was successfully tested during a 2017 expedition in the Central Pacific Ocean. The 'Patania II' integrates the track design of the first 'Patania' prototype with a suction head to collect polymetallic nodules from the seabed and will be tested during a 2019 expedition.

DEME Concessions has made quite a mark in the industry, both offshore and on land. Financial close was achieved for the SeaMade offshore wind farm in Belgium and for the Blankenburg Connection in the Netherlands.

With our ambitious fleet investment programme DEME is taking the lead with some truly pioneering vessels. The DP3 vessel 'Living Stone', the most advanced cable installation vessel in the world, joined the fleet in 2018. The vessel has a unique, dual lane cable installation system on board, making it possible to install subsea cables faster and more efficiently. DEME's new self-propelled DP2 jack-up vessel 'Apollo' entered the fleet in spectacular style when she carried out a platform decommissioning project in the Dutch sector of the North Sea. The installation vessel has extremely long lattice legs and will serve the offshore energy industry. Several new vessels are under construction, such as the powerful cutter suction dredger 'Spartacus', the next generation offshore installation vessel 'Orion' and two trailing suction hopper dredgers.

Looking ahead, DEME is well positioned for continued success. Major projects kicked off this year in our dredging and offshore activity lines. Our order book and tender pipeline continues to be strong. We will soon welcome the state-of-the art trailing suction hopper dredger 'Bonny River' in our fleet, another high-tech vessel demonstrating our relentless innovation drive. We keep exploring new opportunities to deploy our knowledge and expertise in dredging, offshore energy, infra marine works and environmental remediation.

LUC VANDENBULCKE
CEO DEME GROUP

2018 HIGHLIGHTS DEME'S STRIVE FOR CONTINUOUS FLEET IMPROVEMENTS IN TERMS OF PRODUCTIVITY AND ENVIRONMENTAL PERFORMANCE, AND TO BRING ITS EXPERIENCE AND INNOVATIVE SOLUTIONS TO MANY **DREDGING, OFFSHORE ENERGY, INFRA MARINE** AND **ENVIRONMENTAL PROJECTS**.

The new dual-fuel hopper 'Scheldt River'

The giant cutter suction dredger 'Spartacus'

FLEET INVESTMENT PROGRAMME

DEME is already the greenest operator amongst its peers and most of its new vessels are equipped with dual-fuel engines, which are capable of running on LNG and diesel fuel. The two new dual-fuel hoppers, the 3,500 m^3 'Minerva' and 8,400 m^3 'Scheldt River', being the first dredgers in the world equipped with dual-fuel engines, got straight to work, 'Minerva' in Uruguay and 'Scheldt River' in Germany. In line with this success, DEME has a new vessel under construction with the same innovative design as its dual-fuel sister vessel 'Scheldt River'. As well as large trailing suction hopper dredgers, DEME is also building a vessel with a hopper capacity of 2,300 m^3. The compact design ensures high manoeuvrability and optimised dredging works in shallow waters.

Highlighting that innovation is at the company's core, in November the giant cutter suction dredger (CSD) 'Spartacus' was launched at the Royal IHC shipyard in the Netherlands. In a class of her own, and with a total installed capacity of 44,180 kW, 'Spartacus' is simply the most powerful and environmentally friendly CSD that has ever been built. The four main engines can run on LNG, marine diesel oil and heavy fuel oil. 'Spartacus' also features several additional innovations such as a waste heat recovery system, a one-man operated dredge control and a heavy-duty cutter ladder that can reach a dredging depth of 45 m.

DEME is also set to take delivery of the new generation of trailing suction hopper dredger, the 15,000 m^3 'Bonny River'. This innovative vessel is able to dredge very hard soils and also in deeper waters of more than 100 m.

Another very specialised vessel is the compact 'Blanew', an electrically-driven cutter suction dredger specially designed for dredging works in marinas, canals and lakes. Entering service in 2018, 'Blanew' is already busy at work in several Belgian marinas.

The offshore installation vessel 'Orion'

The multipurpose vessel 'Living Stone'

In a spectacular ceremony DEME's next generation, giant new offshore installation vessel 'Orion' was successfully launched at the COSCO Qidong shipyard in China in November 2018. 'Orion' will feature an unrivalled combination of exceptionally high transport and load capacity, impressive lifting heights and green technology. With its 5,000 tonnes crane the vessel is ready to meet the future requirements of our customers and the trend towards larger capacity turbines and bigger wind farm projects.

DEME's DP3 vessel 'Living Stone', one of the most advanced multipurpose vessels in the world, entered service in 2018. 'Living Stone' has a unique cable installation system on board with two 5,000-tonne cable turntables located below the main deck. The cable installation system is able to install cables in a completely new and innovative way. Well aware that the offshore wind industry is keen to reduce costs, a system has been designed whereby the 'Living Stone' can install one cable, while fully preparing the second one on deck. This minimises the time needed for preparation of the cables, which saves significant time and costs.

DEME's new self-propelled, DP2 jack-up vessel 'Apollo' entered the fleet in spectacular style when she carried out a platform decommissioning project in the Dutch sector of the North Sea. The installation vessel has extremely long lattice legs allowing the vessel to jack-up in up to 65 m water depth. 'Apollo' will serve the offshore energy industry, and will mainly be deployed to provide services to the oil and gas industry, with a particular focus on the installation and decommissioning of platform facilities.

DREDGING AND LAND RECLAMATION PROJECTS ACROSS THE GLOBE

DEME's innovative new and existing vessels have been performing a variety of challenging projects in 2018 in each corner of the globe.

In Asia and in one of the largest land reclamation projects DEME has ever worked on, Dredging International

Tuas Terminal Phase 1 (TTP1) - Singapore

Asia Pacific Pte Ltd (DIAP) and its joint venture partner Daelim Industrial of South Korea, had completed more than 80% of the Tuas Terminal Phase 1 (TTP1) project by the end of the year. This project was originally awarded by Singapore's Maritime and Ports Authority in 2015. Construction of the last of 221 caissons, which will form the future quay wall, was actually completed four months ahead of schedule. DIAP is well on track to finish the project by the end of 2020.

Meanwhile in Australia, Dredging International Australia Pty Ltd (DIAU), successfully performed the Sunshine Coast Airport Expansion Project (SCAEP). This involved dredging and reclamation works to create the foundation for a new runway of around 2,450 metres long. Overall, 1.2 million m^3 of sand was dredged by the Trailing Suction Hopper Dredger 'Nile River' and this was pumped ashore without the use of a booster station.

In Africa, DEME carried out coastal protection works along the Cotonou shoreline in Benin. Works went on throughout the year and will run into 2019. Beach nourishment with a total volume of 1 million m^3, as well as revetment works and a groyne construction are included in the scope.

FIRST PROJECT IN SIERRA LEONE

Additionally, DEME's first project in Sierra Leone was successfully completed in March. A consortium including DEME, worked on the extension of the Freetown Terminal, which is operated by the French group Bolloré Transport & Logistics. The expansion programme encompassed the construction of a 270-m quay wall to enable the terminal to accommodate larger vessels.

Closer to its home base, DEME was very active in a number of projects on the major rivers of Northern Europe. In Belgium itself, DEME continued a number of long-term maintenance dredging contracts on the main waterways and the North Sea. The TSHD 'Pallieter' executed several maintenance dredging campaigns on the Scheldt River and along the access channels to the port of Antwerp locks.

Coastal protection works - The Netherlands

MAINTENANCE DREDGING ON MAJOR RIVERS

After the successful execution of deepening works in the Courval-Duclair section of the River Seine in France, Société de Dragage International focused on the last phase of this project. SDI has actually been working on the Seine deepening since 2012 and has realised the four major phases of this challenging project, which is

Nouvelle Route du Littoral - La Réunion

carried out on behalf of the Grand Port Maritime de Rouen.

Then on the River Elbe, DEME's German subsidiary Nordsee Nassbagger- und Tiefbau (Nordsee) has acquired a two-year maintenance dredging contract for the River Elbe in a joint venture in 2017. This was extended for another year and will now run into 2020. DEME has to maintain the 116-km-long fairway of the Elbe between the North Sea and Hamburg.

MAJOR CONTRACT IN POLAND

In a joint venture DEME will design and execute the construction and dredging works for the modernisation of the Świnoujście - Szczecin fairway in Poland. The fairway currently has a depth of -10.5 m and will be deepened to -12.5 m enabling the port of Szczecin to handle larger draught vessels and thus, maintain its competitive position in the Baltic Sea.

Deepening works of the River Seine - France

For the Nouvelle Route du Littoral in La Réunion, SDI has been performing dredging, gravel bed installation and backfilling works for 48 gravity based foundations for the 5,400 m viaduct.

In a joint venture DEME is executing deepening and maintenance of the Canal Martín García. The Canal is located between Uruguay and Argentina in the northern part of the 50-km wide, Rio de la Plata estuary. The main objective of the dredging programme is to deepen the Canal and subsequently maintain a depth of 34 feet.

At the end of 2018, DEME was nearing completion of the dredging scope part of the Seabird Phase II project in India. Eventually, around 10 million m^3 of materials will have been dredged and if suitable, these are also being reclaimed. The dredging, reclamation, soil improvement and revetment works for the project are being carried out in a joint venture with Larsen & Toubro.

Maintenance of the Canal Martin Garcia between Uruguay and Argentina

A24 Blankenburgverbinding - The Netherlands

DUTCH MEGA-PROJECTS

The Netherlands saw three mega-projects get underway – the RijnlandRoute, New Lock Terneuzen and Blankenburgverbinding. Besides the infra marine works which will be executed by DEME Infra Marine Contractors (DIMCO), a major dredging and ground works component is included in the projects.

DEME is supplying all of the sand for the RijnlandRoute project, which represents more than 1 million m^3. For the New Lock Terneuzen, dredging and dry earthmoving works will be executed. A staggering 9 million m^3 of material has to be dredged. The design and build project is due to run until 2022.

The financial close for the prestigious A24 Blankenburgverbinding was achieved in October. Rijkswaterstaat (The Directorate-General for Public Works and Water Management of the Netherlands) awarded the EUR 1 billion, Public-Private Partnership project 'A24 Blankenburgverbinding' to the BAAK Consortium (DEME Concessions Infrastructure, Ballast Nedam and Macquarie Capital). Dredging and backfilling represents approximately 1 million m^3 and dry earthmoving works around 2 million m^3. The contract comprises the design, build, finance and maintenance for a period of 20 years.

Staying in the Netherlands, de Vries & van de Wiel is working in a joint venture to carry out a 145-hectare, land reclamation project to create a new island, 'Strandeiland Ijburg'), which will be a new residential area in Amsterdam. In the second half of the year, de Vries & van de Wiel delivered more than 1 million m^3 of sand for the project. In total 12 million m^3 will be delivered when all the phases are realised.

STRONG GROWTH IN OFFSHORE WIND

Offshore, DEME was equally busy, particularly with the increasing number of renewables projects.

The 309 MW, Rentel offshore wind farm, located in the Belgian North Sea was fully commissioned earlier than the original schedule and is producing in line with expectations. Rentel was a true 'family affair'. The 1,200-tonne substation was installed by Scaldis' heavy lift crane vessel 'Rambiz' and this followed DEME successfully completing the installation of the monopile foundations and transition pieces with the jack-up installation vessel 'Innovation'. Infield and export cables have been installed by DEME as well. Additionally, DEME also installed the turbines. With their peak height of 183 metres they will be the largest wind turbines so far in the Belgian North Sea.

Offshore windfarm Borkum Riffgrund 2 - Germany

SUCTION BUCKET JACKET EXPERTISE

In the summer, DEME's jack-up 'Innovation' successfully completed the installation of 20 suction bucket jackets at the Borkum Riffgrund 2 offshore wind farm in Germany. The suction bucket jackets each weighed 950 tonnes and have a height of 58 m. This is the first time Ørsted has utilised this type of foundation at one of its wind farms on such a large scale. The completion of the project further established DEME's strong track record in providing innovative solutions for our offshore wind farm customers. DEME is now one of the few companies with vast expertise in suction bucket jacket installation.

WORLD'S LARGEST WIND FARM

DEME also worked on the world's largest offshore wind farm in 2018. Right at the end of the year, a world first and a major construction milestone was reached at Ørsted's Hornsea Project One when the export cable installation was completed. With an offshore export cable totalling 467 km, roughly the same distance as Amsterdam to Hamburg, it is the longest AC offshore wind cable ever to have been installed.

When fully operational in 2020, Hornsea Project One's 174 turbines will generate enough clean electricity for well over one million homes. The huge wind farm was the first project for the new cable installation and multifunctional vessel 'Living Stone'. With its 10,000-tonne cable capacity and cutting-edge dual-lane cable system, 'Living Stone' significantly improves cable installation production rates.

The dual-lane cable installation vessel 'Living Stone'

A STRONG PERFORMANCE IN OIL & GAS

Alongside offshore wind activities, DEME had a strong performance in the oil & gas market, driven by new contract awards and a solid level of project execution.

A major contract was awarded from TransCanada for its 700-km subsea gas pipeline, which will link the US with Mexico. Around 200,000 tonnes of rock was placed to stabilise the 42-inch pipeline. A first contract was also secured in Bangladesh for the Moheshkhali Floating LNG Terminal, which will be the country's first LNG import terminal. DEME is also the main contractor for rock dumping and landfall constructions at the Baltic Gas Interconnector project, which connects the gas networks of Finland and Estonia.

The offshore windfarm Rentel, located in the Belgian North Sea

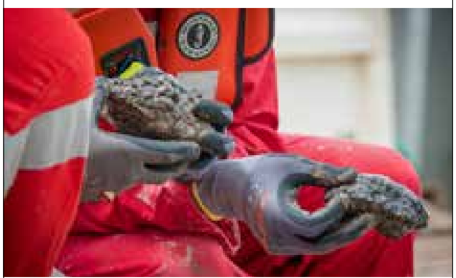
Oil & gas projects were also executed in the Middle East and South Africa.

TACKLING POLLUTED SITES

DEME's specialist environmental companies – DEME Environmental Contractors (DEC), de Vries & van de Wiel and Ecoterres - take a proactive role in sourcing and developing potential remediation projects, alongside their development partners.

At the 66 ha Blue Gate project DEC is the main contractor responsible for all the remediation and infrastructure works. In Italy work began on a major remediation project to dredge three channels and to dewater the dredged material using an in-house designed, soil wash installation at ILVA's steel plant in Taranto. Remediation work continued throughout the year on the Esso Norge project, a former refinery site located near Tønsberg, Norway.

The nodule collector 'Patania II'



GLOBAL SEA MINERAL RESOURCES GEARS UP FOR 2019 OFFSHORE CAMPAIGN

Global Sea Mineral Resources, DEME's responsible marine harvesting specialist, unveiled the innovative nodule collector pre-prototype 'Patania II' in September 2018. This year the nodule collector will embark on its first expedition in the GSR and BGR (German) exploration areas in the eastern part of the Clarion Clipperton Zone in the Central Pacific Ocean.

GSR has teamed up with Ghent University and together they will monitor the in-situ environmental impact of the 'Patania II', again gathering crucial design data, allowing GSR to further redesign its technology to increase efficiency and minimise its impact. Furthermore, an international consortium of scientists from the EU Joint Programming Initiative for Healthy and Productive Seas and Oceans will provide independent and transparent reporting of additional environmental measurements. All information regarding the environment will be publicly available.

EXECUTIVE COMMITTEE

PHILIP HERMANS
GENERAL MANAGER DREDGING, INTERNATIONAL

THEO VAN DE KERCKHOVE
CHIEF OPERATING OFFICER

ERIC TANCRÉ
GENERAL MANAGER DREDGING, EUROPE

ELS VERBRAECKEN
CHIEF FINANCIAL OFFICER

LUC VANDENBULCKE
CHIEF EXECUTIVE OFFICER

HUGO BOUVY
MANAGING DIRECTOR DEME OFFSHORE

CFE CONTRACTING

Employees

3,459

Revenue

+30%

935
million €

Order book

+7%

1,320
million €

CFE CONTRACTING - FURTHER STRENGTHENING OF OUR PORTFOLIO

2018 was marked by a significant growth in all business segments as well as a strong order intake. Our financial performance was solid, but impacted by high cost inflation and significant one-time costs related to the activity reduction in Tunisia.

With the return to profitability of Van Laere, we have now a powerful network of decentralized regional Construction entities, each with the right size for the local management teams to remain close to it's people and the customers it serves and understanding in depth it's markets, while at the same time having the necessary scale to possess market leading design, engineering and execution capabilities.

Specialized smaller construction companies complement our market presence, such as Laminated Timber Solutions (LTS) for wood building projects and Arthur Vandendorpe, a specialist in renovation and restauration projects.

Best practices and resources are frequently shared and collaboration between entities takes place in a systematic manner through functional Boards in fields such as purchasing, operations management, finance, human resources, IT and digitalization.

A small number of specialized central experts further strengthen the portfolio through company-wide initiatives or specific expertise as witnessed by the successful completion of several large design, build, finance and maintenance projects in 2018. This expertise will be expanded during 2019 in the areas of Sustainability Development and Digital Transformation.

Our Multitechnics business continues it's successful transformation towards an end-market focused organization. Under the name VMA, it provides market specific fully integrated solutions while having a strong local presence and while leveraging the full technical capabilities of the group. We will continue to pursue this strategy in the years ahead through both organic development as witnessed by our new Internet of Things, ViMAt solution, as well as through further external growth like the very successful acquisition and rapid integration of P-Multitech during 2018.

With a new management team in place, exciting times are also ahead for our Rail & Utilities business called 'Mobix'. Aging infrastructure, soft mobility and smart technology will drive demand and customers are more and more looking for strong suppliers being able to tackle those challenges. Mobix positions itself more and more as an integrated total solutions provider through own investments and close collaborations with specialized industry partners across Europe.

CAUTIOUS OPTIMISM FOR 2019

With more than € 1,320 million, our order book is healthy across all countries and business segments. A high materials inflation and an increased scarcity of quality sub-contractors inevitably requires construction prices to increase in 2019 in order to maintain margin levels.

CFE Contracting can however look with great confidence into the near term future.

Digital driven innovation, a gradual trend towards more sustainable and efficient building processes and closer partnerships throughout the value chain will gradually impact our industry during the years ahead. With our strong portfolio and our ambition to be referent in the Contracting world, we are well positioned to meet those challenges.

With NEO, Shape, LuWa and EnVes, we enjoy already today a number of large multi-year contracts across various business segments that will positively influence our activity levels in the next years.

And the more than 200 new colleagues that joined the various entities of CFE Contracting during the last 12 months are a perfect demonstration that we are an attractive employer with a strong culture which provides the right career opportunities for talented and passionate people of all ages, gender and origins within a very professional, yet at the same time a very human environment.

RAYMUND TROST
CEO CFE CONTRACTING SA

CONSTRUCTION

2018 was a well-filled year for CFE Contracting, as was in 2017, in which the entities in Belgium, the Grand Duchy of Luxembourg and Poland were able to record good results. A slight fall in the order book was recorded in Brussels while there was an increase in Flanders and to a lesser extent in Luxembourg. The close cooperation between the divisions as well as the strengthening of capacities within CFE Contracting, such as the further integration of Van Laere and the merging of the Electro and HVAC activities under the VMA cluster, will help CFE Contracting continue to grow as a reliable partner which offers its diversified customers total solutions and goes in search of sustainable partnerships.

Antwerp Management School

AZ Sint-Maarten - Mechelen

Gare Maritime - Brussels

BUILDINGS, INDUSTRIAL CONSTRUCTIONS AND RENOVATION

FLANDERS

ON THE MENU, INNOVATION AND KNOWLEDGE SHARING

MBG had a busy year with the execution of various major projects such as the construction, in a joint venture, of the complex ZNA Cadix yard in the north of Antwerp, the delivery of the AZ Sint-Maarten hospital in Mechelen and the timely delivery of the Antwerp Management School before the start of the new academic year. The extensive renovation and restoration of the outer shell of the old freight station ‘Gare Maritime’ on the Tour & Taxi site in Brussels was completed and followed up by the construction of approximately 40,000 m^2 of interior volumes in CLT (Cross Laminated Timber) and Glulam divided into ten units. These works for Extensa will be further intensified in 2019. In addition, the works on the ‘Vier Fonteinen’ project for Matexi in Vilvoorde, the transformation of the old CM site for ION and Alides, the De Linde residential care centre in Waarschoot and assisted living apartments for Senior Homes in Rumbeke were delivered.

In recent years MBG had already taken major steps in the area of operational excellence by, among other things, introducing the ARPA methodology in which both management and site teams were immersed in the LEAN methodology. The intensive use of software packages such as BlueBeam, Revit, Aproplan and other BIM packages on construction sites aims to unburden the sites and further streamline processes. Some apps were developed to also speed up the administrative processes of safety inspection rounds, incident reports and non-conformities on sites. In 2019, MBG wants to focus primarily on digital collaboration tools such as Sharepoint to promote knowledge sharing within the entity. To ensure that the processes related to knowledge and process optimization run smoothly, a knowledge manager was recruited at the start of the new year.

SHARPENED FOCUS AT VAN LAERE

Van Laere became profitable again, partly due to the more careful selection of the projects to be followed on the basis of various criteria. For example, customer type, contract type, project size, region and execution time were important factors in the decision process. Thanks to this sharpened focus, Van Laere has recorded strong growth as welle as a well-filled order book. In addition, even more attention

The car park on the Brussels 'Tour & Taxis' site

Restauration works - Golfclub Knokke

was paid to project preparation and contract management was improved. Disputes and/or concerns were immediately discussed in full transparency, both with the bouwteam partners involved in order to create a win-win situation, and internally in order to be able to utilize the full capacity of Van Laere. As a result of these measures, sales increased, the results improved and a healthy order book can be recorded for 2019. In this way, Van Laere will become an even more sustainable construction company in all its aspects.

Important projects are the rail track widening on Line 50A Brussels-Ostend for Tuc Rail, the car park on the Brussels Tour & Taxis site for Extensa, the residential projects 'Riva' for Extensa and 'Elyssia' for Cornerstones and Alides, 'Left' for Outlook, 'Lovenjoel' for Virix and the post office on the Groenplaats for Fico in Antwerp. Participation in the Terneuzen lock also remains an important project.

The new management structure also had a positive impact at Arthur Vandendorpe, specialized in restoration and renovation. A positive operating result and, among other things, the recruitment of a Technical-Commercial Director helped to put the company back on the right track after two difficult years. In 2019, special attention will be paid to the further expansion of both the commercial and implementation departments. Last year Arthur Vandendorpe carried out the restoration work on a historic villa in Ghent, the renovation and restoration of the barracks of the former army site in Zedelgem and the extensive renovation of a town house on the prestigious Coupure in Ghent.

BRUSSELS AND WALLONIA

BPC, A LEADER ON THE BRUSSELS CONSTRUCTION MARKET

In 2018, the CFE group retained a dominant position on the Brussels

The sustainable residential district 'Tivoli' - Laeken

construction market with the activities of BPC and Amart. BPC delivered important projects such as the Chirec hospital group, the renovation of the HD 54 office building (for AXA), the two Van Oost schools for the municipality of Schaarbeek and the first phase of the schools in Koekelberg for the Flemish Community.

The company also continued to work on a large number of public projects, the most important being the construction of the new Bordet hospital in Anderlecht and the underground depot of STIB in Erasmus, Anderlecht. Many projects for private customers will end in 2019, such as the large residential district Tivoli in Laeken, the Agora project in Louvain-la-Neuve (with two hotels, a senior residence and four apartment buildings), several apartment buildings in Erasmus Gardens (Anderlecht) and the office center for the China Belgium Technical Centre in Louvain-la-Neuve.

BPC started several new construction sites in 2018, such as the Arts 19 office buildings for Cofinimmo, a training centre for Infrabel, the renovation of the Lutgardis school in Ixelles, the Boulodrome function rooms for the Anderlecht municipality and the Windekind school in Molenbeek.

The event of the year was undoubtedly the successful conclusion of the 4-year procedure for the award by the City of Brussels of the DBFM contract for the construction of a congress centre with 6,500 seats and a hotel with 250 rooms, which was awarded to the consortium of CFE and Cofinimmo. This project, designed by the French architect Jean Nouvel, in collaboration with the MDW office, will be the ideal addition to NEO 1 with the construction of 590 homes, a retirement home, a daycare centre, 3,500 m^2 of offices, a large shopping centre and a leisure park.

AN ALL-TIME HIGH LEVEL OF ACTIVITY FOR AMART IN 2018

Amart recorded the highest revenue in its history in 2018 and delivered some important projects, such as the closed shell of the future Primark store on Elsensesteenweg for Redevco Belgium, the extension of the offices of Arval for Integrale, the renovation of offices for Delta Lloyd and the residential complex for Artone in Etterbeek. In 2018, Amart also began the renovation of the large Brussels shopping centre City 2, the headquarters of Plastic Omnium in Evere, the renovation of offices for Befimmo and Les Berges de l'Argentine in La Hulpe for Atenor. Amart also worked on the construction of various projects for private clients, including apartment buildings at Kalevoet station (Uccle) for BPI and an office building on Tervurenlaan for AG Real Estate.

CHC MontLégia - Liège

Erasmus Gardens - Anderlecht

INTEGRATION OF AMART IN BPC

At the end of the year it was decided to merge the two entities, both with a well-filled order book and skilled personnel, by incorporating Amart (which was founded in 1973) in BPC. In 2019, this will increase the number of white-collar workers by around 30% and the number of blue-collar workers by 15% at BPC. This makes BPC a major player to be reckoned on the Brussels market for public and private projects.

A BRIGHT FUTURE FOR WALLONIA

The year 2018 was undeniably marked by the award of the Shape 2020 project for the design, construction and 15 year maintenance of 600 homes on the NATO site in Casteau. In 2018, the activity of BPC Liège increased by 10% and the company completed a number of major projects, such as the construction of the Eupen leisure pool and the Vielsalm boarding school. BPC Hainaut put the finishing touches to the Notre Dame day clinic in Gosselies and to the car park of Charleroi airport.

Finally, a whole series of new construction sites were launched during the year, such as the construction work for Charleroi Airport (BSCA), the restoration and extension of the Grand Poste in Liège (with Meusinvest and IGE) and the construction of an office complex in Val Benoît (Liège), for BPI and Immo Moury. Other large-scale construction sites are continuing: the Jonfosse swimming pool in Liège and the large CHC MontLégia hospital centre, which will bring together three Liège hospitals on the same site.

Various major contracts are expected in the first half semester of 2019, such as the reconstruction of the Bavière site in Liège and the DBM contract for Shape in Casteau. They offer BPC Hainaut, BPC Liège and BPC Namur the prospect of significant growth from 2020.

School campus Vauban - Luxembourg city

INTERNATIONAL

LUXEMBOURG

2019 BRINGS GOOD PROSPECTS

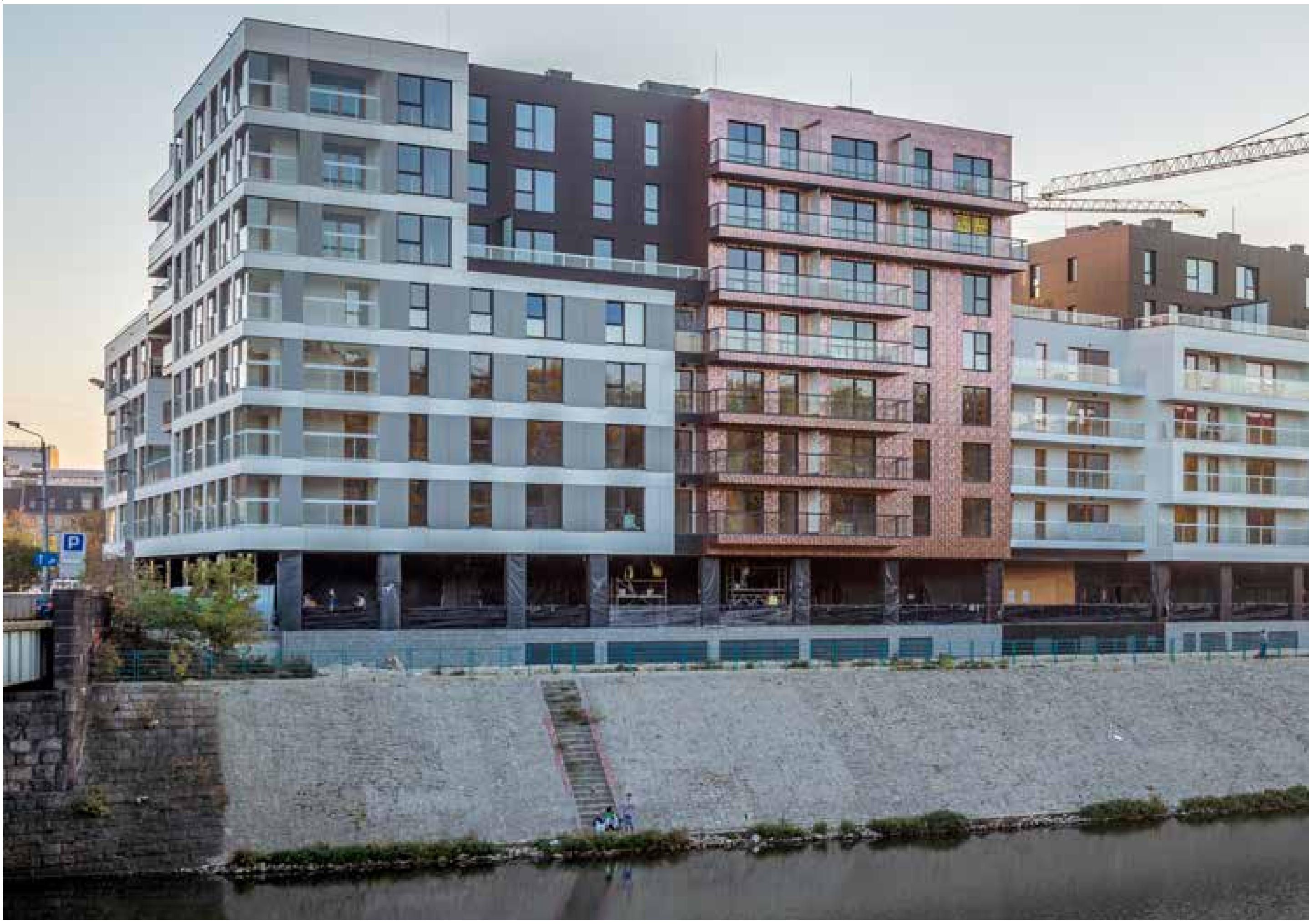
In the Grand Duchy of Luxembourg, CLE reported strong activity with the completion of several large construction projects such as the school campus 'Vauban' for the Ecole Lycée Français in Luxembourg city, the bridge along the A13 near Dudelange and the mixed Glesener project for BPI Luxembourg. The latter obtained various building permits in the last quarter of 2018, such as the 'Livingstone' project on the Route d'Esch in Bettembourg, which means that business in 2019 already looks promising for CLE. The 'Naos' office project in Belval will be completed in 2019 and the construction of the 'Aurea' residential tower block in Differdange will continue at a rapid pace. In addition, the entity will continue to focus on two new activities, more specifically road infrastructure and timber construction in collaboration with LTS.

Project 'Glesener 21'

POLAND

A RELIABLE CONSTRUCTION PARTNER ENSURES LOYAL CUSTOMERS

The Polish economy and the construction business experienced strong growth in 2018, which led to a strong increase in revenue for CFE Polska. Over the years, CFE Polska has built up a reputation as a stable and reliable construction partner, so that renowned international customers continue to opt for the quality of this entity. Thanks to the fine references, new important customers were added to the list in the past year. The close collaboration with BPI was also continued. For example, two residential projects were completed (Wola Libre in Warsaw and phase 1 of Bulwary Ksiazece in Wroclaw) and four new projects started, including phase 2 of Bulwary Ksiazece and Vilda Park in Poznań. In addition, the entity started the construction of the prestigious



Phase 1 of the Bulwary Ksiazece project - Wroclaw

The recreation park 'Holiday Park Kownaty'

Riverview project, located on the river in the old part of Gdansk. This project, commissioned by VASTINT, the real estate branch of the IKEA group, comprises 282 apartments with LEED certification (Leadership in Energy and Environmental Design) and should be completed by mid-2019.

In the industrial sector, CFE Polska carried out three projects at the Arcelor Mittal site in Dabrow Gornicza, built a logistics centre for frozen vegetables and fruit for Greenyard, and delivered projects for Coca Cola, Konsortium Stal and Beaulieu, among others. In addition, the entity won the first contract for Panattoni, market leader for the development of logistics buildings in Poland. The retail sector also delivered good success stories, including the very fast delivery of the 'Platan' shopping centre in Zabrze and the extension of the 'Atrium Redouta' centre in Warsaw.

The 'Holiday Park Kownaty' recreation park welcomed its first visitors in September 2018. Extensions to the park, such as the civil engineering works for the construction of a wooden roller coaster, are being continued. Under the motto 'Satisfied customers keep returning', Momentum Capital & Studio 100 confirmed their collaboration with the launch of a second amusement park 'Mayaland' in Poland. With a well-filled order book, 2019 offers very good prospects.

TUNISIA

The Tunisian branch CTE was confronted with difficult market conditions and a socio-economic climate that seriously affected the results, after which it was decided to significantly reduce the level of activity.

INDUSTRIAL CONSTRUCTION AND LAMINATED TIMBER SOLUTIONS

Laminated Timber Solutions (LTS) actively focused on the further development of its portfolio in 2018. The focus was, on the one hand, on the industrial market in the regions of West & East Flanders, Hainaut and Brussels, and on the other hand on the project market such as the construction of schools, offices and sports complexes. For the purpose of clear marketing, the three Korlam/Lamcol/Buildinx entities were brought together under one brand name, Laminated Timber Solutions. Furthermore, the main focus was on the promotion of the CLT product (cross-layered timber) by the start-up of a 'Wood Works' working group within CFE Contracting and BPI. The first results of this collaboration are expected in 2019.

Laminated Timber Solutions

CONSTRUCTION SITE ASSISTANCE

BENELMAT 2.0.

BENELMAT stands for the internal equipment service of the Belgian and Luxembourg construction companies of CFE Contracting. The new depot in Gembloux and the change in management structure gave it a new dynamic in 2018 both in terms of technical assistance to the construction sites and the further development of internal services. The digitization of equipment as well as the further development of services that can simplify the start-up of sites will be the action items for 2019.

MULTITECHNICS

HVAC activities executed by VMA Druart

AN INTEGRATED APPROACH FOR EVEN MORE SERVICES

Within the VMA cluster, an important step was taken in 2018 by merging all electricity and automation activities with the group's HVAC activities. By bringing the Druart entities into this new entity under the name VMA, the latter is now able to offer total solutions to its customers. During the course of the past year, the implementation of this strategic plan took the form of new contracts, such as the technical installations for the Tweed project in Brussels, Two Waters in Leuven and Plastic Omnium in Drogenbos. Two separate supervision systems merged into one Building Management System under the name ViMAt or VMA Internet of Things. This integrated system is responsible for the supervision and management of all technical installations in a building from a centralized open source platform. The system is optimally adjusted through active connections with other installations and various real-time measurements such as presence detection, temperature measurements, pre-set calendars, light and sun measurements for applications such as HVAC, electrical installations, plumbing, fire detection, access control, CCTV, etc. In addition to a control function, ViMAt can also archive data that allows you to map, analyze and optimize energy consumption.

Further geographical spread and strong local presence in the various regions were also high on the priority agenda. Through the acquisition of P-Multitech in Lint, VMA Antwerp was launched. This new base will enable us to better serve the customers based on the right bank of Antwerp and to follow them up more closely. This event, too, created a new dynamic with a number of attractive contracts that were concluded at the end of 2018 and ensure healthy growth for this new entity. In addition to the local presence, all activities were grouped into six Business Units so that in the future as many activities as possible can be offered to our end customers from the eight operational sites.

The largest business unit remains the building segment with a number of good achievements such as the new ZNA hospital in Antwerp or the AZ Delta hospital in Roeselare, the new warehouses and offices for Nike in Laakdal and new business facilities for Punch Power in Sint-Truiden. VMA was also hired for the IMEC EnergyVille project in Genk and the new offices for BNP Paribas in Brussels.

Within the 'Automotive' department, it is important to keep close track of global market trends in the rapidly changing automotive sector and, where necessary, to follow customers internationally. Priorities and type of projects are largely determined by the end customer, which requires a flexible organization. In the past year we have been very busy in our own country with the construction of the assembly lines for Audi's new electric car as well as the extensions for the successful Volvo models in Ghent. Abroad, we mainly worked for Volvo in Charleston (USA), Porsche (Germany) and Jaguar Land Rover (UK). The tense international trade relations between the US and China led to the suspension of certain contracts at the end of the year. Here too, the renewed VMA organization paid off by the flexible commitment of employees to other technological challenges for new customers.

BE.MAINTENANCE CONFIRMS ITSELF AS LEADING PLAYER

In the technical maintenance market for installations, be.Maintenance again reported strong growth in sales and the expansion of its customer portfolio. Thanks to, among other things, close cooperation with the entities within Contracting, several large projects were started, such as the maintenance of two schools and a sports hall in Brussels, built by BPC, and the maintenance of the technical installations in the Brussels metro that were carried out by VMA Druart.

In Flanders, the focus was mainly on strengthening the operational teams for the contracts with MBG and Van Laere for the maintenance of the 30 schools that are part of the 'Schools of Tomorrow' program. Given the growth in activity in the three regions, this reinforcement will be further developed in 2019. In addition to the branches in Anderlecht, Muizen (Mechelen) and Charleroi, a location for the Aalst-Ghent region is also being sought out.

New warehouses and offices for Nike - Laakdal

RAIL & UTILITIES

The 'Track' activity ensured good results

ALL ACTIVITIES REGROUPED UNDER ONE NEW NAME: MOBIX

Mobix was born at the end of 2018. Mobix is the new group name for the activities of ENGEMA, Louis Stevens & Co, Remacom, Coghe and ENGETEC. Together they represent an annual revenue of more than 70 million euros and employ nearly 600 employees for the whole of Belgium. This new entity already positioned itself in 2017 as a multidisciplinary contractor for the construction of rail tracks, signalling and overhead lines. The rapidly changing environment that requires a more integrated total approach also requires a different internal structure in order to better meet the wishes of customers. As a result, in recent months the focus has been primarily on focusing the organization with the appointment of a new management team in order to be able to switch to an integrated structure that offers such total solutions. From the beginning of 2019, Mobix has two divisions: the Rail division, which offers expertise in the field of overhead lines, signalling and the construction of railways; and the Utilities division, which specializes in the installation of public lighting and distribution networks for gas and high, medium and low voltage power.

At the end of 2017, the railway company Coghe was taken over. The integration went as expected and, together with Remacom, ensured good results in the 'Track' activity generated by a better utilization rate of the heavy equipment. In 'Signalling' activity, ENGEMA and Louis Stevens & Co, in joint venture, started the ETCS level 2 project for the final customer Infrabel. Furthermore, catenary and electrification works were carried out in Dudzele, Ghent, Ostend, Brussels and Liège.

The renewal of the framework contracts at ORES and the allocation (in consortium) of the PPP "Plan Lumière 4.0." for the modernization of lighting along the motorways in the Walloon Region ensure a well-filled order book for the following years. The belief in a strong and safe rail environment as a sustainable means of transport and the increasing demand from our customers for a multidisciplinary approach remain the foundations that should allow further growth.

RAYMUND TROST
CEO CFE CONTRACTING SA

FRÉDÉRIC CLAES
MANAGING DIRECTOR
BPC SA

EXECUTIVE COMMITTEE

MANU COPPENS

MANAGING DIRECTOR
GROUP VAN LAERE SA
EXECUTIVE CHAIRMAN OF MBG

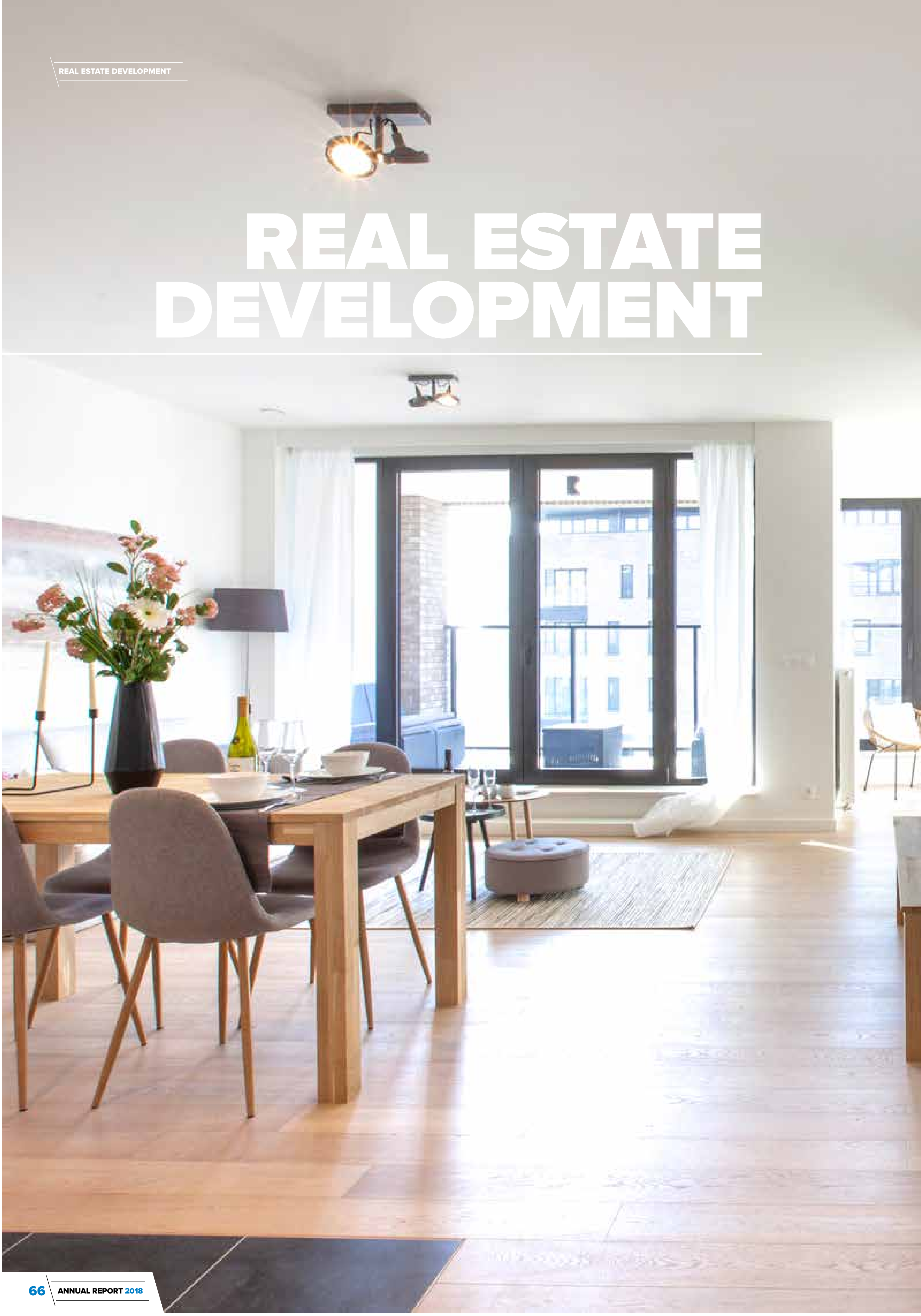
FABIEN DE JONGE

CHIEF FINANCIAL OFFICER
OF THE CFE GROUP

YVES WEYTS

EXECUTIVE CHAIRMAN OF
VMA AND MOBIX

REAL ESTATE DEVELOPMENT



BPI, 30 YEARS OLD AND YOUNGER THAN EVER!

BPI will celebrate its 30th anniversary this year.
The quality of the projects developed in Belgium, Luxembourg and Poland, justifies the enthusiasm of the employees, oriented towards a strong value: customer satisfaction.

The year 2018 took place in good conditions. The net result, share of the group, amply topped 9 million euros. It confirms the excellence of the choices made by a promoter who is becoming more and more a leader in his profession.

The rebranding put in place at the end of 2017 significantly increased the external image of the company and had a positive impact on the visibility of the projects on the market. This new visual identity is reflected in a new logo, a new website and a graphic charter common to the three countries in which BPI Real Estate operates.

Symbol of this new dynamic and its societal implication, BPI obtained in 2018, together with Immobel, the Caïus prize of the Entreprise patron of the year for the partnership with the project 'Remember - Souvenir' of the artist Denis Meyers to Ixelles.

The ambition to anticipate the rapid evolution of the 4.0 society, which has a significant impact on real estate development thinking, continues with enthusiasm. The job of developer is no longer to design professional spaces, housing - hardware - but to think of real estate in a wider environment in order to create new communities for future generations. The developer operators will become privileged partners developing software to turn these challenges into success.

With its financial independence, while claiming its membership in the CFE Group, BPI has the financial means to ensure its future development without appealing to its parent company. The historical quality of BPI's results and the professionalism of its employees have convinced investors and the financial markets.

2018 has enabled the company to position itself on new land in the Brussels region, Flanders, Poland and Luxembourg. It is therefore with confidence that BPI approaches the coming years for a well-controlled growth.

JACQUES LEFÈVRE
BPI REAL ESTATE SA

Key West - Anderlecht

Grand-Poste - Liège

BELGIUM

RESIDENTIAL PROPERTY IN FULL DEVELOPMENT

The developments under construction in Brussels and the rest of Belgium show very gratifying results: sales are going better than expected in a market where the supply remains substantial.

In the Brussels area, BPI continued the redevelopment of the former Solvay site in Ixelles. After the successful sales of the first phase, Ernest the Garden, building work on the second phase, Ernest the Park, has advanced to such an extent that 198 new residential units are ready for sale: one part will be delivered in June, another part in December. More than 85% of those residential units were sold by 31 December! The hotel that was sold last year is also under construction.

The 'Erasmus Gardens' project in Anderlecht is also progressing very well. The first two buildings were delivered during the year (more than 90% of the units sold), another building will be delivered in the spring of 2019, while construction work on a fourth building started at the beginning of the year. Accoladed 'Best Sustainable Real Estate Project', the 'Erasmus Gardens' project confirms BPI's interest in projects of high environmental value.

In Uccle, the three buildings under construction of the 'Les Hauts Prés' project will be delivered during the first half of the year. In the final phase, 112 residential units remain to be constructed, for which the building permits have been obtained. In Schaerbeek, sales of the 'Voltaire' building continued successfully with more than 50% of the units sold by 31 December, although the 87 residential units will only be delivered during the second half of the year.

With building permits obtained in 2018, construction work on the 'Park West' project, situated near the Schuman roundabout, started at the beginning of 2019. More than 50% of the apartments had already been sold before construction work even began. The 'Woodskot' project (94 student rooms), which will be completed during the year, was sold to the investor Xior.

Zen Factory - Lot-Beersel

GITO - Tervueren

Even more so than the quality of the project and its location, it was the CLT (Cross Laminated Timber) method, developed by a subsidiary of CFE, that appealed to the buyer.

Outside the Brussels area, the 'Godskespark' project in Godsheide (first phase) and 'Zen Factory' in Lot-Beersel were launched, with the first construction works having begun during the year.

LOW-ENERGY OFFICES IN LIÈGE

On the Val Benoit site, an 18-year lease was signed with Forem for a building of 5,500 m^2, which is nearly 45% of the project. Construction work will be finished by the end of 2019. It is the first building in Liège to meet the low-energy criteria. Contacts have started with other occupants.

For the 'Grand-Poste' building, work is in progress on 16,000 m^2 that will be dedicated to innovative trends, with the greatest incubator of new digital economies and media in Belgium, an indoor market, a microbrewery incubator, and a residential part for students, with the ULG also setting up its communication department, a newsroom, and studios there.

2019: NEW DEVELOPMENTS

The teams of BPI Real Estate Belgium are engaged in the process of obtaining administrative permits for the selected building plots: 'Kuborn' and 'Key West' in Anderlecht, 'Samaya' in Ottignies-Louvain-la-Neuve, and 'Bavière' in Liège.

Urban planning and environmental permits have been obtained for the NEO project, and building permit applications were filed at the beginning of the year. The same goes for the Allianz project on Place de Brouckère.

BPI also won the GITO competition in Tervuren and concluded an agreement to acquire two new sites in Auderghem of more than 30,000 m^2.

Livingstone - Luxemboug city

Entrée en ville - Differdange

GRAND-DUCHY OF LUXEMBOURG

DELIVERY OF PROPERTY DEVELOPMENTS

BPI finalized the sale to a private investor of the 'Glesener 21' building in the neighbourhood of the Luxembourg railway station. In 'Glesener 21', the firm Silversquare has set up a co-working space which won the award for 'Best Office Space of the Year' from CBRE.

The 99 apartments of the 'Domaine de l'Europe' project in the Kirchberg district of Luxembourg City will be delivered in the course of the first half of 2019.

The 48 apartments of the Fussbann project in Differdange, in the southwest of the country, were delivered in the first quarter of 2019.

BPI LUXEMBOURG CONSOLIDATES ITS POSITION THROUGHOUT THE COUNTRY

After a phase of applying for administrative permits, demolition and decontamination of buildings and sites, construction work has started on the Livingstone project in the city of Luxembourg. Sales of the 248 apartments of the first two phases were a great success with 100% of the apartments sold. The third and final phase is under development.

In Strassen, on the outskirts of the city, BPI continued the development of an office project of 3,700 to 4,500 m^2, for which an application for a building permit has been filed.

In Differdange, in the south of the country, BPI continued to develop the 'Entrée en Ville' project. This mixed-use project comprises 25,000 m^2 retail/office/services and residential space, and a 17-storey tower block. The special development permit was obtained in August 2018, and the performance agreement is currently being drawn up.

Wola Libre - Warsaw

Rezydencja Barska - Warsaw

In the eastern part of the country, near the German border, the 'Domaine des Vignes'

project is also under development. Sales of the first phase, comprising 1,500 m^2 retail/services, 17 timber-framed houses and 58 apartments, were successful. Construction work will start during the year, and sales of phase 2 of the project will begin shortly.

POLAND

In Wroclaw, BPI successfully delivered the first phase (175 apartments) of the Bulwary Książęce project. Sales were a resounding success, with 100% of the apartments sold and delivered to customers, and the signing of a sales contract for all the retail space on the ground floor of the building. Construction and sales of the second phase (190 apartments) continued successfully, with more than 40% of the units sold by 31 December. It is due for delivery in 2020.

In Warsaw, BPI delivered the Wola Libre project (274 apartments) with remarkable commercial success: 100% of the apartments and retail space was sold and delivered to the customers.

In the fourth quarter, BPI started construction and sales of the Wolare (231 apartments) and Rezydencja Barska (57 apartments) projects, which are due for delivery in 2020.

In the first quarter, BPI started construction and sales of the Vilda Park project (230 apartments) in Poznan, which is due for delivery in 2020. The year ended with nearly 45% of the units sold; the success of this new project proves the quality of the sites chosen by BPI.

In Gdansk, following the construction of four buildings as part of the Four Oceans project (708 apartments and retail space on the ground floor), BPI acquired a new site in a highly competitive environment. On this site, it plans to develop 240 serviced residential units.

Since it became established in the country, BPI has entrusted its building projects to CFE Polska in a partnership marked by a privileged relationship of trust and with the guarantee of a high-quality building result.

The outlook for BPI in Poland looks good in the years to come.

FREDERIK LESIRE
HEAD OF DEVELOPMENT BRUSSELS-FLANDERS-POLAND

FABIEN DE JONGE
CHIEF FINANCIAL OFFICER OF THE CFE GROUP

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MARIUSZ RODAK
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ARNAUD REGOUT
HEAD OF BPI LUXEMBOURG

CATHERINE VINCENT
HEAD OF LEGAL

PHILIPPE SALLÉ
HEAD OF DEVELOPMENT BRUSSELS-WALLONIA

FINANCIAL REPORT

KEY FIGURES

KEY FIGURES

In million €							IFRS
	2013	Pro Forma 2013 DEME 100%	2014	2015	2016	2017	2018
Revenue	2,267.3	3,346.1	3,510.5	3,239.4	2,797.1	3,066.5	3,640.6
EBITDA (3)	213.2	460.9	479.5	504.9	465.9	500.7	488.0
Operating result (EBIT) (1)	67.2	166.4	240.5	265.7	226.8	249.4	227.2
Profit before tax (1)	28.0	110.2	224.8	233.1	202.8	227.2	218.8
Net result part of the group (1)	7.9	61.7	159.9	175.0	168.4	180.4	171.5
Net result part of the group (2)	-81.2	-27.4	159.9	175.0	168.4	180.4	171.5
Equity part of the group	1,193.2	1,193.2	1,313.6	1,423.3	1,521.6	1,641.9	1,720.9
Net financial debt	781.4	614.1	188.1	322.7	213.1	351.9	648.3

(1) Before items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME as from 24 December 2013 arising from the contribution in kind and capital increase.

(2) After items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME arising from the contribution in kind and capital increase.

(3) EBITDA: EBIT + amortization and depreciation + other non-cash items (under IFRS)
The definition of EBITDA was changed as follows as from 2014 (including for restatement of the comparative figures of 2013): operating income on activities + amortization and depreciation + other non-cash items. As opposed to the operating income (EBIT), the operating income on activities does not include the earnings from associates and joint ventures

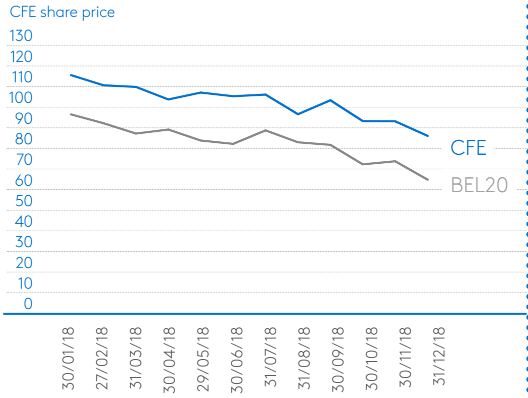
RATIOS

								IFRS
	2013 (published) (*)	2013 DEME 50% (*)	Pro Forma 2013 DEME 100% (*)	2014	2015	2016	2017	2018
EBIT/ Revenue	3.0%	1.7%	5.0%	6.9%	8.2%	8.1%	8.1%	6.2%
EBITDA / Revenue	9.4%	-1.0%	13.8%	13.7%	15.6%	16.7%	16.3%	13.4%
Net result part of the group / Revenue	0.3%	0.8%	1.8%	4.6%	5.4%	6.0%	5.9%	4.7%
Net result part of the group/ equity part of the group	1.5%	1.5%	11.8%	13.4%	13.3%	11.8%	11.9%	10.4%

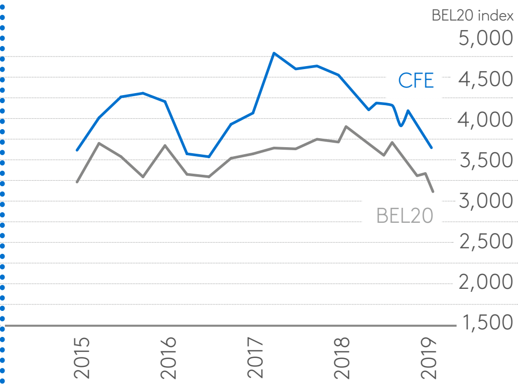
(*) Before items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME arising from the contribution in kind and capital increase, and restated in accordance with changes in accounting methods following the implementation of IFRS 10 and 11.

TREND COMPARING THE CFE SHARE PRICE AND THE BEL20 INDEX

FOR THE YEAR 2018



OVER THE LAST FIVE YEARS (AT 31/12/2018)



DATA IN € PER SHARE

	2013 (*)	2014	2015	2016	2017	2018
Number of shares at 31/12	25,314,482	25,314,482	25,314,482	25,314,482	25,314,482	25,314,482
Operating result (EBIT)	N/A **	9.5	10.5	9.0	9.9	9.0
Net result part of the group	N/A **	6.32	6.9	6.7	7.1	6.8
Gross dividend	1.15	2.00	2.40	2.15	2.40	2.40
Equity	47.1	52.2	56.7	60.7	65.4	68.5

(*) Not meaningful following the change in scope and items relating to the capital increase and the treatment of goodwill.

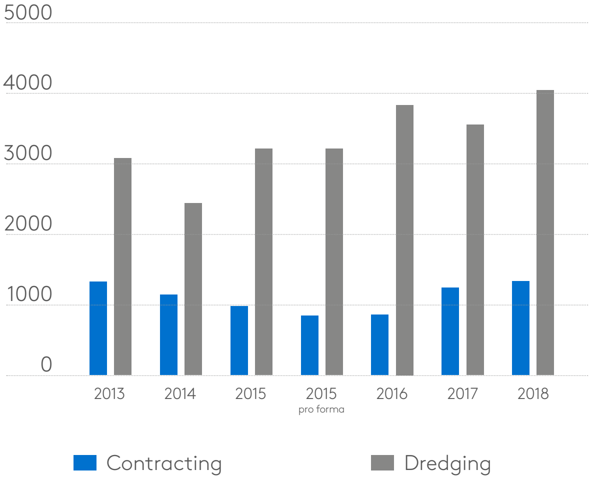
SHARE PRICE DATA

		2013	2014	2015	2016	2017	2018
Lowest price	EUR	41.00	62.80	83.00	75.15	95.00	83.4
Highest price	EUR	66.64	89.70	127.70	108.25	141.45	133.4
Price at the close of the FY	EUR	64.76	85.02	109.10	103.50	121.70	86.4
Average volume per day	number shares	14,628	15,015	16,128	14,390	14,065	15,188
Market capitalisation at 31/12	Mio EUR	1,639.4	2,152.2	2,761.8	2,620.0	3,080.8	2,187.2

DATA BY DIVISION

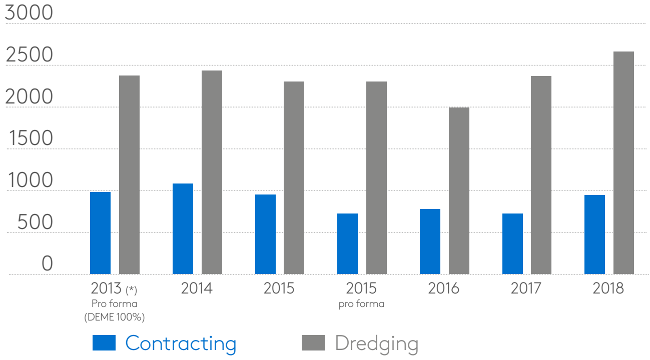
EVOLUTION OF THE ORDER BOOK

In million €



EVOLUTION OF THE REVENUE

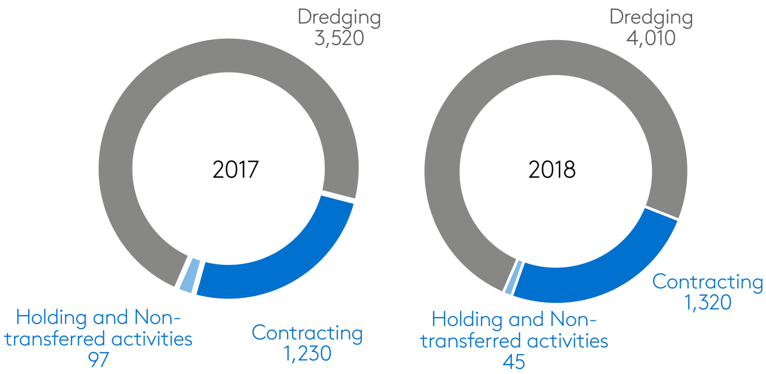
In million €



(*) Amounts restated in accordance with changes in accounting methods following the implementation of IFRS 10 and IFRS 11.

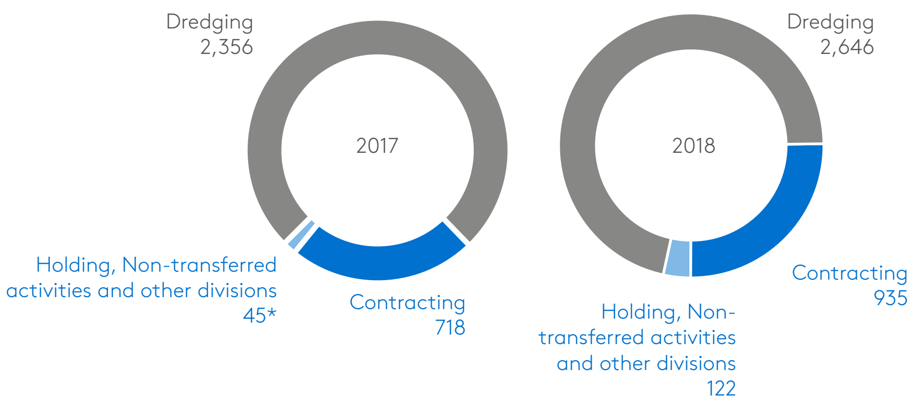
EVOLUTION OF THE ORDER BOOK

In million €



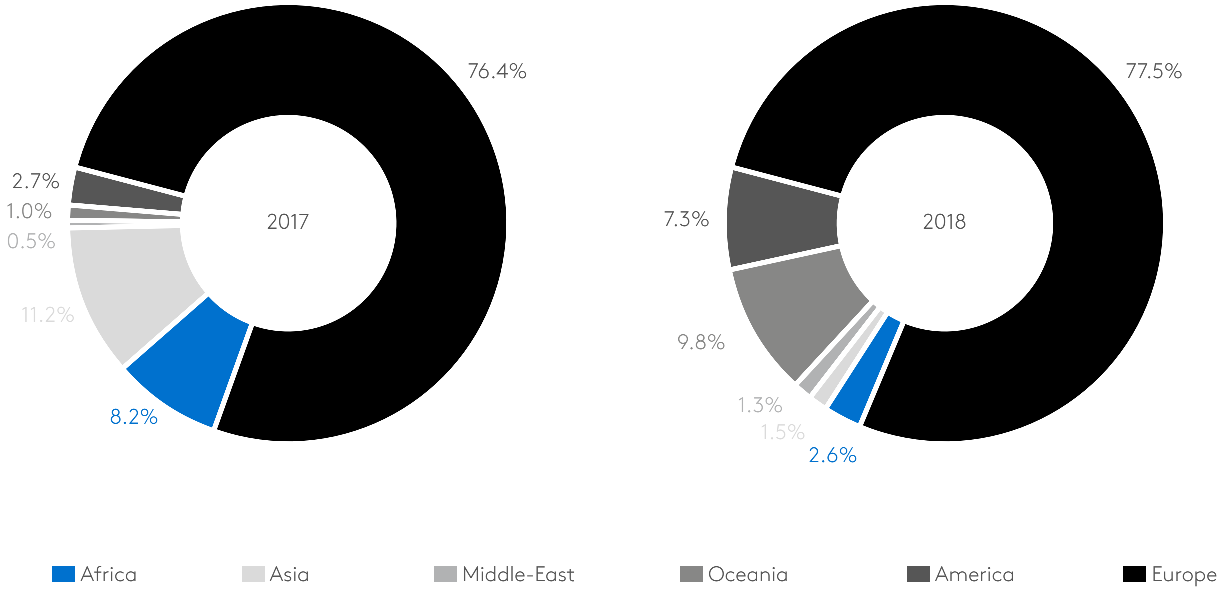
EVOLUTION OF THE REVENUE

In million €



(*) before eliminations between segments

EVOLUTION OF ACTIVITY OF THE CFE GROUP BY GEOGRAPHICAL AREA



EVOLUTION OF OPERATING RESULT (EBIT)(*)

In million €

	Contracting	Real Estate	Dredging	Other divisions and holding	Total
2013 (published))	*-29.5*	*3.8*	*105.1*	*-12.2*	*67.2*
2013 Pro forma DEME 100% (**)	*-29.5*	*3.7*	*202.2*	*-10.0*	*166.4*
2014	*-7.5*	*7.1*	*241.2*	*-0.3*	*240.5*
2015	*-34.9*	*7.7*	*298.2*	*-5.3*	*265.7*
2015 Pro forma (***)	*7.5*	*7.7*	*298.2*	*-47.7*	*265.7*
2016	*20.0*	*4.3*	*207.4*	*-4.9*	*226.8*
2017	*27.2*	*23.4*	*207.3*	*-8.5*	*249.4*
2018	*22.7*	*13.2*	*197.6*	*-6.3*	*227.2*

(*) Including results of associated companies and joint ventures.
(**) Amounts restated in accordance with changes in accounting methods following the implementation of IFRS 10 and IFRS 11.
(***) Including pro forma figures according to the new definition of the segment applicable as of 1 January, 2016

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

TABLE OF CONTENTS

A. REPORT ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR

CFE's board of directors met on 22 February 2019 to finalise the financial statements for the year ended 31 December 2018, which will be submitted to the forthcoming general meeting of shareholders on 2 May 2019.

1. KEY FIGURES 2018

In million €	2018	2017	Change 2018/2017
Revenue	3,640.6	3,066.5	+18.7%
Self-financing capacity (EBITDA) (*) % of revenue	488.0 13.4%	500.7 16.3%	-2.5%
Operating income (EBIT) (*) % of revenue	227.2 6.2%	249.4 8.1%	-8.9%
Net income share of the group % of revenue	171.5 4.7%	180.4 5.9%	-4.9%
Earnings per share (in euro) Gross dividend per share (in euro) (**)	6.78 2.40	7.13 2.40	-4.9% 0.0%

(*) The definitions are included in the 'Consolidated financial statements' section of the financial
(**) Amount to be submitted for approval to the annual general meeting of 2 May 2019.

In million €	2018	2017	Change 2018/2017
Equity – share of the group	1,720.9	1,641.9	+4.8%
Net financial debt (*)	648.3	351.9	+84.2%
Order book	5,385.9	4,850.8	+11.0%

GENERAL INTRODUCTION

The CFE group reported a substantial consolidated revenue growth in 2018, increasing by 18.7% to € 3,640.6 million in 2018 compared to € 3,066.5 million in 2017. The three divisions reported a vigorous growth in activity.

EBITDA stood at € 488 million, which is slightly down compared to 2017 (€ 500.7 million).

The net result, share of the group, came to € 171.5 million in 2018, or 4.7% of revenue. Where the net result, share of the group, remained stable at DEME and in Contracting, it decreased, as expected, in Real Estate Development, which in 2017 had recorded two extraordinary gains on disposal.

The equity, share of the group, increased by 4.8% to € 1,720.9 million.

The investments in the renewal and expansion of DEME's fleet increased the net financial debt to € 648.3 million, or 37% of the equity, share of the group.

The order book amply topped € 5 billion, confirming the good commercial positioning of the companies.

2. ANALYSIS BY DIVISION

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA DIVISION

Presentation of the results

Since 2014, DEME's key figures have been presented according to two approaches: the accounting approach according to the applicable IFRS rules, and the economic approach which consisted of the proportional consolidation of the jointly controlled entities (accounting rules applicable before 1 January 2014).

As from the beginning of September 2018, DEME holds 95% of the beneficial rights of the MEDCO company in Qatar (compared to 44.1% previously). As a result the activities of that subsidiary are now fully integrated in the consolidated financial statements of DEME.

Following the change in consolidation method of MEDCO, the economic presentation of the DEME consolidated figures is no longer appropriate. The source of major disparities between the accounting and economic approaches does not exist any longer.

Key figures

In million €			2018			2017	Change 2018/2017
	DEME	*Restatements DEME (*)*	*Total*	*DEME*	*Restatements DEME (*)*	*Total*	
Revenue	*2,645.8*	*0*	*2,645.8*	*2,356.0*	*0*	*2,356.0*	*+12.3%*
EBITDA (**)	*458.9*	*0*	*458.9*	*455.5*	*0*	*455.5*	*+0.7%*
Operating income (EBIT) (**)	*202.9*	*-5.3*	*197.6*	*217.8*	*-10.5*	*207.3*	*-4.7%*
Net income share of the group	*155.6*	*-2.0*	*153.6*	*155.1*	*1.4*	*156.5*	*-1.9%*
Net financial debt (**)	*555.8*	*0.2*	*556.0*	*285.7*	*2.0*	*287.7*	*+93.3%*
Order book	*4,010.0*	*0*	*4,010.0*	*3,520.0*	*0*	*3,520.0*	*+13.9%*

(*) Amounts restated to take account of the recognition at fair value of the identifiable assets and liabilities of DEME following the acquisition of an additional 50% of the DEME shares on 24 December 2013.

(**) The definitions are included in the 'Consolidated financial statements' section of the financial report.

Revenue

The consolidated revenue amounted to € 2,645.8 million, which is up 12.3% compared to the previous year.

As in 2017, business was buoyant in the Offshore segment, which includes GeoSea and Tideway.

In Germany, the teams of GeoSea worked on two EPCI projects: the Merkur project, which was finalized in 2018, and the Hohe See project, for which the production of the monopile foundations and transition pieces is virtually completed, and 63 of the 87 foundations were installed by 31 December 2018.

In the UK, good progress has been made on the Hornsea One offshore wind farm: at the end of 2018, the multipurpose vessel 'Living Stone' finished the installation of the submarine power cable connecting the wind farm and electrical substations to the onshore grid. GeoSea, which is also engaged on this project, has already transported and installed 153 of the 174 monopile foundations.

In Denmark, GeoSea was in charge of the production, transport and installation of the 49 monopile foundations and transition pieces, as well as the installation of the masts and wind turbines for the Horns Rev 3 offshore wind farm. The works are virtually completed.

In the dredging segment, DEME continued work on the TTP1 project (Tuas Terminal - Phase 1), which has entered its final phase, and has just started dredging work to deepen the access channel to the port of Szczecin in Poland. Maintenance dredging activity was primarily concentrated in Belgium, Africa, India and Germany.

DEME's Environment division achieved a revenue increase in 2018. In this activity, there is a dispute with the client Rijkswaterstaat (Netherlands) regarding the execution of the Julianakanaal contract.

DIMCO, the subsidiary specializing in marine civil engineering, reported a substantial growth of business, particularly in the Netherlands where three major projects are in the start-up phase: the RijnlandRoute link, the Terneuzen lock, and the A24-Blankenburg connection.

Evolution of activity by business area

In %	2018	2017
Capital dredging	*23%*	*21%*
Maintenance dredging	*11%*	*14%*
Fallpipe and landfalls	*17%*	*8%*
Environment	*6%*	*7%*
Civil works	*6%*	*3%*
Marine works	*37%*	*47%*

Evolution of activity by geographical area

In %	2018	2017
Europe (EU)	*67%*	*68%*
Europe (non-EU)	*2%*	*2%*
Africa	*10%*	*10%*
Americas	*4%*	*3%*
Asia-Pacific	*13%*	*12%*
Middle East	*2%*	*1%*
India and Pakistan	*2%*	*4%*

EBITDA and operating income (excluding restatements)

EBITDA amounted to € 458.9 million, which is slightly up compared to 2017 (€ 455.5 million). The EBITDA margin came to 17.3% of revenue.

Where in the first half of 2018 DEME was confronted with substantial delays in the delivery of two vessels (the 'Apollo' and the 'Living Stone'), affecting its EBITDA margin which decreased to 14.1%, profitability recovered significantly during the second half of the year with an EBITDA margin of 20.6%.

The operating income amounted to € 202.9 million in 2018, or a 6.8% decrease due, among other things, to an increase in depreciation cost as several new vessels were brought into service.

Order book

The order book amounted to € 4.01 billion, which is up 13.9% compared to year-end 2017.

Order intake was particularly high in the fourth quarter of 2018, during which DEME won three major contracts worth a total of around € 1.5 billion:

- The EPCI contract for the design, construction, transport and installation of 100 wind turbine foundations and the transport and installation of three electrical substations for the Moray East offshore wind farm in the United Kingdom.
- The EPCI contract for the design, construction, transport and installation of 58 wind turbine foundations, electrical substations and two submarine power cables for the SeaMade offshore wind farm 50 km off the Belgian coast. This order is worth around € 500 million for DEME. Offshore work will start in June 2019 and will finish at the end of 2020. The wind farm will have a capacity of 487 MW.
- The DBFM contract for the Blankenburg connection, for which the financial close was reached on 17 October 2018. The Blankenburg connection involves the design, construction, financing and 20-year maintenance of a three-lane motorway link over a length of 4 km with two tunnels, one of which is a 900-metre immersed tunnel. This project is worth around € 1 billion, just under half of which is for DEME.

As regards the Fehmarnbelt link, which was not yet included in the order book at 31 December 2018 (€ 710 million), the environmental permits on the German side have been granted but are still open to appeal.

Investments

Investments amounted to € 441.3 million in 2018, and primarily consist of down payments on the vessels 'Orion' and 'Spartacus', and payment of the remaining balance on the vessels 'Living Stone' and 'Apollo', which became operational in mid-2018.

In the second half of 2018, DEME started the construction of four new vessels for a total amount of € 133 million. They include two trailing suction hopper dredgers with a capacity of 2,300 m^3 and 8,300 m^3 respectively ('River Thames' and 'Meuse River'), and two self-propelled barges with a capacity of 3,500 m^3 each ('Bengel' and 'Deugniet'). These four vessels will be built by the IHC shipyard, and are due for completion in 2020.

In addition to investments in its fleet, DEME invested more than € 30 million in its minority interests in offshore wind farm concessions.

Following the change in consolidation method of MEDCO, the fleet of that company, which essentially consists of two cutters, was recognized at fair value in the group's non-current assets for an amount of € 79.6 million.

Net financial debt

DEME's net financial debt amounted to € 555.8 million at 31 December 2018. This had increased by € 270.1 million in 2018 as a result of the investments in the maintenance, renewal and expansion of the fleet and the increased working capital requirement (decrease in cash advances).

DEME has successfully refinanced its € 200 million bond, which matured on 14 February 2019.

CEO change at DEME

Luc Vandenbulcke became the new CEO of DEME with effect from 1 January 2019. He succeeds Alain Bernard, who remains a director of DEME and some of its subsidiaries, as well as chairman of the board of directors of DEME Concessions and GSR.

The boards of directors of DEME and CFE thank Alain Bernard very much for the work he has done over the past 12 years. Under his leadership, DEME became one of the leading Belgian groups with a solid international reputation.

DEME Offshore

As of 2019, the activities of GeoSea, Tideway, A2Sea and EverSea are integrated in DEME's Offshore segment (DEME Offshore).

DEME Offshore offers a comprehensive package of solutions and services to customers in the offshore oil, gas and renewable energy industries.

CONTRACTING DIVISION

Key figures

In million €	2018	2017	Change 2018/2017
Revenue	*934.6*	*717.6*	*+30.2%*
Operating income (EBIT) (*)	*22.7*	*27.2*	*-16.5%*
Net income share of the group	*15.2*	*15.4*	*-1.3%*
Net financial surplus (*)	*102.4*	*90.5*	*+13.2%*
Order book	*1,320.3*	*1,229.7*	*+7.4%*

(*) The definitions are included in the "Consolidated Financial Statements" section of the financial report.

Revenue

CFE Contracting reported a strong growth in its consolidated revenue: 30.2% on a real basis and 10.2% on a like-for-like basis. The three segments (Construction, Multitechnics and Rail & Utilities) showed a solid growth in 2018.

In Belgium, the revenue of Van Laere and its subsidiaries is consolidated as of 1 January 2018 (€ 139.8 million), and accounts for most of the activity growth in the Construction segment in Belgium.

The main projects in progress in Belgium are the Gare Maritime on the Tour & Taxis site in Brussels, the ZNA hospital in Antwerp, and the residential properties on the Erasmus Gardens site in Anderlecht.

In International Construction, CFE Polska reported an all-time high volume of business. Amongst others, it finished the extension of the Platan shopping centre in Zabrze (southern Poland) in record time. Activity was also buoyant in Luxembourg, whereas the Tunisian branch continued to wind down its operations in a highly unfavourable socioeconomic environment.

In Multitechnics, the integration of the electricity and HVAC activities in the VMA cluster is bearing fruit, with a 9.9% growth of business in 2018.

In Rail & Utilities, activity for the ETCS project (automatic braking system for trains) is in an upward trend, as has the 'catenaries' department, which experienced an increase in revenue.

In million €	2018	2017	Change in %
Construction	*692.5*	*499.8*	*+38.6%*
Belgium	*516.4*	*346.7*	*+48.9%*
International	*176.1*	*153.1*	*+15.0%*
Multitechnics	*170.6*	*155.3*	*+9.9%*
Rail & Utilities	*71.5*	*62.5*	*+14.4%*
Total Contracting	*934.6*	*717.6*	*+30.2%*

Operating income

The division's operating income amounted to € 22.7 million, down -16.5% compared to 2017. The volume of business remains high in Construction and Multitechnics, although prices continue to be extremely competitive, whereas the prices of materials and subcontractors show a substantial rise.

Several entities reported a strong growth in operating income, especially CFE Polska and VMA-Druart (entity active in Belgium in the HVAC market). Tunisia, however, weighed heavily on the division's results (around € 6 million loss reported in 2018).

Also worth noting is that the Van Laere group realized an operating income very close to break-even, whereas it still reported heavy losses in 2017 before joining the consolidation scope of CFE Contracting.

Net result

The net result, share of the group, remained virtually stable at € 15.2 million, or 1.6% of revenue.

Order book

In million €	31 December 2018	31 December 2017	Change in %
Construction	***1,069.1***	***978.8***	***+9.2%***
Belgium	*870.9*	*767.3*	*+13.5%*
International	*198.2*	*211.5*	*-6.3%*
Multitechnics	***168.4***	***152.6***	***+10.4%***
Rail & Utilities	***82.8***	***98.3***	***-15.8%***
Total Contracting	***1,320.3***	***1,229.7***	***+7.4%***

The order book came in at € 1,320.3 million on 31 December 2018, which is up 7.4%. Both MBG and Van Laere reported a particularly high order intake in Flanders.

In 2018, the group experienced two major commercial successes that were not yet included in the order book at 31 December 2018:

- CFE Contracting and its partners won the contract for the design, modernization, financing, management and 20-year maintenance of the public lighting equipment of the Walloon Region's main road network (Plan Lumière 4.0). Financial close was reached on 13 February 2019. The network modernization works will begin in the summer of 2019.
- In July 2018, the consortium made up of CFE and Cofinimmo won the tender for the NEO 2 project. The call for tenders launched by the City of Brussels and the Brussels-Capital Region in 2013 concerns the design, construction, financing and maintenance (DBFM) of a congress centre and the design, construction and operation of a hotel on the Heysel plateau in the North of Brussels. The contract will be included in the order book at the start of the project, which is scheduled for 2020, once the contract is signed, financial close is reached, and planning permission is obtained.

Net financial surplus

The net financial surplus of CFE Contracting increased substantially in 2018 (€ 102.4 million compared to € 90.5 million at year-end 2017), reflecting the solid operating cash flows and the continuous improvement of the working capital requirement.

MOBIX

At year-end 2018, the management of the Rail & Utilities segment presented the new name and logo of the cluster, which from now on will be called MOBIX.

VOLTIS

At the year-end, CFE Contracting sold its stake in Voltis to it's management. Voltis specializes in the sale of electrical equipment to private and professional customers, and has three outlets in Walloon Brabant (€ 8.7 million revenue in 2017). The sale had no significant impact on the results of CFE Contracting.

REAL ESTATE DEVELOPMENT DIVISION

Key figures

In million €	2018	2017	Change 2018/2017
Revenue	*94.7*	*10.9*	*n.s.*
Operating income (EBIT) (*)	*13.2*	*23.4*	*-43.6%*
Net income share of the group	*9.3*	*22.3*	*-58.3%*
Net financial debt (*)	*70.5*	*68.8*	*+2.5%*

(*) The definitions are included in the "Consolidated Financial Statements" section of the financial report.

Breakdown by stage of project development

In million €	31 December 2018	31 December 2017
Unsold units post completion	*4*	*6*
Properties under construction	*70*	*69*
Properties in development	*65*	*58*
Total capital employed	*139*	*133*

Breakdown by country

In million €	31 December 2018	31 December 2017
Belgium	*89*	*82*
Luxembourg	*23*	*20*
Poland	*27*	*31*
Total	*139*	*133*

(*) Capital employed is the sum of the equity and net financial debt of the real estate division.

New developments

BPI Real Estate Belgium (BPI), which covers the Real Estate division, is currently developing some forty real estate projects totalling 561,000 m² gross floor area above ground (BPI share), of which 142,000 m² are under construction.

In Belgium

BPI sold 259 apartments in 2018. Seven residential projects are currently in the course of construction and marketing:

- Ernest The Park, in Ixelles (Brussels)
- Erasmus Gardens, in Anderlecht (Brussels)
- Les Hauts-Prés, in Uccle (Brussels)
- Voltaire, in Schaerbeek (Brussels)
- Park West, in Brussels
- Zen Factory, in Lot-Beersel (Flanders)
- Godsheide, in Hasselt (Flanders)

Where the five Brussels projects show highly satisfactory take-up rates, sales are slower for the two projects in Flanders.

Besides its residential projects, BPI is also developing, in joint venture, two office projects in Liège, the Grand Poste project and the Renaissance project, on the Val Benoît site, which is already partially let to a public body.

BPI and its partners have filed a planning application for the NEO 1 project, comprising a shopping centre and more than 500 housing units on the Heysel plateau in Brussels.

The first planning applications for the Samaya project in Ottignies and the Bavière project in Liège have also been filed, while those for the Allianz and Key West projects will be filed in the next few months.

At the end of December 2018, BPI agreed with Cofinimmo on the future acquisition (mid-2020) of the property rights of its office buildings on the Serenitas and Moulin à Papier sites in Auderghem (Brussels), with a total floor area of nearly 23,000 m². The transaction amounts to approximately € 27 million. Those buildings will primarily be converted into residential properties, while part of the Serenitas site will accommodate the future head office of CFE.

In Luxembourg

BPI and its partners obtained planning permission for the Livingstone project situated along Route d'Esch in Luxembourg City (35,000 m²). All the apartments of phases 1 and 2, or 247 housing units, have already been taken up, although work on the first phase has only just begun. On the Kirchberg plateau, the Kiem project has entered its final phase, and acceptance of the apartments is scheduled for the spring of 2019.

BPI has also filed a planning application for the Domaine des Vignes project in Mertert.

In Poland

In June 2018, BPI delivered two mixed-use buildings totalling 40,400 m²: the Immo Wola project in Warsaw, and phase 1 of the Bulwary Kasiazece project in Wroclaw. Virtually all housing units have been sold.

Four residential projects are currently in the course of construction and marketing, totalling 57,000 m² and situated in three large cities in Poland: Warsaw, Wroclaw and Poznan.

BPI also acquired a new building plot in Gdansk for 240 serviced housing units (Sadowa project).

Capital employed

The capital employed of real estate projects increased slightly during 2018 to € 139 million. The stock of unsold units post completion remained very low (less than 3%).

Net financial debt

After having successfully launched its first private placement at the end of 2017 (€ 30 million), BPI further strengthened its financial structure in 2018 by setting up € 40 million worth of confirmed bilateral credit lines, and a Multi-Term treasury Notes programme of € 40 million.

Net result

The net result, share of the group, amounted to € 9.3 million, and was favourably impacted by, among other things, the result recognized according to percentage of completion of the Ernest The Park, Kiem (Luxembourg) and Erasmus Gardens projects, and by the recognition of the margin on the two completed projects in Poland. Unlike under the accounting rules applied in Belgium and in Luxembourg, the margin on the Polish residential projects is only recognized upon delivery.

In 2017, the sale of the Kons project in Luxembourg and the Oosteroever project in Ostend (Belgium) had made an exceptional contribution to BPI's net result.

Holding, non-transferred activities and inter division eliminations

In million €	2018	2017	Change 2018/2017
Revenue	*-34.4*	*-18.1*	*n.s.*
Operating income (EBIT) (*)	*-6.4*	*-8.4*	*-23.8%*
Net income share of the group	*-6.5*	*-13.7*	*-52.6%*
Net financial debt (*)	*124.4*	*85.9*	*+44.8%*

(*) Definitions are listed under sections "Consolidated Financial Statements" of the financial report.

Revenue

Adjusted for inter-division eliminations (€ -61.5 million), the revenue amounted to € 27.1 million in 2018.

Activity is essentially confined to the Brussels-South wastewater treatment plant project, of which the second of the three phases was completed at the end of 2018 on schedule and to the satisfaction of the customer. Final completion of the project is scheduled for December 2020. It should be remembered that this is the last project in progress of the Holding division.

Operating income

The operating loss decreased by 23.8% to € -6.4 million thanks to the positive contributions of Rent-A-Port and Green Offshore.

Rent-A-Port, through its subsidiary Infra Asia Investments (IAI), continued to develop its industrial sites in the port areas of Hai Phong and Quang Ninh, of which approximately 40 hectares were sold in 2018. At the yearend, IAI concluded the sale of 50% of its power distribution operations to the Japanese group TEPCO.

Green Offshore owns two Belgian offshore wind farms, Rentel and SeaMade. The Rentel wind farm began generating electricity in the second half of 2018, while financial close on the SeaMade wind farm project was reached at the beginning of December 2018. The wind farm is expected to be operational by the end of 2020.

Net result

The net result, share of the group, of the Holding division amounted to € -6.5 million, compared to € -13.7 million in 2017.

Evolution on Chad

Following payments received in July 2018, the outstanding receivables decreased by € 7.5 million from € 60 million to € 52.5 million (excluding VAT and receivables covered by the Credendo credit insurance). No further payments have been received since July 2018. Moreover, the sums received locally have not yet been converted into euros and transferred to Belgium.

The terms and conditions for the refinancing of the receivables relating to the Grand Hotel have been formally approved by the Chadian authorities, and have yet to be validated by the board of directors of the Afrexim Bank.

Net financial debt

On 21 June 2018, CFE redeemed its € 100 million bond that had reached maturity. Refinancing was done by setting up a total of € 160 million worth of confirmed bilateral credit lines (maturing in 2023), of which € 130 million was drawn down at 31 December 2018. At the year-end, CFE set up a Multi-Term treasury Notes programme of € 50 million. The first issues took place at the beginning of 2019.

The significant increase in net financial debt is explained by the injection of funds into Rent-A-Port and Green Offshore, and by the utilization of provisions for losses to completion and the decrease in working capital requirement.

3. OVERVIEW OF THE FINANCIAL STATEMENTS

3.A.1 CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December In thousands €	2018	2017
Revenue	**3,640,627**	**3,066,525**
Revenue from auxiliary activities	123,018	116,588
Purchases	-2,147,130	-1,726,761
Remuneration and social security payments	-633,090	-546,699
Other operating charges	-497,748	-404,180
Depreciations and amortization	-272,602	-238,316
Income from operating activities	**213,075**	**267,157**
Earnings from associates and joint ventures	14,169	-17,710
Operating income	**227,244**	**249,447**
Cost of financial debt	-8,433	-14,362
Other financial expenses and income	-55	-7,904
Net financial income/expense	**-8,488**	**-22,266**
Pre-tax income	**218,756**	**227,181**
Income tax expense	-49,549	-48,430
Net income for the period	**169,207**	**178,751**
Attributable to owners of non-controlling interests	2,323	1,691
Net income – share of the group	**171,530**	**180,442**

Year ended 31 December In thousands €	2018	2017
Net income for the period	**169,207**	**178,751**
Change in fair value related to hedging instruments	-5,498	6,463
Currency translation differences	621	-4,754
Deferred taxes	775	-1,583
Other elements of the comprehensive income to be reclassified to profit or loss in subsequent period	**-4,102**	**126**
Remeasurement on defined benefit plans	-1,063	-2,227
Deferred taxes	726	-3,382
Other elements of the comprehensive income not to be reclassified to profit or loss in subsequent period	**-337**	**-5,609**
Total elements of the comprehensive income directly accounted in equity	**-4,439**	**-5,483**
Comprehensive income	**164,768**	**173,268**
- attributable to owners of the parent	167,279	174,771
- attributable to owners of non-controlling interests	-2,511	-1,503
Net income per share (€) (basic and diluted)	6.78	7.13
Comprehensive income per share (€) (basic and diluted)	6.61	6.9
ROE (*)	**10.4%**	**11.9%**

(*) Definitions are listed under sections "Consolidated Financial Statements" of the financial report.

3.A.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December In thousands €	2018	2017
Intangible assets	89,588	91,343
Goodwill	177,127	184,930
Property, plant and equipment	2,390,236	2,138,208
Investments in associates and joint ventures	155,792	140,510
Other non-current financial assets	171,687	147,719
Non-current derivative instruments	9	921
Other non-current assets	5,501	7,798
Deferred tax assets	99,909	104,022
Total non-current assets	**3,089,849**	**2,815,451**
Inventories	128,889	138,965
Trade receivables and other operating receivables	1,261,298	1,098,842
Other operating current assets	67,561	55,712
Other non operating current assets	12,733	10,715
Current derivative instruments	275	4,156
Current financial assets	0	34
Cash and cash equivalents	388,346	523,018
Total current assets	**1,859,102**	**1,831,442**
Total assets	**4,948,951**	**4,646,893**
Share capital	41,330	41,330
Share premium	800,008	800,008
Retained earnings	923,768	840,543
Defined benefits plans	-25,521	-25,268
Hedging reserves	-7,153	-2,457
Translation differences	-11,554	-12,252
Equity – part of the group CFE	**1,720,878**	**1,641,904**
Non-controlling interests	13,973	14,421
Equity	**1,734,851**	**1,656,325**
Retirement benefit obligations and employee benefits	57,553	53,149
Provisions	35,172	30,183
Other non-current liabilities	5,725	4,497
Bonds - non current	29,584	231,378
Financial debts	656,788	419,093
Non-current derivative instruments	9,354	7,209
Deferred tax liabilities	119,386	130,023
Current provisions	**913,562**	**875,532**
Trade payables & other operating liabilities	65,505	82,530
Tax liability due for payment	1,410,944	1,276,446
Bonds - current	44,543	43,275
Current financial debts	200,221	99,959
Current derivative instruments	150,075	124,497
Liabilities held for sale	10,990	7,445
Other operating current liabilities	201,609	95,012
Other non operating current liabilities	216,651	385,872
Total current liabilities	**2,300,538**	**2,115,036**
Total equity and liabilities	**4,948,951**	**4,646,893**

3.A.3 CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December In thousands €	2018	2017
Operating activities		
Income from operating activities	*213,075*	*267,157*
Depreciation and amortisation of intangible assets, property, plant & equipment and investment property	*272,602*	*238,316*
Net provision expense	*1,265*	*4,986*
Impairment on current and non-current assets and other non cash items	*1,018*	*-9,725*
Sales of non-current assets	*-7,530*	*-9,662*
Dividends from associates and Joint Ventures	*4,935*	*6,507*
Cash flow from operating activities before changes in working capital	***485,365***	***497,579***
Decrease/(increase) in trade receivables and other current and non current receivables	*-349,838*	*107,002*
Decrease/(increase) in inventory	*6,142*	*-8,466*
Increase/(Decrease) in trade payables and other current and non current payables	*141,189*	*75,012*
Income tax paid/received	*-58,375*	*-42,282*
Cash flow from operating activities	***224,483***	***628,845***
Investing activities		
Sales of non-current assets	*15,833*	*18,322*
Purchases of non-current assets	*-453,475*	*-458,210*
Acquisition of subsidiaries net of cash acquired	*-35*	*-181,370*
Change in percentage held in associates	*70,049*	*0*
Capital increase in investments in associates	*-8,660*	*-32,323*
Sales of subsidiaries	*1,202*	*574*
Loans granted	*-41,066*	*-9,926*
Cash flow from investing activities	***-416,152***	***-662,933***
Financing activities		
Interests paid	*-22,583*	*-29,347*
Interests received	*13,697*	*13,970*
Other financial expenses and income	*-2,734*	*-12,218*
Borrowings	*422,808*	*240,289*
Reimbursements of borrowings	*-294,122*	*-212,271*
Dividends paid	*-60,755*	*-54,426*
Cash flow from financing activities	***56,311***	***-54,003***
Net Increase/(Decrease) in cash position	***-135,358***	***-88,091***
Cash and cash equivalents at start of the year	*523,018*	*612,155*
Exchange rate effects	*686*	*-1,046*
Cash and cash equivalents at end of period	***388,346***	***523,018***

3.A.4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CASH FLOW AND CAPEX TABLES

The tangible assets amounted to € 2,390.2 million at 31 December 2018, up € 252 million. DEME's investment programme continued in 2018, partly offset by the depreciation during the period.

The consolidated opening equity was restated by € -15.55 million (application of IFRS 15 - EPCI contracts at DEME) and € -12.0 million (application of IFRS 9 - receivables from the Chadian government) respectively.

Taking into account the payment of a dividend of € 60.8 million, the consolidated equity amounted to € 1,734.9 million at 31 December 2018.

The net financial debt breaks down into a short-term and long-term financial debt of € 350.3 million and € 686.4 million respectively, and a positive net cash position of € 388.3 million.

CFE, DEME, CFE Contracting and BPI Real Estate Belgium are all in compliance with the banking covenants.

3.A.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 31 DECEMBER 2018

In thousands €	Share capital	Share premium	Retained earnings	Defined benefits plans	Reserves related to hedging instru-ments	Trans-lation differences	Equity attributable to owners of the parent	Non-controlling interests	Total
31 December 2017	***41,330***	***800,008***	***840,543***	***-25,268***	***-2,457***	***-12,252***	***1,641,904***	***14,421***	***1,656,325***
Restatements IFRS 15 & 9			*-27,550*				*-27,550*		*-27,550*
31 December 2017 (*)	***41,330***	***800,008***	***812,993***	***-25,268***	***-2,457***	***-12,252***	***1,614,354***	***14,421***	***1,628,775***
Comprehensive income for the period			*171,530*	*-253*	*-4,696*	*698*	*167,279*	*-2,511*	*164,768*
Dividends paid to shareholders			*-60,755*				*-60,755*		*-60,755*
Dividends paid to non-controlling interests								*-365*	*-365*
Change in consolidation scope and other movements								*2,428*	*2,428*
31 December 2018	***41,330***	***800,008***	***923,768***	***-25,521***	***-7,153***	***-11,554***	***1,720,878***	***13,973***	***1,734,851***

(*) Amounts restated in accordance with changes in accounting method linked to the application of accounting standards IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments and the associated amendments.

3.A.6 KEY FIGURES PER SHARE

	31 December 2018	31 December 2017
Total number of shares	***25,314,482***	***25,314,482***
Net result part of the group per share (in €)	*6.78*	*7.13*
Equity part of the group per share (in €)	***67.98***	***64.86***

3.B.1 PROFIT AND LOSS ACCOUNT OF CFE SA (BELGIAN STANDARDS)

In thousands €	2018	2017
Turnover	29,249	29,578
Operating income	-23,944	-31,507
Net financial result excluding non-recurring financial income	62,771	57,681
Non-recurring financial income	63	518
Non-recurring financial charges	-63	0
Result before taxes	38,827	26,692
Taxes	-118	-170
Result of the year	**38,709**	**26,522**

The Brussels-South wastewater treatment plant project represents a substantial part of the revenue. This project will take another two years.

As in 2017, the operating income was negatively impacted by increases in the provisions for other liabilities and charges.

The net financial income consists mainly of € 55 million, € 6 million and € 5 million worth of dividends received from DEME, CFE Contracting and BPI Real Estate Belgium respectively.

3.B.2 BALANCE SHEET OF CFE SA AFTER APPROPRIATION (BELGIAN STANDARDS)

In thousands €	31 December 2018	31 December 2017
Assets		
Fixed assets	1,338,202	1,325,005
Current assets	169,859	155,489
Total assets	**1,508,061**	**1,480,494**

In thousands €	31 December 2018	31 December 2017
Equity and liabilities		
Equity	1,141,304	1,163,350
Provisions	95,381	81,998
Non-current liabilities	130,248	248
Current liabilities	141,128	234,898
Total equity and liabilities	**1,508,061**	**1,480,494**

The non-current assets consist primarily of the stakes in DEME, CFE Contracting and BPI Real Estate Belgium.

The long-term debts include € 130 million drawn down on the confirmed bilateral credit lines. In 2017, the € 100 million bond was reclassified to short-term debts.

4. DIVIDEND

At the general meeting of shareholders on 2 May 2019, the board of directors will propose a gross dividend of € 2.40 per share, or a total distribution of € 60.75 million.

B. CORPORATE GOVERNANCE STATEMENT

1. CORPORATE GOVERNANCE

The Company has adopted the Belgian Corporate Governance Code (2009) as its reference code.

CFE's corporate governance charter, established on the basis of this reference code, may be consulted on the Company's website (www.cfe.be).

The corporate governance charter was last modified on 26 March 2019. Those modifications primarily concern:

- The flexibility of the age limit for directors
- Update of the external audit process

CFE's approach to corporate governance goes beyond compliance with the Code, taking the view that it is essential to base the conduct of its activities on an ethical approach to behaviour and decision-making and a strongly embedded corporate governance culture.

2. COMPOSITION OF THE BOARD OF DIRECTORS

As of 31 December 2018, CFE's Board of Directors consisted of 13 members, whose terms of office began on the dates listed below and will expire immediately after the general meetings of shareholders in the years listed below:

	Start of term	End of term
Luc Bertrand	*24.12.2013*	*2021*
Piet Dejonghe (*)	*24.12.2013*	*2021*
Renaud Bentégeat	*18.09.2003*	*2020*
John-Eric Bertrand	*24.12.2013*	*2021*
Jan Suykens	*24.12.2013*	*2021*
Koen Janssen	*24.12.2013*	*2021*
Alain Bernard	*24.12.2013*	*2021*
Philippe Delusinne	*07.05.2009*	*2020*
Christian Labeyrie	*06.03.2002*	*2020*
Ciska Servais SPRL, represented by Ciska Servais	*03.05.2007*	*2019*
Pas de Mots SPRL, represented by Leen Geirnaerdt	*07.10.2016*	*2020*
Euro-Invest Management SA, represented by Martine Van de Poel	*03.05.2018*	*2021*
MucH SPRL, represented by Muriel De Lathouwer	*03.05.2018*	*2022*

(*) Managing director responsible for day-to-day operations

It will be proposed to the general meeting of shareholders to renew the mandate of Ciska Servais SPRL, represented by Ciska Servais, for a period of four years, ending after the annual general meeting of May 2023. Since this will be her fourth consecutive mandate, Ciska Servais SPRL, no longer satisfies the independence criteria set out in Article 526c of the Companies Code and in the Belgian Corporate Governance Code of 2009.

2.1 CORPORATE MANDATES OF BOARD MEMBERS

Directors

The table below summarizes the mandates of the 13 Board members as at 31 December 2018.

Luc Bertrand Ackermans & van Haaren Begijnenvest, 113 B- 2000 Antwerpen Member of the Appointments and Remuneration Committee	**Chairman of the Board of Directors** Luc Bertrand was born in 1951 and in 1974 obtained a commercial engineering degree from KU Leuven. He started his career at Bankers Trust, where he worked as Vice-President and Regional Sales Manager, Northern Europe. He was appointed director of Ackermans & van Haaren in 1985 and chairman of the executive committee until 2016. **Corporate offices:** a- Listed companies: Chairman of the Board of Directors of Ackermans & van Haaren Chairman of the Board of Directors, SIPEF b- Non-listed companies: Chairman of the Board of Directors, DEME Chairman of the Board of Directors, Dredging International Chairman of the Board of Directors, FinAxs Director of Baarbeek Director of Bank J.Van Breda & C° Director of Belfimas Director of BOS Director of Delen Private Bank Director of DEME Coordination Center Director of JM Finn & Co (UK) Director of Scaldis Invest c- Associations: Chairman of the Belgian Institute of Directors - Guberna (Trustees) Chairman of the Board of Directors, Institut de Duve Chairman of Middelheim Promotors Director of FBNet (Family Business Network) Director of Europalia Member of the Advisory Board, INSEAD Belgium Honorary Chairman of the Cercle de Lorraine, Brussels Member of the Board of Directors, VOKA Member of the Board of Directors, VOKA VEV Member of the Board of Directors, Institute of Tropical Medicine Member of the Board of Directors, KU Leuven Manager of Mayer van den Bergh Museum Member of the General Council, Vlerick Leuven Gent School

Piet Dejonghe

Ackermans & van Haaren
Begijnenvest, 113
B- 2000 Antwerpen

Managing Director

Piet Dejonghe was born in 1966 and has a LL.M. (KU Leuven, 1989), a postgraduate degree in management (KU Leuven, 1990) and an MBA from INSEAD (1993). Before joining Ackermans & van Haaren in 1995, he worked as a lawyer at Loeff Claeys Verbeke and as a consultant at Boston Consulting Group.

Corporate offices:

a- Listed companies:
- Member of the Executive Committee, Ackermans & van Haaren
- Director of Leasinvest Real Estate

b- Non-listed companies:
- Director of Baloise Belgium
- Director of Bank J.Van Breda & C°
- Chairman of Brinvest
- Director of Delen Private Bank
- Director of Delen Private Bank Luxembourg
- Director of DEME
- Director of FinAx
- Director of GB-INNO-BM
- Director of Leasinvest–Immo-Lux
- Director of Profimolux
- Director of Sofinim
- Director of BPI Real Estate Belgium
- Director of BPI Real Estate Luxembourg
- Director of CFE Bouw Vlaanderen
- Director of CFE Bâtiment Brabant Wallonie
- Director of CFE Contracting
- Director of Engema
- Director of CLE
- Director of Extensa Group
- Director of Green Offshore
- Director of Van Laere

c- Association:
- Member of the Board of Directors of SOS-Villages d'Enfants Belgique

Renaud Bentégeat

CFE
Av. Herrmann-Debroux 40-42
B-1160 Brussels

Executive director

Renaud Bentégeat was born in 1953 and holds a bachelor's degree in public law, a Master's degree (DEA) in public law, a Master's degree (DEA) in political analysis and a diploma from the Political Studies Institute of Bordeaux.

He began his career in 1978 at Campenon Bernard. He was then successively appointed head of the legal department, director of communication, administrative director and secretary-general responsible for legal services, communication, administration and human resources for Compagnie Générale de Bâtiment et de Construction (CBC).

From 1998 to 2000, he was director of building for the Greater Paris region at Campenon Bernard SGE, before being promoted to deputy general manager of VINCI Construction in Central Europe, and managing director of Bâtiments et Ponts Construction and Bâtipont Immobilier in Belgium. He was managing director of CFE from 2003 until September 2018.

Renaud Bentégeat is an Officer of the Order of Leopold (Belgium), Chevalier of the Légion d'Honneur and Chevalier of the Ordre National du Mérite (France).

Corporate offices:

a- Non-listed companies:
- Chairman of BPI Real Estate Belgium
- Director of Bizerte CAP 3000
- Director of BPI Real Estate Luxembourg
- Manager of BPI Real Estate Poland
- Director of CFE Contracting & Engineering
- Member of the Supervisory Board of CFE Polska
- Director of DEME
- Director of Rent-A-Port

b- Associations:
- President of the Chambre Française de Commerce et d'Industrie de Belgique (French Chamber of Commerce and Industry of Belgium)
- Director of CCI France International
- Foreign Trade Adviser for France

John-Eric Bertrand

Ackermans & van Haaren
Begijnenvest, 113
B- 2000 Antwerpen

Chairman of the Audit Committee

Director

John-Eric Bertrand was born in 1977 and has a degree in commercial engineering (UCL 2001, magna cum laude), a Master's degree in International Management (CEMS, 2002), and an MBA from INSEAD (2006). Before joining Ackermans & van Haaren in 2008 as investment manager, John-Eric Bertrand worked as a senior auditor at Deloitte and as a senior consultant at Roland Berger Strategy Consultants. He has been on the Executive Committee of AvH since 1 July 2015.

Corporate offices:

a- Listed companies:

- Member of the Executive Committee, Ackermans & van Haaren
- Director of Sagar Cements

b- Non-listed companies:

- Chairman of the Board of Directors, Agidens
- Chairman of the Board of Directors, Baarbeek Immo
- Director of DEME
- Director of Sofinim
- Director of Manuchar
- Director of Residalya
- Director of HPA
- Director of Axe Investments
- Director of Oriental Quarries & Mines
- Director of AvH Resources India
- Director of Telemond Holding
- Director of Henschel Engineering
- Director of Extensa Group
- Director of Onco DNA
- Director of Nizet Entreprise
- Director of Etablissements Druart
- Director of VMA
- Member of the Investment Committee of Inventures
- Director of Profimolux
- Director of Finasucre
- Member of the Investment Committee of Healthquad

c- Association:

- Director of Belgian Finance Club

Jan Suykens

Ackermans & van Haaren
Begijnenvest, 113
B- 2000 Antwerpen

Director

Jan Suykens was born in 1960 and has a degree in applied economics (UFSIA, 1982) and an MBA from Columbia University (1984). He worked for several years in corporate and investment banking at Générale de Banque before joining Ackermans & van Haaren in 1990.

Corporate offices:

a- Listed companies:
- Chairman of the Executive Committee, Ackermans & van Haaren
- Chairman of the Board of Directors, Leasinvest Real Estate

b- Non-listed companies:
- Chairman of the Board of Directors, Anima Care
- Chairman of the Board of Directors, Bank J.Van Breda & C°
- Vice-Chairman of the Board of Directors, Delen Private Bank
- Director of Anfima
- Director of BPI Real Estate Belgium
- Director of Mediahuis Partners
- Director of Delen Private Bank Luxembourg
- Director of DEME
- Director of Extensa
- Director of Extensa Group
- Director of FinAx
- Director of Green Offshore
- Director of Grossfeld PAP
- Director of HPA-Residalya
- Director of JM Finn & Co (UK)
- Director of Leasinvest Immo Lux SICAV-FIS
- Director of Mediacore
- Director of Mediahuis
- Director of Oyens & Van Eeghen
- Director of Profimolux
- Director of Project TT
- Director of Rent-A-Port
- Director of Sofinim
- Director of T&T Openbaar Pakhuis
- Director of T&T Parking

c- Associations:
- Director of Antwerp Management School
- Director of De Vrienden van het Rubenshuis
- Member of the Advisory Board, ING Antwerp Branc

Koen Janssen

Ackermans & van Haaren
Begijnenvest, 113
B- 2000 Antwerpen

Director

Koen Janssen was born in 1970 and has a degree in civil engineering and electromechanics (KU Leuven, 1993), along with an MBA from IEFSI (France, 1994). He worked for Recticel, ING Investment Banking and ING Private Equity before joining Ackermans & van Haaren in 2001.

Corporate offices:

a- Listed companies:
- Member of the Executive Committee, Ackermans & van Haaren

b- Non-listed companies:
- Director of Bedrijvencentrum Regio Mechelen
- Director of DEME
- Director of Dredging International
- Director of NMC International
- Director of Rent-A-Port
- Director of Green Offshore
- Director of Sofinim Lux
- Director of Sofinim
- Director of Groep Terryn
- Director of Rentel
- Director of Otary RS
- Director of SeaMade

c- Associations:
- Director of Belgian Offshore Platform (BOP) vzw, permanent representative for Green Offshore
- Director of BVBA (Belgian Venture Capital & Private Equity Association)

Alain Bernard

DEME
Haven 1025
Scheldedijk, 30
B-2070 Zwijndrecht

Executive director

Alain Bernard was born in 1955 and has a degree in civil engineering and construction (KU Leuven, 1978), along with a degree in civil engineering and industrial management (KU Leuven, 1979). Mr Bernard joined the DEME Group in 1980 as project manager. He was CEO of Dredging International and COO of the DEME Group between 1996 and 2006. Alain Bernard was appointed CEO of the DEME Group in 2006, a position which he held until 31 December 2018.

Corporate offices:

a- Non-listed companies:
- Director of DEME
- Director of various DEME Group subsidiaries
- Director of Aquafin

b- Associations:
- Union Royale des Armateurs Belges (Royal Belgian Shipowners' Association)
- Director of FIT (Flanders Investment & Trade)

Philippe Delusinne

RTL Belgium
Avenue Jacques Georgin 2
B-1030 Brussels

Member of the Appointments and Remuneration Committee

Member of the Audit Committee

Independent Director

Philippe Delusinne was born in 1957 and holds a diploma in Marketing & Distribution from ISEC Brussels and a Short MBA from the Sterling Institute of Harvard University.

He began his career as an account executive at Ted Bates, and subsequently held the positions of account manager at Publicis, client services director at Impact FCB, deputy general manager at McCann Erikson, and Chief Executive Officer of Young & Rubicam in 1993. He has been Chief Executive Officer of RTL Belgium since March 2002.

Corporate offices:

a- Listed companies:
- Member of the Supervisory Board of Métropole Télévision (M6)

b- Non-listed companies:
- Managing Director of RTL Belgium
- Managing Director of Radio H
- Permanent representative of CLT-UFA
- Managing Director of INADI, COBELFRA SA and NEW CONTACT
- CEO of RTL Belux & Cie SECS
- Managing Director of RTL Belux
- Chairman and Managing Director, IP Belgium
- Chairman of the Board of Directors, Home Shopping Service Belgium
- Chairman of New Contact
- Director of CLT-UFA
- Director of Agence Télégraphique Belge de Presse
- Director of MaRadio.be SCRL

c- Associations:
- Director of the Belgian Association for Self-Regulation of Journalistic Ethics
- Member of the Audiovisual High Council (Belgium)
- Chairman of the Théâtre Royal de La Monnaie
- Chairman of Les Amis des Musées Royaux des Beaux-Arts de Belgique ASBL (Friends of the Royal Museums of Fine Arts of Belgium)

Christian Labeyrie

VINCI
1, cours Ferdinand-de-Lesseps,
F-92851 Rueil-Malmaison Cedex

Member of the Audit Committee

Director

Born in 1956, Christian Labeyrie is Executive Vice-President and Chief Financial Officer of the VINCI group, and a member of its Executive Committee. Before joining VINCI in 1990, he held various positions in the Rhône-Poulenc and Schlumberger groups. He began his career in the banking industry. Christian Labeyrie is a graduate of HEC, the Escuela Superior de Administración de Empresas (Barcelona) and McGill University (Canada), and holds a DECS diploma (advanced accounting degree). He is a Chevalier of the Légion d'Honneur and a Chevalier of the Ordre National du Mérite.

Corporate offices:

a- Listed companies:
Member of the Executive Committee of the VINCI Group

b- Non-listed companies:
Director of VINCI Deutschland
Director of Arcour
Director of the Stade de France consortium
Director of VFI
Director of Amundi Convertibles Euroland of the Crédit Agricole Asset Management Group
Director of SMABTP
Member of the Audit Committee of SMABTP
Member of the Board of Directors, Linea Amarilla Sac (LAMSAC)
Chairman of ASF Holding
Chairman of Cofiroute Holding
Manager of SCCV CESAIRE-LES GROUES
Manager of SCCV HEBERT-LES GROUES
Permanent Representative of VINCI Innovation on the Board of Directors of ASF

Ciska Servais SPRL, represented by Ciska Servais

Boerenlegerstraat, 204
B-2650 Edegem

Chair of the Appointments and Remuneration Committee

Member of the Audit Committee

Independent Director

Ciska Servais is a partner in the law firm Astrea. She is active in the field of administrative law, focusing in particular on environmental and town planning law, real estate law and construction law. She has extensive experience as a consultant in judicial proceedings and negotiations; she teaches university courses and is a regular speaker at seminars.

She graduated with a Bachelor's degree in law from the University of Antwerp (1989), and obtained a Master's degree (LL.M) in international legal cooperation from the Free University of Brussels (VUB) in 1990. She also obtained a special degree in ecology from the University of Antwerp (1991).

She started her internship in 1990 at the law firm Van Passel & Greeve. She became a partner at Van Passel & Vennoten in 1994 and, subsequently, at Lawfort in 2004. In 2006, she co-founded the law firm Astrea.

Ciska Servais publishes mainly on the subject of environmental law, such as on the wastewater treatment decree, environmental liability and regulations regarding the movement of soil. She is a member of the Antwerp Bar Association.

Corporate offices:

a- Listed companies:
Independent Director of MONTEA Comm. VA
Vice-Chair of the Board, MONTEA Comm. VA
Chair of the Remuneration Committee, MONTEA Comm. VA
Member of the Audit Committee, Montea Comm. VA

b- Non-listed company:
Director of Astrea BV CVBA
Director of SYMBIOSIS SON

Pas De Mots SPRL represented by Leen Geirnaerdt

Anne Frankstraat 1
B-9150 Kruibeke

Member of the Audit Committee

Independent Director

Leen Geirnaerdt has a degree in applied economic science (UFSIA, Cum Laude, 1996). She worked for several years at PricewaterhouseCoopers and USG People/Solvus Resource Group. After having worked for seven years as CFO at USG People, she currently holds the position of CFO at Recruit Global Staffing where she is a member of the Board of Directors.

Corporate offices:

Listed company:
Director and Chair of the Audit Committee of Wereldhave

Euro-Invest Management SA, represented by Martine Van den Poel

Avenue Molière 164
B-1050 Ixelles

Member of the Appointments and Remuneration Committee

Independent Director

Martine Van den Poel holds a degree in Political Sciences from the Catholic University of Leuven (KUL), a Master's degree in Public Administration from the Kennedy School of Government, Harvard University (Cambridge, USA), and an Executive Master's degree in Coaching and Consulting for Change from INSEAD (Fontainebleau, France).

She was a research associate at Harvard Business School in 1978 and at Stanford Business School in 1985, and was a member of the Executive Committee of INSEAD from 1995 to 2003 as Executive Education Director and subsequently as Associate Dean for external relations on the campuses of Fontainebleau and Singapore.

At INSEAD Global Leadership Center, she has been Coaching Director and Executive Coach for several Leadership programmes and modules since 2003. She also has a private Leadership coaching practice for several companies in Brussels and Paris.

She is a member of Women on Boards (WOB), Club L, and INSEAD Women in Business Club.

Corporate offices:

Association:
Director of ICEDR (International Consortium for Executive Development Research) Boston, USA.

MucH SPRL represented by Muriel De Lathouwer

Avenue Jacques Pastur 128
B-1180 Uccle

Independent Director

Muriel De Lathouwer holds an engineering degree in nuclear physics (ULB, Brussels) and an MBA from INSEAD, Paris.

She started her career as an IT consultant at Accenture, followed by seven years at McKinsey in Brussels where she was Associate Principal and advised major telecom and cable TV operators, as well as media and high tech companies around the world. She subsequently became Chief Marketing Officer and a member of the Executive Committee of mobile telecom operator BASE. She joined the Board of Directors of EVS and chaired its Strategic Committee. She was CEO of EVS from 2014 to 2018.

Corporate offices:

a- Listed company:
Independent director and member of the Remuneration Committee of Shurgard

b- Non-listed company:
Director of Amoobi

c- Organization:
Director of Coderdojo Belgium

2.2 EVALUATION OF THE INDEPENDENCE OF DIRECTORS

Of the 13 members of the Board of Directors as at 31 December 2018, eight cannot be considered as independent under the terms of Article 526c of the Companies Code and the Belgian Corporate Governance Code. They are:

- Piet Dejonghe, who is managing director of the company;
- Renaud Bentégeat and Alain Bernard, who are executive directors;
- Luc Bertrand, Jan Suykens, Koen Janssen and John-Eric Bertrand, who represent the controlling shareholder, Ackermans & van Haaren;
- Christian Labeyrie, who represents VINCI Construction, which owns 12.11% of the company's shares;

As at 31 December 2018, the independent directors are: Philippe Delusinne, Ciska Servais SPRL, represented by Ciska Servais, Pas de Mots SPRL, represented by Leen Geirnaerdt, Euro-Invest Management SA, represented by Martine Van den Poel, and MucH SPRL, represented by Muriel De Lathouwer.

It should be noted that all independent directors of CFE were able to carry out their assignment with complete independence of judgment in 2018.

2.3 LEGAL SITUATION OF CORPORATE OFFICERS

None of CFE's directors (i) has been found guilty of fraud or any other crime, or punished by the regulatory authorities, (ii) has been involved in a bankruptcy, receivership or liquidation or (iii) has been prevented by a court of law from acting as a member of an administrative, management or supervisory body of a public company or from participating in the management or business decisions of a public company.

2.4 CONFLICTS OF INTEREST

2.4.1 Rules of conduct

All directors are required to show independence of judgment, whether they are executive directors or not, and in the case of non-executive directors, whether they are independent or not.

Every director must organize his or her personal and professional affairs in such a way as to avoid any direct or indirect conflict of interest with the company.

The Board of Directors is particularly mindful of potential conflicts of interest with a director or a group company, and takes particular care to apply the special procedures provided for in Articles 523 and 524 of the Companies Code.

Transactions or other contractual relationships between the company, including its affiliated companies, and the directors must be concluded on normal market terms.

Non-executive directors are not authorized to conclude agreements with the company, whether directly or indirectly, relating to the supply of paid services, without the express consent of the Board of Directors. They must consult the Chairman, who decides whether or not to submit the exemption request to the Board of Directors.

2.4.2 Application of procedures

In 2018, one director (Renaud Bentégeat) found himself in a situation of conflict of interest when the Board of Directors had to decide on the service contract between CFE and his management company incorporated under French law (Renaud Bentégeat Conseil S.A.S.).

Extract from the minutes of the meeting of the Board of Directors of Compagnie d'Entreprises CFE SA on 23 August 2018:

The Chair of the Appointments and Remuneration Committee proposed to the Board to entrust Renaud Bentégeat (who remains a director of CFE) with the following duties:

- *Finalization of the non-transferred activities, in particular the recovery of the outstanding receivables from Chad and the completion of phase C of the Brussels-South wastewater treatment plant project;*
- *Chairmanship of the Board of Directors of BPI Real Estate Belgium;*
- *Continuation as director of DEME and Rent-A-Port.*

A service contract will be signed between CFE and the management company incorporated under French law of Renaud Bentégeat. This contract is due to become effective on 1 September 2018 for a period of 18 months. The total amount of the fees is set at € 1.5 million excluding VAT, as proposed by the Appointments and Remuneration Committee on 19 February 2018.

In view of the conflict of interest, Article 523 of the Companies Code was observed.

The directors who took part in the vote unanimously approved the list of assignments entrusted to Renaud Bentégeat and the implementation of the service contract.

As far as CFE is aware, no other director found himself in a situation of conflict of interest this year.

Certain directors hold offices in other companies whose activities sometimes compete with those of CFE.

2.5 ASSESSMENT OF THE BOARD OF DIRECTORS, ITS COMMITTEES AND MEMBERS

2.5.1 Method of assessment

With the assistance of the Appointments and Remuneration Committee, and if necessary that of outside experts, the Board of Directors, under the direction of its Chairman, regularly assesses its composition, its size and the way it functions, as well as the composition, size and operation of its specialist committees. The purpose of these assessments is to contribute to the continuous improvement of the company's governance while taking changing circumstances into account.

During these assessments, the Board of Directors checks, among other things, whether important matters are adequately prepared and discussed both by the Board itself and by its specialist committees. It checks whether every director makes an effective contribution having regard to his skills, his attendance at meetings and his constructive involvement in discussions.

It also checks whether the decision-making process and the current composition of the Board of Directors and its specialist committees are appropriate.

The Board of Directors draws conclusions from this assessment of its performance by acknowledging its strengths and addressing its weaknesses. If necessary, this may involve a proposal to appoint new members, a proposal not to re-elect existing members or the adoption of any measure considered appropriate to ensure that the Board of Directors functions effectively. The same applies to the specialist committees.

Once a year, the non-executive directors carry out an assessment of their interaction with the executive management. For this purpose, they meet once a year without the managing directors or any other executive directors attending.

2.5.2 Assessment of performance

The formal assessment of the functioning and performance of the Board of Directors last took place at the end of 2016. This assessment exercise was carried out with the support of Guberna, the Belgian Institute of Directors. The next formal assessment will take place in 2019.

3. OPERATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

3.1 THE BOARD OF DIRECTORS

Role and powers of the Board of Directors

Role of the Board of Directors

The Board of Directors performs its duties in the interest of the Company.

The Board of Directors determines the Company's direction and values, its strategy and its key policies. It examines and approves related significant operations, ensures that they are properly executed and defines any measures needed to carry out its policies. It decides on the level of risk it is prepared to take.

The Board of Directors focuses on the long-term success of the Company by providing entrepreneurial leadership and by assessing and managing risks.

The Board of Directors ensures that the financial and human resources needed by the Company to achieve its objectives are available, and it puts in place the structures and means required to achieve these objectives. The Board of Directors pays special attention to social responsibility, gender balance and respect for diversity within the Company.

The Board of Directors approves the budget and examines and closes the accounts.

The Board of Directors:

- approves the general internal control and risk management system and checks that this system is correctly implemented;
- takes all measures needed to ensure the integrity of the financial statements;
- supervises the activities of the Statutory Auditor;
- reviews the performance of the managing director;
- ensures that the specialist committees of the Board of Directors function properly and efficiently.

Powers of the Board of Directors

(i) General powers of the Board of Directors

With the exception of powers expressly reserved for the general meeting of shareholders and within the limits of the Company's objectives, the Board of Directors has the power to carry out all actions that are needed or useful to meet the Company's objectives.

The Board of Directors reports on the exercise of its responsibilities and management to the general meeting of shareholders. It prepares the resolutions to be put to the general meeting of shareholders.

(ii) Powers of the Board of Directors with regard to capital increases (authorised capital)

Following the authorisation given by the general meeting of shareholders of 6 May 2010 and renewed by the general meeting of shareholders of 30 April 2014, the Board of Directors is authorised to increase the Company's capital – in one or more operations – by up to € 2,500,000, excluding issue premiums, by means of cash or non-cash contributions, by incorporation of reserves and with or without the issue of new shares. Within the scope of the authorised capital, the Board of Directors may decide to issue shares, in which case it determines the terms of issue of the new shares and, in particular, the issue price.

The authorised capital of CFE allows the issue of 1,531,260 additional shares in the event of a capital increase with issue of shares on the basis of their par value.

This authorisation has been granted for a period of five years from the date of publication of the decision of the general meeting of 30 April 2014 in the Annexes to the Belgian Official Gazette.

(iii) Powers of the Board of Directors with regard to acquisition of treasury shares

The general meeting of shareholders of 30 April 2014 authorised CFE's Board of Directors (i) to acquire, for a period of five years from the date of publication of this authorisation in the Belgian Official Gazette, the maximum number of shares of the company as authorised by the Companies Code, by purchase or exchange, at a minimum price per share equal to the lowest closing price during the twenty (20) days preceding the date of acquisition of the CFE shares, minus ten percent (10%), and at a maximum price per share equal to the highest closing price during the twenty (20) days preceding the date of acquisition of the CFE shares, plus ten percent (10%), and (ii) to sell the shares thus acquired, either personally or via a person acting in its own name but on behalf of the company, (a) at a price determined in accordance with point (i) above or (b) if the sale takes place under a stock option plan of the company, at the exercise price of the options. In the latter case, the Board of Directors may, with the consent of the beneficiary, sell the shares outside the regulated market.

(iv) Powers of the Board of Directors with regard to the issuing of bonds

Subject to the application of the relevant legal provisions, the Board of Directors may decide to create and issue bonds, which may be bonds convertible into shares.

Operating procedures of the Board of Directors

The Board of Directors is organised so as to ensure that decisions are taken in the interest of the Company and that work is executed efficiently.

Meetings of the Board of Directors

The Board of Directors meets regularly and with sufficient frequency to perform its obligations effectively. It also meets whenever required in the interest of the Company.

In 2018, the Board of Directors considered all major issues concerning CFE. It met six times in 2018.

In particular, the Board of Directors:

- approved the financial statements for 2017 as well as the financial statements for the first half of 2018;
- examined the 2018 budget and the updates to that budget;
- examined the 2019 budget;
- reviewed matters that were presented at Risk Committee meetings;
- examined the financial situation of CFE, changes in its debt levels and its working capital requirement;
- approved the implementation of a commercial paper programme of € 50 million at CFE SA;
- reviewed the strategic plan of BPI Real Estate Belgium;
- examined the evolution of real estate projects and approved the acquisition and sale of several real estate projects worth more than ten million euros;
- ratified the appointment of Luc Vandenbulcke as CEO of DEME with effect from 1 January 2019;
- decided the remuneration and bonus arrangements for the managing directors and executives, following a proposal by the Appointments and Remuneration Committee

The table below indicates the individual attendance rate of directors at Board meetings in 2018.

Directors	Attendance/ Total number of meetings
Luc Bertrand	*5/6*
Renaud Bentégeat	*6/6*
Piet Dejonghe	*6/6*
Jan Suykens	*5/6*
Koen Janssen	*5/6*
John-Eric Bertrand	*6/6*
Christian Labeyrie	*4/6*
Philippe Delusinne	*3/6*
Ciska Servais SPRL, represented by Ciska Servais	*6/6*
Pas de Mots SPRL, represented by Leen Geirnaerdt	*6/6*
Alain Bernard	*5/6*
Euro-Investment Management SA, represented by Martine Van den Poel	*3/4*
MucH SPRL, represented by Muriel De Lathouwer	*4/4*

The decision-making process within the Board of Directors

Except in the case of force majeure, the Board of Directors can only validly take decisions if at least half of the members are present or represented. Board members who are unable to attend a meeting may be represented by another Board member in accordance with the relevant laws and regulations; each member may only hold one proxy. Letters, faxes or other means of communication conveying the proxy vote are attached to the minutes of the Board meeting at which they are used.

If so decided by the chairman of the Board, meetings may be attended by all or some of the members via audio or video conference. These members are deemed to be present for the purpose of calculating quorum and majority.

Resolutions are passed by majority vote of the members present or represented.

In the event that members need to abstain from taking part in deliberations as a result of legal considerations, the said resolutions will be passed by majority vote of the other members present or represented.

In the event of a tie, the chairman of the meeting will have the casting vote.

After each meeting, the deliberations are recorded in minutes signed by the chairman of the Board of Directors and by a majority of the Board members who took part in the deliberations.

The minutes summarise the discussions, specify the decisions taken and, if applicable, any reservations raised by the board members.

They are recorded in a special register kept at the Company's head office.

The main characteristics of the Board of Directors' assessment process are stipulated in the internal regulations published in the Company's Corporate Governance Charter.

CFE did not award any shares, options or other rights to acquire shares in Compagnie d'Entreprises CFE in 2018.

3.2 THE APPOINTMENTS AND REMUNERATION COMMITTEE

At 31 December 2018, this committee comprised:

- Ciska Servais BVBA, represented by Ciska Servais, chair (*)
- Luc Bertrand
- Philippe Delusinne (*)
- Euro-Invest Management SA, represented by Martine Van den Poel (*)

(*) Independent directors

The committee met twice in 2018.

Over the course of the financial year, the committee examined:

- the fixed and variable remuneration paid to the managing directors;
- the fixed and variable remuneration paid to senior management;
- the annual remuneration report;
- the remuneration of the directors;
- the evolution of HR management at CFE;
- the service contract of the management company of Renaud Bentégeat;
- the long-term incentive plan at BPI
- examination of the candidature of MucH SPRL, represented by Muriel De Lathouwer, for the post of independent director

The table below indicates the individual attendance rate of the members of the Appointments and Remuneration Committee at meetings in 2018.

Members	Attendance/ Total number of meetings
Ciska Servais SPRL, represented by Ciska Servais (*)	2/2
Luc Bertrand	2/2
Philippe Delusinne (*)	2/2
Euro-Investment Management SA, represented by Martine Van den Poel (*)	0/1

(*) Independent directors

Members of the Appointments and Remuneration Committee are paid € 1,000 per meeting. The chair is paid € 2,000 per meeting.

The main characteristics of the Appointments and Remuneration Committee's assessment process are set out in the internal regulations published in the Company's corporate governance charter.

3.3 THE AUDIT COMMITTEE

At 31 December 2018, this committee comprised:

- John-Eric Bertrand, chairman
- Philippe Delusinne (*)
- Ciska Servais SPRL, represented by Ciska Servais (*)
- Pas de Mots SPRL, represented by Leen Geirnaerdt (*)
- Christian Labeyrie

(*) Independent directors

CFE's Board of Directors pays particular attention to ensuring that Audit Committee members have financial, accounting and risk management skills.

John-Eric Bertrand chairs the Audit Committee as of 4 May 2016. He has been a member of the Audit Committee since 15 January 2015. John-Eric Bertrand studied economics and finance. He has carried out professional activities in a firm of auditors and a strategic consulting firm. He joined Ackermans & van Haaren in 2008 as Investment Manager. In 2015, he became a member of the Executive Committee entrusted with the financial and operational monitoring of several strategic holdings. This confirms John-Eric Bertrand's competence in the areas of finance and auditing.

The Statutory Auditor participates in the work of the Audit Committee when the committee so requests.

This committee met four times during the 2018 financial year.

It examined, among other things:

- the financial statements for full-year 2017 and for the first half of 2018;
- the quarterly financial statements for the first and third quarters of 2018;
- the draft 2019 budget before it was presented to the Board of Directors;
- the reports of the internal auditor and approved the audit plan;
- the results of the main projects and projects with a high risk profile on a quarterly basis;
- the impact of the new IFRS standards;
- the changes in the group's cash position and the working capital requirement;
- the group's off-balance sheet commitments, in particular the bank guarantees;
- the auditor's reports

The Audit Committee paid particular attention to the group's internal control and monitored steps taken by CFE to improve it.

The table below indicates the individual attendance rate of the members of the Audit Committee at meetings in 2017.

Members	Attendance/ Total number of meetings
John-Eric Bertrand	4/4
Philippe Delusinne (*)	3/4
Pas de Mots SPRL, represented by Leen Geirnaerdt (*)	4/4
Ciska Servais SPRL, represented by Ciska Servais (*)	4/4
Christian Labeyrie	4/4

(*) Independent directors

Members of the Audit Committee are paid € 1,000 per meeting. The chair is paid € 2,000 per meeting.

The main characteristics of the Audit Committee's assessment process are set out in the internal regulations published in the Company's corporate governance charter.

4. SHAREHOLDER BASE

4.1 EQUITY AND SHAREHOLDER BASE

At the end of the financial year, CFE's share capital amounted to € 41,329,482.42, divided into 25,314,482 shares, with no declared par value. The Company's shares are registered or in electronic form.

The shares are registered until fully paid up. Once fully paid up, they may be converted into shares in electronic form, at the choice and expense of the shareholder.

The registry of registered shares is kept in electronic form and in hard copy. Management of the electronic registry has been entrusted to Euroclear Belgium (CIK SA).

Registered shares may be converted into shares in electronic form and vice-versa on request by their holders and at their expense. Shares in electronic form are converted into registered shares by making the corresponding entry in the register of CFE shareholders. Registered shares are converted into shares in electronic form by entering them into an account in the name of their owner or holder opened with an approved account-keeper or clearing house.

In accordance with the Act of 14 December 2005 on the abolition of bearer shares, CFE shares that had not yet been converted as of right or by their holders by 1 January 2014 were automatically converted into shares in electronic form and registered in a securities account by CFE in its own name.

As of that date, the rights attached to the shares have been suspended until the holders of those shares come forward and arrange for them to be entered in their name in the registry of registered shares or in a securities account held by an approved account-keeper or clearing house.

In pursuance of the Act of 21 December 2013 and in accordance with the provisions thereof, 18,960 shares of which the holder had not made himself known by the day of the sale were automatically sold on Euronext Brussels in July 2015. The proceeds of the sale have been deposited with the Caisse des Dépôts et Consignations until the persons who are able to validly prove ownership of the shares request repayment.

Persons requesting repayment will be liable for a fine of 10% of the sum or value of the shares in question per year overdue from 1 January 2016.

On 1 January 2026, the sale proceeds for which no repayment has been requested will be forfeited to the State.

CFE's equity base as of 31 December 2018 was as follows:

• registered shares	*18,572,094*
• shares in electronic form	*6,742,288*
Total	*25,314,482*

Shareholders owning 3% or more of the voting rights relating to the shares they hold:

Ackermans & van Haaren NV Begijnenvest, 113 B-2000 Antwerp (Belgium)	*15,289,521 shares or 60.40%*
VINCI Construction SAS 5, cours Ferdinand-de-Lesseps F-92851 Rueil-Malmaison Cedex (France)	*3,066,460 shares or 12.11%*

4.2 SHARES INCLUDING SPECIAL RIGHTS OF CONTROL

At the close of the financial year, no shareholder owned shares with special rights of control.

4.3 VOTING RIGHTS

Ownership of a CFE share entitles the owner to vote in CFE's general meeting of shareholders and automatically assumes approval of CFE's Articles of Association and the decisions of CFE's general meeting of shareholders. Shareholders' liability for the Company's commitments only extends to the value of the shares held.

The Company recognises only one owner per share as concerns the exercise of rights granted to shareholders. The Company may suspend the exercise of the rights attached to shares held jointly or subject to a life interest or pledge, until a single person is designated as beneficiary of these rights in respect of the Company.

4.4 EXERCISE OF SHAREHOLDER RIGHTS

The company's shareholders have rights conferred by the Belgian Companies Code and by the articles of association. They have the right to attend any of the company's general meetings of shareholders and to vote in them. Each share gives the right to one vote in a general meeting of shareholders. The conditions for being admitted to a general meeting of shareholders are set out in the company's articles of association and are also stated in the notice of meeting.

5. INTERNAL CONTROL

5.A INTERNAL CONTROL AND RISK MANAGEMENT

5.A.1 Introduction

5.A.1.1 Definition - frame of reference

"Internal control may be defined as a system developed by the management body and implemented under its responsibility by executive management. It contributes to good management of the company's activities, the effectiveness of its operations and the efficient use of its resources, as a function of the goals, size and complexity of the company's activities.

More particularly, the internal control system aims to ensure:

- *the application (execution and optimisation) of the policies and goals set by the management body (e.g. performance, profitability, protection of resources, etc.);*
- *the reliability of financial and non-financial information (e.g. preparation of the financial statements, the management report, etc.);*
- *compliance with laws, regulations and other legal texts (e.g. the Articles of Association)."*

(Excerpt from the guidelines relating to the Belgian act of 6 April 2010 and the Belgian Code of Corporate Governance (2009) published by the Corporate Governance Commission - version 10/01/2011, page 8).

Like any other control system however, the internal control system, no matter how well designed and applied, cannot guarantee the absolute elimination of such risks.

5.A.1.2 Scope of application of internal control

The internal control system applies to CFE and the subsidiaries included in its scope of consolidation.

In 2018, the boards of directors of Rent-A-Port and Green Offshore were responsible for internal control at those companies. However, CFE seeks to encourage the application of its own best practices through its representatives on these boards.

5.A.2. Organisation of internal control

CFE's business activities require the teams exercising them to be close to their clients. To enable each entity manager to take the appropriate operating decisions rapidly, a decentralised organisation has been set up in the Dredging, Environment, Offshore and Infra, Contracting and Real Estate Development divisions.

CFE's organisational structure necessitates delegating authority and responsibility to operational and functional participants at every level of the organisation. This delegation of powers to the operational and functional management is exercised in compliance with CFE's principles of conduct and operation:

- strict compliance with the rules common to the entire group regarding entering into commitments, taking risks, accepting new business, and reporting financial, accounting and management information;
- transparency and loyalty of managers to their line management and functional departments;
- compliance with all the laws and regulations applicable in countries where the group operates, regardless of the particular subject;
- communication of the group's rules and guidelines to all employees;
- safety of people (employees, service providers, subcontractors, etc.);
- efforts to enhance financial performance.

Internal control is organised as follows:

- At CFE SA which, besides its role as holding company, groups together the activities of i) International Buildings (except Poland, Luxembourg and Tunisia), ii) non-marine civil engineering in Belgium, and iii) PPP-Concessions (section 5 A 2.1)
- At DEME NV, which oversees the activities of Dredging, Environment, Offshore and Infra (section 5.A.2.2)
- At CFE Contracting SA, which oversees the activities of Contracting (section 5.A.2.3)
- At BPI Real Estate Belgium SA, which manages the activities of Real Estate Development (section 5.A.2.4)

5.A.2.1 CFE SA

a. Holding

Participants in the internal control system

- CFE's **Board of Directors** is a collegial body responsible for controlling the company's management, setting strategic guidelines for it and ensuring the company's satisfactory operation. It considers all major matters pertaining to the group. The Board of Directors has set up specialised committees handling the auditing of financial statements, along with remuneration and appointments.
- The **managing director**, who is in charge of the daily management of the company, is entrusted with the implementation of the group's strategy as defined by the Board of Directors.
- The **financial management**, which has a limited structure appropriate to the group's decentralised organisation, is tasked with establishing and ensuring correct application of group rules and procedures and decisions made by the managing director. It is also responsible for producing and analysing financial and accounting information for dissemination both inside and outside the group and for ensuring its reliability.

In particular, it is responsible for the:

› production, validation and analysis of the interim and annual consolidated financial statements and provisional data (consolidation of budgets and budget updates);

› definition and monitoring of accounting procedures within the group and application of IFRS standards.

› accounting treatment of complex operations and ensures that they are validated by the Statutory Auditor.

- The **Statutory Auditor** informs the Audit Committee of any observations concerning the interim and annual financial statements before they are presented to the Board of Directors.

Procedures relating to monitoring operations

The divisions have their own operations control systems suited to the specific features of their activity.

Key performance indicators relating to sales, order intake, the order book and net financial debt is drawn up every month by the finance department on the basis of information forwarded by the various operational entities.

The managers of the various entities prepare a monthly report on key facts.

The budget procedure is common to all the group's divisions and their subsidiaries. It includes four annual meetings:

- the initial budget presented in November of year N-1;
- the first budget update presented in April of year N;
- the second budget update presented in July/August of year N;
- the third update presented in October of year N.

These meetings, which are attended by CFE's managing director, CFE's CFO, the Director of Finance & Controlling, the CEO of the division concerned, the managing director or general manager of the entity concerned, its COO and CFO, examine:

- the volume of business for the financial year in progress and the status of the order book;
- the latest financial statements that were communicated (balance sheet and income statement);
- the foreseeable profit margin of the profit centre, with details of profit margins per project;
- analysis of the main balance sheet items;
- the analysis of current risks including a presentation of legal disputes;
- the status of guarantees given;
- investment or divestment requirements;
- the cash position and projected changes in the next 12 months.

For DEME, Rent-A-Port and Green Offshore, that information is passed on to CFE through its representatives on the Audit Committees of those entities.

b. Activities that have not been transferred

The managing director and an executive director (Renaud Bentégeat) are tasked with monitoring and controlling the activities that have not been transferred, namely PPP-Concessions, non-marine civil engineering in Belgium, and the International Buildings segment except Luxembourg, Poland and Tunisia.

They implement the strategy defined by CFE's Board of Directors, whose prior formal consent is required for each new project.

They are assisted in their task by the CFO, the human resources manager, and by the manager of CFE International.

5.A.2.2 DEME

CFE controls its dredging subsidiary at five different levels:

- The **Board of Directors** is composed of seven directors, who are also directors of CFE. The Board of Directors controls the management of the management team, adopts the half-yearly and annual financial statements, and approves, among other things, the strategy and investment policy of DEME. The Board of Directors met eight times in 2018;
- The **Technical Committee** is composed of the CEO, COO, CFO and senior management of DEME, as well as two representatives of CFE (a director of CFE and the chairman of CFE's Risk Committee). This committee monitors the main projects and pending lawsuits. It also prepares investment proposals;
- The **Risk Committee** numbers two representatives of CFE among its members (a director of CFE and the chairman of CFE's Risk Committee), as well as the CEO, COO, CFO and senior management of DEME. The Risk Committee analyzes and approves all binding offers involving an amount of over € 100 million (dredging works) or € 25 million (non-dredging works);
- The **Audit Committee** numbers three representatives of CFE among its members (a director, the CFO and the Director of Finance & Controlling of CFE). The Audit Committee reviews the financial statements of DEME, the evolution of the results of the various projects, and the budget updates at each quarterly closing. It may also be convened to review specific financial matters. It met five times in 2018;
- The **Steering Committee** was set up in 2018 by the Board of Directors of DEME. It is tasked with overseeing the implementation of the Compliance procedures and monitoring their strict application within the group. This Committee is composed of four members including the chairman of the Board of Directors of CFE and of DEME, and two directors of CFE.

As in the past, the internal control system of DEME is implemented by its CEO, its COO and its CFO with the support of the Management Team and under the responsibility of the Board of Directors.

In this connection, DEME has taken several initiatives to strengthen internal control over its activities, more particularly:

- The BI tool has been set up, as well as the interface with the consolidation software. The blueprint for updating the group's accounting software was finalized in 2017, and the implementation continues. Uniformity of reporting is a priority for DEME.
- The loan agreements relating to bank guarantees have been harmonized.
- Since 2016, the Opportunity and Risk Management (ORM) department has successfully implemented the new ORM tools and procedures in all the DEME entities. The risks and opportunities are now assessed and adapted in a transparent and uniform manner from the tendering stage until the final completion of the projects. This new approach is now part of the corporate culture;
- With the help of an external consultant, new cash management systems have been chosen. Those will be implemented in 2019 in order to further improve the efficiency of the centralized treasury department, which will be better able to monitor the payment flows in all the countries where DEME operates.
- DEME has a clear policy that allows it to carry out all its activities with integrity and zero tolerance with regard to corruption. In addition to its Code of Ethics and Integrity, DEME has set up a comprehensive corporate compliance programme that includes, among other things, a detailed anti-corruption policy. This anti-corruption policy is an integral part of the annual awareness programme for the employees. It also contains specific procedures to guarantee its effectiveness in all daily operations. The procedures for (i) analysis and monitoring of subcontractors, agents, partners and customers, and

(ii) monitoring of outgoing payment flows, as well as the implementation of an employee training programme, have proved their value as effective tools in the fight against fraud and corruption.

5.A.2.3 CFE Contracting

a. Participants in the internal control system

1. The Board of Directors

The Board of Directors of CFE Contracting is composed of four directors: the managing director of CFE, the CEO and Chairman of the Executive Committee of CFE Contracting, the CFO of CFE, and a representative of the controlling shareholder. The Board of Directors controls the Executive Committee, adopts the half-yearly and annual financial statements, and defines the division's strategy.

2. Executive Committee

The Executive Committee of CFE Contracting is in charge of the daily management of the division and the implementation of the strategy defined by the Board of Directors.

The Executive Committee is chaired by the CEO of CFE Contracting and comprised as of 31 December 2018 the managing director of CFE, the CFO of CFE, the managing director of CFE Bouw Vlaanderen (who is also general manager of Multitechnics and Rail & Utilities), the managing director of CFE Bâtiment Brabant Wallonie, and the CEO of the Van Laere Group.

3. Risk Committee

Projects with a high risk profile, Construction projects worth more than € 50 million, and Multitechnics or Rail & Utilities projects worth more than € 10 million must be approved by the Risk Committee before tendering. The Committee reviews the technical, commercial, contractual and financial risks of the projects that are submitted to its scrutiny.

The Risk Committee comprises the following members:

- the managing director of CFE;
- the CEO of CFE Contracting;
- the chairman of the Risk Committee of CFE;
- the member of the Executive Committee responsible for the subsidiary;
- the operational or functional representatives of the entity concerned;
- the CFO of CFE;
- a director representing the controlling shareholder

4. Internal audit

The **internal auditor** is an independent function, and his main task is to support the management and to help it improve the management of the risks.

The internal auditor reports in a functional way to the Audit Committee of CFE by submitting the annual audit plan and presenting the main findings of the audits carried out and a follow-up of the action plans. If necessary, additional audit assignments may be carried out at the request of the Audit Committee or of the Executive Committee. In 2018, the internal audit continued the work that was begun the previous year in the matter of compliance with social law. The other main topics covered by the internal audits included the subcontractor selection process and the functioning of the Insurance department.

The results of the audits are presented to the members of CFE's Audit Committee and to the Executive Committee of CFE Contracting (in order to agree the corrective actions to be taken).

The internal auditor is also responsible for keeping the risk identification up to date.

b. Actions taken to improve internal control

In the year under review, several initiatives were undertaken to strengthen the internal control of CFE Contracting:

- Update of the Corporate Governance Charter and the Internal Procedures Manual, involving the incorporation of a critical data protection policy;
- Implementation of a code of conduct on anti-corruption;
- Implementation of a procedure for the management control and accounting of joint ventures

c. Organisation of internal control in the Construction segment

The different entities of the Construction segment (CFE Bouw Vlaanderen, CFE Bâtiment Brabant Wallonie, Van Laere Group, Groep Terryn, CFE Polska, CTE, CLE and Benelmat) have their own Boards of Directors composed of, among others, the managing directors or general managers of the company concerned, the CEO of CFE Contracting, and one or several representatives of the Executive Committee of CFE Contracting.

Each entity also has a Management Committee responsible for the commercial policy and operational management of the entity.

d. Organisation of internal control in the Multitechnics and Rail & Utilities segment

The internal control of the Multitechnics and Rail & Utilities segment is structured around Boards of Directors organised by cluster (namely the VMA cluster which comprises the Electro and HVAC activities, and the MOBIX cluster which comprises the Rail & Utilities activities) and composed of the respective general managers, the general manager of the segment, the CEO of CFE Contracting, the CFO of CFE, and a director of CFE.

5.A.2.4 BPI

a. Participants in the internal control system

The **Board of Directors** has the powers conferred on it by law. It is composed of six directors, namely the managing director of BPI (the CEO), four directors of CFE (including the managing director), and the CFO of CFE (also called Head of Finance of BPI).

The Board of Directors has set up an **Investment Committee** tasked with analysing and approving all real estate investments of BPI involving (beneficial) amounts below € 10 million. This Committee is composed of four directors of BPI - of whom the managing director of CFE, the CEO of BPI, and the CFO of CFE - and the head of Legal. The Finance Director of BPI and any person who was responsible for examining the proposed investment are invited ex officio to attend the meetings of the Investment Committee.

The Investment Committee is not empowered to represent the Company and does not exclude the competence of the

Board of Directors. The Board of Directors may at any time deliberate on any investment or divestment project involving any amount and decide, where appropriate, instead of the Investment Committee. The Board of Directors alone is authorised to approve, on the basis of a favourable opinion from the Board of Directors of CFE, (i) investments involving a (beneficial) amount of over € 10 million, (ii) the setting up of any partnership relating to a project involving a (beneficial) amount of over € 10 million, and (iii) the start of construction and/or marketing of any real estate project.

For help with everyday business matters, the Managing Director is assisted by a Steering Committee composed of the CEO, the Head of Finance, the Head of Legal, the Heads of Development and the Country Managers. The CEO may also ask any person he wishes to join the Steering Committee.

5.B. RISK FACTORS

5.B.1 Operational risks

5.B.1.1 Project execution

The main characteristic of the dredging and contracting activities is the commitment made when submitting a proposal to perform a task that is by its nature unique, for a price with predetermined terms and within an agreed time schedule.

The risk factors therefore relate to:

- the price of the task to be performed and in the event of divergence between the anticipated price and the actual price as a result of variations in the unit prices and/or quantities stated in the tender;
- the possibility (or not) of obtaining coverage for additional costs and price increases;
- design, if this is the contractor's responsibility;
- performance of the contract;
- control of the elements included in the cost price;
- project time schedule and deadlines, internal and external factors that may influence the delivery time;
- performance obligations (quality, schedule) and the related direct and indirect consequences;
- warranty obligations (10-year guarantee, maintenance);
- compliance with safety and other workforce-related obligations that are also extended to service providers.

5.B.1.2 Dredging, Environment, Offshore and Infra division

The activities of this division are performed by DEME and its subsidiaries.

DEME is one of the world's leading players in dredging and offshore operations. Its market includes both maintenance dredging and capital (infrastructure) dredging. The latter is particularly related to growth in world trade and decisions by governments to invest in major infrastructure projects.

DEME has also developed a range of services for the oil and gas industry, including protection of offshore facilities and protection of deep-water subsea pipelines and cables.

DEME is also a major player in the development of offshore wind farms, operating in two areas:

- as a concession-holder via minority stakes in concessions;
- as a general contractor specialising in the construction and maintenance of offshore wind farms, capable of providing a comprehensive service to its clients.

DEME also operates in the environmental sector through DEC. This company specialises in the treatment of polluted sludge and sediments, along with the remediation of brownfield sites.

In 2015, DEME decided to set up a new division, comprising two new subsidiaries: DEME Infra Sea Solutions (DISS) and DEME Infra Marine Contractor (DIMCO), specialising in marine and river civil engineering. The establishment of this new division is inspired by DEME's aim to offer global and integrated solutions in dredging and marine civil engineering.

Through DBM (DEME Building Materials), DEME is also active in the aggregate supply market.

Operational risks relating to dredging and offshore works

In its dredging, wind farm installation, subsea cable-laying and hydraulic civil engineering projects, DEME faces not only the risks described in section 5.B.1.1, but also various specific operational risks related to:

- determining the type and composition of the soil;
- weather conditions, including extreme events such as storms, tsunamis and earthquakes;
- wear and tear affecting equipment;
- technical incidents and breakdowns that may affect the performance of vessels;
- default of subcontractors or suppliers, particularly in the context of EPCI type contracts;
- project design and engineering;
- changes in the regulatory framework during the contract, and relations with subcontractors, suppliers and partners.

Operational risks related to the development of concessions

As stated above, DEME has for several years been developing an offshore wind farm concession business. In this business, DEME faces specific risks related to these investments:

- unstable regulatory framework;
- technological developments;
- the ability to finance these large projects.

Operational risks related to fleet investments

DEME is primarily engaged in maritime activities, which are characterised by their capital-intensive nature due to the need for regular investment in new vessels in order to keep the fleet at the leading edge of technology. For this reason, DEME is faced with complex investment decisions and specific operational risks relating to these investments:

- technical design of the investment (type of vessel, capacity, power, etc.) and expertise in new technologies;
- time between the investment decision and commissioning of the vessel, and anticipating future market developments;

- control over construction by the shipyard once the investment decision has been made (cost, performance, conformity, etc.);
- occupancy of the fleet and scheduling of activities;
- financing.

DEME has qualified staff with the capacity to design new vessels and design and execute large-scale projects. Given the very nature of the activity and the many external factors to be taken into account, the risks inherent in this business cannot be completely eliminated.

5.B.1.3 Contracting

The Contracting division encompasses the Construction, Multitechnics and Rail & Utilities activities.

Construction activity is concentrated in Belgium, Luxembourg, Poland and, to a lesser extent, Tunisia. CFE Contracting specialises in building and refurbishing office buildings, residential properties, hotels, schools, universities, car parks, shopping and leisure centres, hospitals and industrial buildings.

The Multitechnics and Rail & Utilities segments operate mainly in Belgium through two clusters:

- the VMA Cluster, which comprises tertiary electricity, HVAC (heating, ventilation and air conditioning), electromechanical facilities, telecom networks, automation in the automobile, pharmaceutical and agri-food industries, the automated management of technical facilities of buildings, electromechanical work for road and rail infrastructures (tunnels, etc), and the long-term maintenance of technical facilities;
- the MOBIX Cluster, which comprises railway (track laying and installation of catenaries) and signalling works, energy transportation and public lighting

CFE Contracting has a risk identification programme that was first implemented in 2013 and is updated every two years. The assessment is carried out on the basis of three criteria: impact (financial, human and reputation consequences), frequency of occurrence, and level of control, resulting in a representation by specific area, thereby supplying the management with a tool to monitor the risks associated with its activities.

The internal audit programme is defined on the basis of that risk identification, so as to focus more specifically on the areas that need to be prioritised.

The main risks that were identified during the update in 2017 were the following:

- the availability of supervisory staff, such as project leaders and site supervisors, and the management of their skills;
- the risks associated with subcontracting (adherence to schedule, quality, compliance with social regulations);
- the risk of accidents, which remains a priority concern for the Contracting companies

The operational risks in the activities of the Contracting division are described in section 5.B.1.1.

The next update of the risk identification will take place in 2019, however CFE Contracting does not expect major changes in the list of the main identified risks.

5.B.1.4 Real Estate Development

BPI, the leading company of the Real Estate Development division, has developed its real estate development business in Belgium, Luxembourg and Poland.

Real estate activity is directly or indirectly affected by certain macroeconomic factors (interest rates, propensity to invest, savings, etc.) and political factors (development of supra-national institutions, development plans, etc.) that influence the behaviour of participants in the market, in terms of both supply and demand.

This activity is also characterised by long operating cycles, which means that operators need to anticipate decisions and make long-term commitments.

In addition to general sector risks, each project has its own specific risks:

- choosing land for investment;
- defining the project and its feasibility;
- obtaining the various permits and authorisations;
- controlling construction costs, fees and financing;
- marketing.

5.B.2 Economic climate

The different divisions of CFE are, by their very nature, subject to strong cyclical fluctuations. Nevertheless, this observation must be qualified for each segment or sub-segment of activity, since the key factors can vary between them.

For example:

- Dredging and marine civil engineering activities are sensitive to the international economic climate, trends in world trade and government investment policy as concerns major infrastructure and sustainable development works. Slower growth in one or more of DEME's markets may adversely affect its business levels and earnings;
- Construction activities and real-estate development activities related to the office property market move in line with the traditional economic cycle, while the residential business depends more directly on general economic conditions, consumer confidence and interest rates.

5.B.3 Management and workforce

CFE Contracting suffers from a chronic shortage of qualified supervisory staff and workers. The success of projects, in the study, preparation and execution phases, depends both on employees' qualifications and skills and on their availability in the labour market.

On the talent market, DEME should be able to attract, motivate and retain highly qualified staff to manage projects abroad.

5.B.4 Market risks

5.B.4.1 Interest-rate risk

CFE, DEME and BPI make major investments extending over long periods of time. In this context and in terms of the availability of long-term credit, project finance or major capital expenditure, those entities apply a policy of interest rate hedging where necessary. Nevertheless, interest-rate risk cannot be entirely eliminated.

5.B.4.2 Exchange-rate risk

Given the international nature of its activities and the fact that some contracts are performed in foreign currencies, the different divisions of the group are exposed to exchange-rate risk. To mitigate this risk, they engage in exchange-rate hedging and forward foreign exchange contracts. Nevertheless, exchange-rate risk cannot be entirely eliminated.

5.B.4.3 Credit risk

To reduce underlying solvency risk, CFE, DEME and CFE Contracting check the solvency of their clients when submitting quotations, regularly monitor accounts receivable, and adjust their positions with them where necessary. For clients showing a material credit risk, down payments and/or bank payment guarantees are required before work starts.

In markets outside Europe, if a country is eligible and the risk can be covered by credit insurance, CFE and DEME obtain coverage from organisations specialising in this area, such as Credendo Group. Nevertheless, credit risk cannot be entirely eliminated.

While DEME, CFE Contracting and BPI are not significantly exposed to credit risk, CFE is confronted with late payments by the Chadian government.

5.B.4.4 Liquidity risk

In order to limit the liquidity risk, the entities of the CFE group increased their sources of financing, which total five:

- bond issues, totalling € 230 million. These consist of DEME NV's € 200 million issue of bonds maturing in February 2019, and BPI Real Estate Belgium SA's € 30 million issue of bonds (maturing in 2022);
- new committed medium-term bilateral credit lines confirmed at CFE SA;
- committed medium-term bilateral credit lines at DEME;
- project-finance loans or leases, which DEME uses to finance some of its vessels and which BPI uses to fund its real estate projects;
- bank loans or commercial paper to cover short and medium-term cash requirements.

CFE complied with all of its financial covenants at 31 December 2018, as did DEME, CFE Contracting and BPI.

5.B.5 Price risk of commodities, equipment and subcontractors

CFE, DEME and CFE Contracting are potentially exposed to increases in the prices of certain raw materials, equipment and work done by subcontractors. Such increases could have a negative impact on the profitability of the projects. It is also worth noting that DEME hedges against rising diesel prices for contracts that do not contain price revision mechanisms.

5.B.6 Risk of dependency on customers or suppliers

Given the group's activities and its organisational structure, which reflects the local nature of its contracts, CFE considers that, overall, it is not dependent on a small number of clients, suppliers or subcontractors.

5.B.7 Environmental risks

In view of the type of work it is asked to do, CFE Contracting may be involved in handling hazardous materials.

CFE Contracting takes all possible safety and health precautions for its workers and takes particular care over this point, although this risk cannot be entirely eliminated.

Like any company involved in dredging and marine activities, DEME pays particular attention to environmental risks, which fall into two categories:

- disruption to flora and/or fauna or accidental pollution, which can never be totally ruled out despite the very strict prevention measures that the company takes in performing its dredging work;
- DEME subsidiaries operating in the environmental field have to decontaminate highly polluted soils, the extent and exact composition of which is not always easy to establish before the contract starts. In addition, the innovative technologies that DEME uses to remediate soils also carry a degree of risk.

Respect for the environment is one of the fundamental values upheld by the different divisions of CFE, which make every effort to limit the negative environmental impact of their activities.

5.B.8 Legal risks

Given the diversity of their activities and geographical locations, CFE and CFE Contracting are exposed to a complex regulatory environment as concerns the places where services are performed and the fields of activity involved. In particular, they are subject to rules concerning administrative contracts, public and private works contracts and civil liability.

In the construction sector, the builder's liability with respect to 10-year construction guarantees, liability for minor hidden defects and liability for indirect consequential damage – an emerging concept – can be interpreted broadly.

DEME has to deal with a changing and increasingly complex legal framework in certain countries in which it operates.

5.B.9 Political risks

CFE and DEME are exposed to political risks, which may take different forms: political instability, wars (including civil wars), armed conflicts, terrorism, hostage-taking, extortion and sabotage.

These represent potential threats to the security of CFE and DEME's staff and property. As a result, these risks are monitored closely and, if necessary, a project may be stopped if basic security conditions are no longer met. In this case, staff and equipment are transferred to a safer location.

DEME has appointed an Enterprise Security Officer to:

- provide regular updates on potential threats to the security of staff and property;
- help to set up security procedures;
- verify compliance with those procedures;
- coordinate emergency situations when necessary

5.B.10 Risks relating to the protection of intellectual property and know-how

DEME has developed specific know-how and innovative technologies in various areas.

To protect its trade secrets and intellectual property relating to its innovations, DEME has filed numerous patent applications covering over 100 specific applications.

5.B.11 Risks related to special-purpose companies

To carry out some of their real-estate, public-private partnerships and concession activities, CFE, DEME and BPI participate and will continue to participate in special-purpose companies which provide real guarantees in support of their credit facilities. The risk, in the event of the failure of this type of company and exercise of the guarantee, is that the proceeds from such exercise are not sufficient to cover some or all of the amount of shareholders' equity or equivalent used as collateral for setting up the credit facility.

5.B.12 Risks related to BREXIT

Over the last few months, DEME has been closely following the developments of Brexit. DEME recognizes that as Brexit unfolds, a number of parties will be affected, including their customers, suppliers and employees. Equally, within its own organization, wide ranging sections of its business are likely to see changes; including Operations, Procurement, Finance, Compliance and Human Resources. Therefore DEME has executed a Brexit Assessment, including the Moray East project, based on a No-Deal (hard) Brexit scenario. No material risks have been identified, however, a risk mitigation strategy has been rolled out to reduce the impact of a Brexit.

6. ASSESSMENT OF MEASURES TAKEN BY THE COMPANY IN RESPONSE TO THE DIRECTIVE ON INSIDER TRADING AND MARKET MANIPULATION

CFE's policy on this matter is specified in its corporate governance charter.

A compliance officer (MSQ SPRL, having as its permanent representative Fabien De Jonge) was appointed and an information programme has been in place since 2006 for senior management and employees who, through their job, have access to privileged information.

7. TRANSACTIONS AND OTHER CONTRACTUAL RELATIONSHIPS BETWEEN THE COMPANY, INCLUDING RELATED COMPANIES, AND DIRECTORS AND EXECUTIVE MANAGERS

The policy on this matter is specified in the corporate governance charter.

8. ASSISTANCE AGREEMENT

Ackermans & van Haaren entered into a service contract with CFE and DEME. The fees payable by CFE and by DEME for the 2018 financial year amounted to € 650 thousand and € 1,192 thousand respectively.

9. AUDIT

The Statutory Auditor is Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises, represented by Michel Denayer and Rik Neckebroeck.

At the ordinary general meeting of shareholders on 4 May 2016, shareholders renewed the appointment of the Statutory Auditor, Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises, represented by Michel Denayer and Rik Neckebroeck, for a period of three years, ending at the close of the ordinary general meeting of shareholders in May 2019. The fees paid by CFE SA amounted to € 123 thousand for the 2018 financial year.

Other costs for various assignments invoiced by Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises amounted to € 82 thousand.

In addition, during the 2018 financial year, the costs invoiced by Deloitte for consultancy services amounted to € 169 thousand.

Deloitte audited the accounts of most of the companies within the CFE group.

For the other main groups and subsidiaries, the Statutory Auditor generally obtained the certification reports of those entities' auditors and/or interviewed them, and also performed certain additional checks.

Remuneration paid to the Statutory Auditors in respect of the whole group in 2018, including CFE SA:

(in € thousands)	Deloitte		Other	
	Amount	%	Amount	%
Audit				
Statutory audit, certification, examination of individual and consolidated accounts	*1,825.0*	*74.23%*	*721.0*	*35.68%*
Related work and other audits	*144.7*	*5.88%*	*118.0*	*5.84%*
Subtotal, audit	***1,969.7***	***80.11%***	***839.0***	***41.52%***
Other services				
Legal, tax, corporate	*181.4*	*7.38%*	*793.7*	*39.28%*
Other	*307.6*	*12.51%*	*388.0*	*19.20%*
Subtotal, other services	***489.0***	***19.89%***	***1,181.7***	***58.48%***
Total statutory auditors' fees	***2,458.7***	***100%***	***2,020.7***	***100%***

C. REMUNERATION REPORT

CFE's remuneration policy is designed to attract, retain and motivate staff in the office, technical, manual and managerial categories.

To help the Appointments and Remuneration Committee analyse the competitive situation, along with other factors involved in assessing remuneration, the Committee may use the services of internationally renowned remuneration consultants.

In 2018, no changes were made to CFE's remuneration policy relative to 2017.

1. REMUNERATION OF THE BOARD AND COMMITTEE MEMBERS

1.1. REMUNERATION OF BOARD MEMBERS

CFE's ordinary general meeting of shareholders of 3 May 2018 approved the payment of annual fees to the Chairman of the Board of Directors and each of the other directors to the amount of € 100,000 and € 20,000 respectively in proportion to the time they were in office.

The general meeting also approved the payment of attendance fees to the directors, with the exception of the Chairman of the Board, to the amount of € 2,000 per meeting.

The remuneration of the members of the Audit Committee and the Appointments and Remuneration Committee remain unchanged.

Board directors are also reimbursed for expenses incurred during the execution of their duties, according to conditions set by the Board of Directors.

The amount of fees paid directly or indirectly to the Board members for carrying out their duties within the group was as follows:

(€)	Fees CFE SA
Luc Bertrand, Chairman	*100,000*
Renaud Bentégeat (managing director until 31/08/2018, then director)	*32,000*
Piet Dejonghe, managing director	*32,000*
Koen Janssen	*30,000*
Christian Labeyrie	*28,000*
John-Eric Bertrand	*32,000*
Ciska Servais SPRL, represented by Ciska Servais	*32,000*
Pas de Mots SPRL, represented by Leen Geirnaerdt	*32,000*
Philippe Delusinne	*26,000*
Jan Suykens	*30,000*
Alain Bernard	*30,000*
Euro-Invest Management SA, represented by Martine Van den Poel	*19,260*
MucH SPRL, represented by Muriel De Lathouwer	*21,260*
Total	***444,520***

The amounts paid to the Chairman and the directors representing the shareholder Ackermans & van Haaren are entirely retroceded to Ackermans & van Haaren by virtue of an agreement that exists between them.

No agreement with any non-executive Board director providing for severance pay has come into force. It will be proposed to the general meeting of 02 May 2019 to maintain the same remuneration policy of the directors and the Chairman of the Board of Directors.

1.2 REMUNERATION OF AUDIT COMMITTEE MEMBERS

John-Eric Bertrand	8,000
Philippe Delusinne	3,000
Christian Labeyrie	4,000
Pas de Mots SPRL, represented by Leen Geirnaerdt	4,000
Ciska Servais SPRL, represented by Ciska Servais	4,000
Total	**23,000**

1.3 REMUNERATION OF APPOINTMENTS AND REMUNERATION COMMITTEE MEMBERS

The Appointments and Remuneration Committee consists of non-executive directors, most of whom are independent directors.

Ciska Servais SPRL, represented by Ciska Servais	4,000
Luc Bertrand	2,000
Philippe Delusinne	2,000
Euro-Invest Management SA, represented by Martine Van den Poel (as from 3 May 2018)	
Total	**8,000**

2. CFE MANAGEMENT

Until 31 August 2018, the CFE group was led by two managing directors. As of 1 September 2018, Piet Dejonghe is the sole managing director. He is tasked with the daily management of the company, under the supervision of the group's Board of Directors.

The activities of DEME are overseen by a steering committee within CFE, composed of Renaud Bentégeat, Alain Bernard and Fabien De Jonge.

The Contracting division, which comprises most of the activities of the CFE group in construction, multitechnics and rail, is led by an Executive Committee composed of a CEO, Trorema SPRL, represented by Raymund Trost, and four other members, Frédéric Claes SA, represented by Frédéric Claes, Fabien De Jonge (MSQ SPRL, as of 1/10/2018), 8822 SPRL, represented by Yves Weyts, and Almacon SPRL, represented by Manu Coppens.

The activities of Real Estate Development are headed by a managing director, Artist Valley SA, represented by Jacques Lefèvre.

3. REMUNERATION OF MEMBERS OF CFE'S EXECUTIVE MANAGEMENT

There were no changes in the remuneration policy in 2018. Fixed and variable remuneration and other benefits were examined by the Appointments and Remuneration Committee.

After discussions, and specifically an assessment of performance relating to variable remuneration, the Appointments and Remuneration Committee made recommendations to the Board of Directors, which takes decisions on this matter.

The reference period for the annual variable remuneration of the managing directors (and the other members of the executive management) runs from 1 January to 31 December. Any payments of variable remuneration are made in April of the following year.

3.1 REMUNERATION OF RENAUD BENTÉGEAT

3.1.1 Remuneration of Renaud Bentégeat, managing director until 31 August 2018

In addition to his fee as a Board member, i.e. € 32,000, Renaud Bentégeat, managing director until 31 August 2018, received gross annual remuneration of € 200,675 in respect of his executive functions within the CFE group. The remuneration of Renaud Bentégeat is governed by French social security.

As managing director, Renaud Bentégeat also had the use of accommodation and a company car, representing a benefit of € 38,639 in 2018. In 2018, he benefited from a pension plan with CFE, for which the employer's contribution amounted to € 17,998.

CFE did not award any shares, options or other rights to acquire shares in the company to Renaud Bentégeat, managing director, in 2018.

3.1.2 Remuneration of Renaud Bentégeat as from 1 September 2018

An agreement came into effect on 1 September 2018 for the company Renaud Bentégeat Conseil S.A.S. (French law), represented by Renaud Bentégeat. This agreement, approved by the Board of Directors as proposed by the Appointments and Remuneration Committee, is for a fixed term and ends on 29 February 2020. The agreed amount is € 1.5 million for the period from 1 September 2018 to 29 February 2020.

Renaud Bentégeat Conseil S.A.S. (French law) was paid € 400,000 remuneration in 2018.

3.2 REMUNERATION OF PIET DEJONGHE, MANAGING DIRECTOR

In addition to his fee as a Board member, i.e. € 32,000, Piet Dejonghe, managing director, received a total of € 345,000 in fees for director's mandates in several entities of the group. This remuneration is retroceded in its entirety to Ackermans & van Haaren by virtue of an agreement that exists between them.

CFE did not award any shares, options or other rights to acquire shares in the company to Piet Dejonghe, managing director, in 2018.

3.3 REMUNERATION, AT CFE'S EXPENSE, OF THE OTHER NON-EXECUTIVE MEMBERS OF THE BOARD OF DIRECTORS

- In addition to his fee as a Board member, i.e. € 32,000, and as Chairman of the Audit Committee, i.e. € 8,000, John-Eric Bertrand received the sum of € 115,000 for activities carried out in several entities of the CFE group. This remuneration is retroceded in its entirety to Ackermans & van Haaren by virtue of an agreement that exists between them.
- In addition to his fee as a Board member, i.e. € 30,000, Koen Janssen received the sum of € 15,000 for activities carried out in several entities of the CFE group. This remuneration is retroceded in its entirety to Ackermans & van Haaren by virtue of an agreement that exists between them.

3.4 REMUNERATION OF THE OTHER MEMBERS OF CFE'S EXECUTIVE MANAGEMENT

The remuneration policy is designed to:

- enable the company to attract, motivate and retain high-level and high-potential executive talent,
- foster and reward personal performance.

The proposed fixed and variable remuneration for members of CFE's executive management, other than the managing director, are scrutinised by the managing director and the group's HR manager. They are submitted to the Appointments and Remuneration Committee.

The Committee listens to explanations and, after discussions between its members, submits definitive proposals to the Board of Directors, which takes decisions on the matter.

The basic annual salary constitutes fixed remuneration and is based on a scale defined by the CFE Group's wage structure. There is a margin of appreciation as regards matters such as experience, duties, scarcity of technical skills and performance.

For operational members of CFE's executive management, i.e. those responsible for profit centres (subsidiaries), variable remuneration for the 2018 financial year depends on individual performance.

- It is directly related to the financial performance of their area of responsibility, i.e. the net result before tax. This result is compared with a pay scale featuring fixed amounts in function of achieved results, known as the "basic amount".
- Safety performance: quantitative criterion at the rate of 50%, based on zero serious work accidents for any person on site; qualitative criteria at the rate of 50% according to the degree of implementation of the safety plans.

The basic amount is reduced by 20% if the targets are not achieved.

- Qualitative performance: individual targets assigned at the beginning of the year.

The assessment of this 'qualitative' performance is left to the discretion of the Appointments and Remuneration Committee.

- The Board of Directors, at the proposal of the Appointments and Remuneration Committee, may also increase or reduce the amount of the variable remuneration that emerged from the pay scale set at the beginning of the year in view of exceptional results or leadership.
- Variable remuneration may be zero if performance is unsatisfactory.

For functional managers, variable remuneration takes account of several factors:

- the CFE Group's comprehensive income,
- the operational performance of their department,
- attainment of specific targets assigned to them at the start of the year by the managing director,
- variable remuneration may be zero if performance is unsatisfactory.

The reference period for the variable remuneration runs from 1 January to 31 December. Any payments are made in April of the following year.

Remuneration for the members of the executive management of DEME is set by the Board of Directors of DEME as proposed by the Remuneration Committee of DEME, composed of Renaud Bentégeat, director, and Luc Bertrand. As of 1 January 2018, Jan Suykens attends the meetings of this Committee.

The variable remuneration is based on four criteria: safety performance, EBITDA, net result, and net financial debt.

In 2018, members of CFE's executive management (other than the managing directors), namely Fabien De Jonge, 'MSQ SPRL' represented by Fabien De Jonge as of 1/10/2018, Gabriel Marijsse, D2C Partners S.A.S. represented by Patrick Bonnetain, Alain Bernard, Trorema SPRL represented by Raymund Trost, Frédéric Claes SA represented by Frédéric Claes, 8822 SPRL represented by Yves Weyts, Artist Valley SA represented by Jacques Lefèvre, and Almacon SPRL represented by Manu Coppens, received:

Fixed remuneration and fees	*2,600,606 €*
Variable remuneration	*2,562,367 €*
Payments to insurance plans (pension plans, health and accident insurance)	*420,892 €*
Company vehicle expenses	*30,573 €*
Total	***5,614,438 €***

There is also a pension plan that covers members of CFE's steering committee in respect of DEME's activity.

CFE has not awarded any shares, options or other rights to acquire shares in the company to members of CFE's executive management in 2018.

The Appointments and Remuneration Committee of the CFE group, with the consent of the Board of Directors, decided in 2016 to set up a stock option plan for CFE Contracting. The four beneficiaries had accepted the offer, and the term of the options is seven years. The fifth beneficiary mentioned in the 2017 report has also accepted the offer, and the term of the option is five years.

Furthermore, the Board of Directors, on the advice of the Appointments and Remuneration Committee, decided in 2017 to set up a stock option plan for BPI Real Estate Belgium (real estate development). Two beneficiaries had accepted the offer. The term of the options is eight years.

4. TERMINATION BENEFITS

As regards termination benefit rules, in accordance with the Belgian Corporate Governance Act of 6 April 2010, applying as of 3 May 2010 to the members of CFE's executive management, the ordinary general meeting of shareholders of 3 May 2018 passed the following resolution:

1. The law relating to employment contracts shall apply to persons with "employee" status, and all the other existing agreements shall remain in force.

   For employees who are members of the executive management of CFE and DEME and with whom there was no existing agreement relating to termination benefits before 3 May 2010, the period of notice to be given or the amount of severance pay that will be paid in the event of termination of the employment contract (for reasons other than serious misconduct) by the employer shall be determined, in accordance with the Act of 26 December 2013 relating to the introduction of the single status, published in the Belgian Official Gazette on 31 December 2013.

   Alain Bernard

   Gabriel Marijsse

2. As regards termination benefits applying after 3 May 2010 and agreed with the members of CFE's executive management,

   › an agreement came into force on 9 November 2015 for Trorema SPRL, represented by Raymund Trost. This agreement, approved by the Board of Directors as proposed by the Appointments and Remuneration Committee, stipulates that if the service contract is terminated by the contracting company of the CFE group (for reasons other than serious misconduct), the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 6 months' fees.

   › an agreement came into force on 1 January 2016 for 8822 SPRL, represented by Yves Weyts. This agreement, approved by the Board of Directors as proposed by the Appointments and Remuneration Committee, stipulates that if the service contract is terminated by the contracting company of the CFE group (for reasons other than serious misconduct), the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 12 months' fees.

   › an agreement came into force on 13 June 2017 for Almacon SPRL, represented by Manu Coppens. This agreement stipulates that if the service contract is terminated by the contracting company of the CFE group (for reasons other than serious misconduct), the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 6 months' fees.

   › an agreement came into force on 28 February 2018 for Frédéric Claes SA, represented by Frédéric Claes. This agreement stipulates that if the service contract is terminated by the contracting company of the CFE group (for reasons other than serious misconduct), the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 12 months' fees.

   › an agreement came into force on 28 February 2018 for Artist Valley SA, represented by Jacques Lefèvre. This agreement stipulates that if the service contract is terminated by the contracting company of the CFE group (for reasons other than serious misconduct), the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 12 months' fees.

   › an agreement came into force on 1 October 2018 for MSQ SPRL, represented by Fabien De Jonge. This agreement, approved by the Board of Directors as proposed by the Appointments and Remuneration Committee, stipulates that if the service contract is terminated by the contracting company of the CFE group (for reasons other than serious misconduct), the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 12 months' fees.

   › a fixed-term agreement came into force on 1 January 2019 for D2C Partners S.A.S., represented by Patrick Bonnetain, ending on 31/12/2019 without notice or severance pay.

5. INFORMATION ABOUT THE RIGHT TO CLAW BACK VARIABLE REMUNERATION GRANTED ON THE BASIS OF INCORRECT FINANCIAL INFORMATION PROVIDED BY MEMBERS OF CFE'S EXECUTIVE MANAGEMENT

The contracts between members of CFE's executive management, including those of the managing directors, on the one hand and the company on the other include a right for the company to claw back variable remuneration granted on the basis of incorrect financial information.

D. REPORT ON NON-FINANCIAL INDICATORS OF THE CFE GROUP

This report can be found on page 18 of the annual report.

E. POLICY REGARDING INSURANCE

CFE systematically takes out comprehensive contractor insurance for all construction sites, which gives sufficient cover for operating and post-construction civil liability.

F. SPECIAL REPORTS

No special report was prepared in 2018.

G. PUBLIC OFFER TO PURCHASE SHARES

Pursuant to Article 34 of the Belgian Royal Decree of 14/11/2007 concerning the obligations of issuers of financial instruments listed for trading on a regulated market, Compagnie d'Entreprises CFE SA notes that:

i) the Board of Directors is empowered to increase the authorized capital by a maximum amount of € 2,500,000, it being noted that exercise of this power is limited, in the event of a takeover bid, by Article 607 of the Companies Code;

ii) the Board of Directors is entitled to acquire CFE's shares.

H. ACQUISITIONS AND DISPOSALS

Compagnie d'Entreprises CFE SA neither acquired nor disposed of any participating interests in the 2018 financial year.

The acquisitions and disposals of CFE's subsidiaries are detailed in the financial report.

I. CREATION OF BRANCHES

Compagnie d'Entreprises CFE SA did not set up any branches in 2018.

J. POST-BALANCE SHEET EVENTS

No significant changes have occurred in the financial and commercial situation of the CFE Group since 31 December 2018.

K. RESEARCH AND DEVELOPMENT

DEME carries out ongoing research to increase the efficiency of its fleet. In addition, in partnership with universities and the Flanders region of Belgium, it carried out research into the production of sustainable marine energy. In partnership with private-sector companies, it carries out research into techniques to extract rare materials from the sea.

L. INFORMATION ON BUSINESS TRENDS

DEME's revenue should remain stable in 2019: the impact of the fleet's new vessels is expected to be compensated by the planned major overhaul of the 'Innovation'. The EBITDA margin expressed as a percentage of revenue is expected to stay within the historical range between 16% and 20%.

The revenue of the Contracting division should also remain stable in 2019, while its operating income is expected to increase slightly.

The operating income of the Real Estate Development division in 2019 is expected to remain close to that of 2018.

M. INVITATION TO ATTEND THE ORDINARY GENERAL MEETING AND THE EXTRAORDINARY GENERAL MEETING OF MAY 2, 2019

The board of directors invites all shareholders and all bondholders to attend the **ordinary general meeting** which shall take place at the registered office of the company, avenue Herrmann-Debroux, 40-42, in 1160 Brussels, on **Thursday 2 May 2019 at 3 pm** as well as to attend the **extraordinary general meeting** to be held on the same date, immediately after the ordinary general meeting.

A. AGENDA OF THE ORDINARY GENERAL MEETING

1. BOARD OF DIRECTORS' REPORT W.R.T. FINANCIAL YEAR ENDED DECEMBER 31, 2018

2. AUDITOR'S REPORT W.R.T. FINANCIAL YEAR ENDED DECEMBER 31, 2018

3. APPROVAL OF THE ANNUAL ACCOUNTS

Proposed decision:

Approval of the statutory annual accounts w.r.t. financial year ended December 31, 2018.

4. APPROVAL OF THE CONSOLIDATED ANNUAL ACCOUNTS

Proposed decision:

Approval of the consolidated annual accounts w.r.t. financial year ended December 31, 2018.

5. APPROPRIATION OF PROFIT – APPROVAL OF THE DIVIDEND

Proposed decision:

Approval of a gross dividend of € 2,40 per share, corresponding to a net dividend of € 1,68 per share. The dividend will be payable as from 22 May 2019.

6. REMUNERATION

6.1. Approval of the remuneration report

Proposed decision:

Approval of the remuneration report.

6.2. Annual remuneration of the directors and the auditor

Proposed decision:

Approval of a remuneration for the chairman of the board of directors and for each director, respectively of € 100,000 and of € 20,000, prorata temporis of the exercise of their mandate during the financial year, taking effect from 1 January 2019.

Approval of an attendance fee of € 2,000 per meeting of the board of directors, save for the chairman of the board of directors. The remuneration of the members of the committees of the board of directors remains unchanged.

Approval of the auditor's annual remuneration of € 125.000 for the exercise of his mandate. The remuneration is subject to annual indexation.

7. DISCHARGE OF THE DIRECTORS

Proposed decision:

Discharge of the directors for the exercise of their mandate during the financial year ended December 31, 2018.

8. DISCHARGE OF THE AUDITOR

Proposed decision:

Discharge of the auditor for the exercise of his mandate during the financial year ended December 31, 2018.

9. APPOINTMENTS

9.1. The mandate of director of Ciska Servais SPRL, represented by Mrs. Ciska Servais, expires at the general meeting of 2 May 2019.

Proposed decision:

Renewal of the director's mandate of Ciska Servais SPRL, represented by Mrs Ciska Servais, for a period of four (4) years, ending after the annual general meeting to be held in May 2023. Ciska Servais SPRL, represented by Mrs Ciska Servais, is not an independent director within the meaning of article 526ter of the Company code and the Belgian Corporate Governance Code 2009.

9.2. The mandate of auditor of Deloitte, Reviseurs d'Entreprises, SC s.f.d. SCRL, represented by Mr Michel Denayer and Mr Rick Neckebroeck, expires at the general meeting of 2 May 2019.

Proposed decision:

Subject to the approval of the works council, approval the renewal of the mandate of Deloitte, Reviseurs d'Entreprises, SC s.f.d. SCRL, represented by Mr Michel Denayer and Mr Rik Neckebroeck, as auditor for a period of three (3) years ending after the annual general meeting to be held in May 2022.

B. AGENDA OF THE EXTRAORDINARY GENERAL MEETING

1. SPECIAL REPORT DRAWN UP BY THE BOARD OF DIRECTORS PURSUANT TO ARTICLE 604 OF THE BELGIAN COMPANIES CODE CONCERNING RENEWAL OF AUTHORISATION FOR A SHARE CAPITAL INCREASE WITHIN THE LIMITS OF THE AUTHORISED CAPITAL, AS STIPULATED IN SECTION 2 OF THE AGENDA

2. RENEWAL OF AUTHORISATION FOR A SHARE CAPITAL INCREASE WITHIN THE LIMITS OF THE AUTHORISED CAPITAL – AMENDMENT TO ARTICLE 4 PARAGRAPHS 2 AND 3 OF THE ARTICLES OF ASSOCIATION

Proposed resolution:

Renewal for a term of five (5) years of the powers of the Board of Directors to increase share capital by a maximum amount of five million euros (EUR 5,000,000.00) with or without issuance of new shares or through the issuance of subordinated or non-subordinated convertible bonds, or through the issuance of warrants or other securities whether or not related to other securities of the company.

This authorisation also includes the power to carry out:

- capital increases or issuances of convertible bonds or warrants withdrawing or limiting shareholders' preferential subscription rights.
- capital increases or issuances of convertible bonds withdrawing or limiting shareholders' preferential subscription rights in favour of one or more specific persons other than employees of the company or of its subsidiaries.
- capital increases through the incorporation of reserves.

As a consequence proposal to amend Article 4 paragraphs 2 and 3 of the articles of association as follows:

"The Board of Directors is authorised, on one or more occasions, to increase the share capital by a maximum amount five million euros (EUR 5,000,000.00. Up to this ceiling, the Board of Directors may decide to increase the capital by means of cash contributions or contributions in kind or through the incorporation of reserves, with or without the issue of new securities.

This authorisation is granted to the Board of Directors for a period of five (5) years following publication of the renewal of authorised capital decided by the Extraordinary General Meeting of Shareholders of 2 May 2019.

Share capital increases decided pursuant to this article may be carried out under conditions to be determined by the Board of Directors – among others, cash contributions or, subject to legal restrictions, by contributions in kind or through the incorporation of distributable or non-distributable reserves and issue premiums, with or without the issue of new shares or through the issue of subordinated or non-subordinated convertible bonds, or through the issue of warrants or other securities whether or not related to other company securities, on the understanding that the Board of Directors may decide that shares shall remain registered shares. These powers may be renewed pursuant to the legal provisions applicable.

In the corporate interest, the Board of Directors may withdraw or limit shareholders' preferential subscription rights, for the purposes of a share capital increase through the issuance of convertible bonds or bonds with or without warrants attached, subject to the legal restrictions applicable, through the issuance of warrants within the limits of the authorised capital, in favour of one or more persons or employees of the company or of its subsidiaries.

If, following a share capital increase decided by the Board of Directors or following the conversion of bonds or following the exercise of preferential subscription rights, an issue premium is paid, this shall be automatically recognised under non-distributable reserves as "issue premiums" and, in the same way as capital, it constitutes the third-party guarantee which, unless this reserve may be converted into capital, may only be drawn on under the conditions stipulated in the Belgian Companies Code for a reduction of share capital.

The Board of Directors is also authorised, following each increase of share capital decided within the limits of the authorised capital, to amend the articles of association to adapt them to the new situation of the company's share capital.

Transitory stipulation:

The authorisation granted to the Board of Directors following the decision taken at the Extraordinary General Meeting of Shareholders on 30 April 2014 remains in force until renewal of the authorisation granted by the Extraordinary General Meeting of 2 May 2019."

3. RENEWAL OF THE AUTHORISATION GRANTED TO THE BOARD OF DIRECTORS FOR ACQUISITION OF OWN SHARES – AUTHORISATION FOR TRANSFER – AMENDMENT TO ARTICLE 14 BIS OF THE ARTICLES OF ASSOCIATION.

Proposed resolution:

Renewal for respective terms of five years and three years, of the authorisation granted to the Board of Directors at the Extraordinary General Meeting of 30 April 2014 to acquire own shares.

Consequently, the Extraordinary General Meeting decides:

- in accordance with Article 620 of the Belgian Companies Code, to authorise the company's Board of Directors and the Boards of subsidiaries directly controlled by the company, pursuant to Article 627 of the Companies Code: (i) to acquire, either in person or through a party acting in its own name although on behalf of the company, for a period of five (5) years from the date of this Extraordinary General Meeting, the maximum number of company shares as authorised by the Companies Code, through purchase or as a swap, at a minimum share price equal to the lowest closing price over the twenty (20) days preceding the day of purchase of own shares, less ten per cent (10%), and at a maximum share price equal to the highest closing price over the twenty (20) days preceding the day of purchase of own shares, plus ten per cent (10%), and (ii) to transfer the shares thus acquired, either in person or through a party acting in its own name although on behalf of the company, either (a) at a price determined pursuant to (i) above or (b) when the transfer takes place as part of a company share options plan, at the option exercise price. In this case the Board of Directors may, with the consent of the beneficiary, assign the shares outside the regulated stock market.
- in accordance with Article 620 of the Companies Code, to likewise renew the authorisation stipulated in Article 14 bis of the articles of association "Purchase of own shares", for a term of three (3) years from publication of this decision to amend the articles of association in the annexes to Belgium's Official Journal, to purchase or assign company shares when this is deemed necessary to prevent serious imminent damage to the company, without any further decision by the General Meeting and pursuant to the provisions of the Companies Code. This authorisation may be renewed on each occasion for a period of three (3) years.

Own shares shall be purchased with no reduction of share capital, through the creation of non-distributable reserves in the amount at which the shares are recorded in the inventory. Voting rights in connection with these shares shall be suspended for as long as they are held by the company. Entitlement to dividends and other asset rights on these shares shall not be suspended.

As a consequence proposal to amend Article 14 bis of the articles of association as follows:

"The Board of Directors is authorised to purchase and assign company shares without any specific decision by the General Meeting and pursuant to the provisions of the Companies Code. Own shares shall be purchased with no reduction of share capital, through the creation of non-distributable reserves in the amount at which the shares are recorded in the inventory. Voting rights in connection with these shares shall be suspended for as long as they are held by the company. Entitlement to dividends and other asset rights on these shares shall not be suspended.

Authorisation to purchase or assign company shares when this is deemed necessary to prevent serious imminent damage to the company is granted for a term of three (3) years from publication in the annexes to the Official State Journal of the decision to amend the articles of association decided by the Extraordinary General Meeting of 2 May 2019, without any further decision by the General Meeting and pursuant to the provisions of the Companies Code. This authorisation may be renewed on each occasion for a period of three (3) years.

The company's Board of Directors, and the Boards of subsidiaries directly controlled by the company in the terms of Article 627 of the Companies Code, are also authorised, pursuant to Article 620 of the Companies Code: (i) to acquire, either in person or through a party acting in its own name although on behalf of the company, for a period of five (5) years from 2 May 2019, the maximum number of company shares as authorised by the Companies Code, through purchase or as a swap, at a minimum share price equal to the lowest closing price over the twenty (20) days preceding the day of acquisition of own shares, less ten per cent (10%), and at a maximum share price equal to the highest closing price over the twenty (20) days preceding the day of acquisition of own shares, plus ten per cent (10%), and (ii) to assign the shares thus acquired, either in person or through a party acting in its own name although on behalf of the company, either (a) at a price determined pursuant to (i) above or (b) when the assignment takes place as part of a company share options plan, at the option exercise price. In this case the Board of Directors may, with the consent of the beneficiary, assign the shares outside the stock market."

Transitory stipulation:

The authorisation granted to the Board of Directors following the decision taken at the Extraordinary General Meeting of Shareholders on 30 April 2014 remains in force until renewal of the authorisation granted by the Extraordinary General Meeting of 2 May 2019."

If the extraordinary general meeting cannot deliberate as a consequence of an insufficient representation of the share capital, a new general meeting shall be convened, with the same agenda, on 29 May 2019 at 3:00 PM, at the registered office of the company, located at Auderghem (1160 Brussels), 40-42, avenue Herrmann-Debroux, which will validly deliberate whatever the amount of shares presented or represented.

C. PRACTICAL FORMALITIES OF ADMISSION TO THE ORDINARY GENERAL MEETING AND THE EXTRAORDINARY GENERAL MEETING

1. SHAREHOLDERS WISHING TO ATTEND PERSONALLY

Only shareholders who hold CFE shares at the latest on the 14th day prior to the general meeting, namely on 18 April 2019 at midnight (Belgian time) (the "Registration date") and who confirm their intention to participate to the general meeting at the latest on 26 April 2019 at midnight (Belgian time), shall be allowed to participate in the ordinary general meeting and/or in the extraordinary general meeting, either in person or via proxy

- For holders of registered shares, proof of share ownership on the Registration date shall be evidenced by registration in the CFE register of registered shares on the Registration date. Furthermore, in order to gain admission to the general meeting of shareholders, each shareholder shall be required to fill in the form "Intention de participation"/"Intentie tot deelname", available on the website www.cfe.be and send it back either by letter, for the attention of Mr Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, or by e-mail to the following address: general_meeting@cfe.be, at the latest on 26 April 2019 at midnight (Belgian time).
- For holders of dematerialised shares, proof of share ownership shall be evidenced by their registration in a share account maintained by an accredited account holder or clearing house on the Registration date. In addition, each shareholder is required to inform its bank of his participation to the meeting as well as of the number of shares he wished to vote with, at the latest on 26 April 2019 at midnight (Belgian time).

2. SHAREHOLDERS WISHING TO BE REPRESENTED

Each shareholder who is a shareholder at the Registration date may be represented at the ordinary general meeting and/or at the extraordinary general meeting.

Shareholders who wish to appoint a representative to represent them shall be required to send the signed proxy, available on the website www.cfe.be, either by letter, for the attention of Mr Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, or by e-mail to the following address: general_meeting@cfe.be, at the latest on 26 April 2019 at midnight (Belgian time).

If the proxy is sent by e-mail, the proxyholder is requested to deliver the original before the start of the meeting.

3. SHAREHOLDERS WISHING TO VOTE BY POST

Each shareholder who is a shareholder at the Registration date may vote by post at the ordinary general meeting and/or at the extraordinary general meeting.

Shareholders who wish to vote by post shall be required to send, exclusively by post for the attention of Mr. Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, at the latest by 26 April 2019 at midnight (Belgian time), the signed postal voting form. The postal voting form shall be required to indicate the voting preference.

4. SHAREHOLDERS WISHING TO ADD NEW ITEMS ON THE AGENDA OR TO FILE RESOLUTION PROPOSALS

One or more shareholders who together hold at least 3% of the share capital may request the inclusion of items on the agenda for the ordinary general meeting and/or for the extraordinary general meeting as well as file resolution proposals concerning the items to be dealt with already included or to be included on the agenda.

Shareholders who wish to exercise this right to add new items to the agenda or to file resolution proposals must satisfy the following conditions:

- send, at the latest by 10 April 2019, a written request either by post, for the attention of Mr Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, or by e-mail to the following address: general_meeting@cfe.be;
- join to their request the proof that on the date of their request they do in fact hold, separately or jointly, 3% of all shares. They shall, for this purpose, enclose with their letter either a certificate attesting to the registration of corresponding shares in the register of registered shares which they will have previously requested from the company, or a declaration drawn up by the accredited account holder or the clearing house, certifying the registration in an account, in their name, of the number of corresponding dematerialised shares.

- join to their request the new items to be discussed and the relevant resolution proposals in relation to items added or to be added on the agenda.

If one or more shareholders have requested the inclusion of items and/or proposed resolutions on the agenda for the ordinary general meeting and/or for the extraordinary general meeting, CFE shall publish at the latest by 17 April 2019 an agenda prepared according to the same procedure as this agenda. CFE shall also publish at the same time on its website the proxy voting and postal voting forms with any additional topics and related proposals and/or any standalone proposed resolutions added.

Any proxy forms and postal voting forms sent to the company before 17 April 2019 shall remain valid for the items on the agenda to which they relate. Furthermore, within the context of proxy voting, the representative shall be authorised to vote on the new topics on the agenda and/or on the new proposed resolutions, without the need for any new proxy, if the proxy form expressly permits it. The proxy form may also specify that in such cases, the representative is obliged to abstain.

5. SHAREHOLDERS WISHING TO SUBMIT QUESTIONS AT THE GENERAL MEETING

Shareholders are entitled to submit questions in writing to the directors and the auditor regarding their report or items on the agenda, provided any communication of information or facts in response to such questions does not prejudice the company's business interests or the confidentiality undertakings of the company, its directors or the auditor. The questions may be asked orally during the meeting or in writing before the meeting.

Shareholders who wish to ask questions in writing before the meeting shall be required to send an e-mail to the company at the latest by 24 April 2019 to the following address: general_meeting@cfe.be. Only written questions asked by shareholders who will have satisfied the formalities for admission to the meeting and who will consequently have established their status as shareholder on the Registration date (cf. item 1), shall receive an answer during the meeting.

6. RIGHT FOR THE BONDHOLDERS TO ATTEND THE GENERAL MEETINGS

Bondholders may attend the ordinary general meeting and/or the extraordinary general meeting with a consultative vote only, by proving they are bondholders by producing a declaration issued by the financial intermediary at which they hold their bonds.

7. AVAILABLE DOCUMENTS

Each shareholder and bondholder may obtain free of charge at the registered office of the company (avenue Herrmann-Debroux, 40-42 in 1160 Brussels), during the office hours, a complete copy of the financial statements, the consolidated financial statements, the directors' report, the agenda as well as the forms to vote by proxy and by post, and the form "Intention de participation/Intentie tot deelneming". Request for a free copy may also be sent by e-mail to the following address: general_meeting@cfe.be.

8. WEBSITE

All information relating to the general meetings of shareholders of 2 May 2019 is available from today's date on the company's website at the address http:///www.cfe.be.

CONSOLIDATED FINANCIAL STATEMENTS

DEFINITIONS

Working capital requirement	Inventories + trade receivables and other operating receivables + other current assets + non-current assets held for sale - other current provisions - trade payables and other operating liabilities - tax payables - other current liabilities
Net financial debt	Non-current bonds + Non-current financial liabilities + Current bonds + Current financial liabilities - Cash and cash equivalents
Capital employed	Equity + net financial debt
Income from operating activities	Turnover + revenue from auxiliary activities + purchases + wages, salaries and social charges + other operational charges and depreciation and goodwill depreciation
Operating income (EBIT)	Income from operating activities + earnings from associates and joint-ventures
EBITDA	Income from operating activities + amortisation and depreciation + other non-cash items

CONSOLIDATED STATEMENT OF INCOME

For the period ended 31 December (in € thousands)	Notes	2018	2017
Revenue	*4*	***3,640,627***	***3,066,525***
Revenue from auxiliary activities	*6*	*123,018*	*116,588*
Purchases		*(2,147,130)*	*(1,726,761)*
Remuneration and social security payments	*7*	*(633,090)*	*(546,699)*
Other operating expenses	*6*	*(497,748)*	*(404,180)*
Depreciation and amortisation	*12-14*	*(272,602)*	*(238,316)*
Income from operating activities		***213,075***	***267,157***
Earnings from associates and joint ventures	*15*	*14,169*	*(17,710)*
Operating income		***227,244***	***249,447***
Cost of gross financial debt	*8*	*(8,433)*	*(14,362)*
Other financial expenses & income	*8*	*(55)*	*(7,904)*
Net financial income/expense		***(8,488)***	***(22,266)***
Pre-tax income		***218,756***	***227,181***
Income tax expense	*10*	*(49,549)*	*(48,430)*
Net income for the period		***169,207***	***178,751***
Attributable to owners of non-controlling interests	*9*	*2,323*	*1,691*
Net income share of the group		***171,530***	***180,442***
Net income of the group per share (EUR) (diluted and basic)	*11*	*6.78*	*7.13*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December (in € thousands)	Notes	2018	2017
Net income share of the group		***171,530***	***180,442***
Net income for the period		***169,207***	***178,751***
Changes in fair value related to hedging instruments		*(5,498)*	*6,463*
Currency translation differences		*621*	*(4,754)*
Deferred taxes	*10*	*775*	*(1,583)*
Other elements of the comprehensive income to be reclassified to profit or loss in subsequent periods		***(4,102)***	***126***
Re-measurement on defined benefit plans	*22*	*(1,063)*	*(2,227)*
Deferred taxes	*10*	*726*	*(3,382)*
Other elements of the comprehensive income not to be reclassified to profit or loss in subsequent periods		***(337)***	***(5,609)***
Other elements of the comprehensive income		***(4,439)***	***(5,483)***
Comprehensive income:		***164,768***	***173,268***
- Attributable to owners of the parent		*167,279*	*174,771*
- Attributable to owners of non-controlling interests		*(2,511)*	*(1,503)*
Net income attributable to owners of the parent per share (EUR) (diluted and basic)	*11*	*6.61*	*6.90*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the period ended 31 December (in € thousands)	Notes	2018	2017
Intangible assets	12	89,588	91,343
Goodwill	13	177,127	184,930
Property, plant and equipment	14	2,390,236	2,138,208
Investments in associates and joint ventures	15	155,792	140,510
Other non-current financial assets	16	171,687	147,719
Derivative instruments – Non-current assets	26	9	921
Other non-current assets		5,501	7,798
Deferred tax assets	10	99,909	104,022
Total non-current assets		**3,089,849**	**2,815,451**
Inventories	18	128,889	138,965
Trade and other operating receivables	19	1,261,298	1,098,842
Other operating current assets	19	67,561	55,712
Other non-operating current assets	19	12,733	10,715
Derivative instruments – Current assets	26	275	4,156
Current financial assets		0	34
Cash and cash equivalents	20	388,346	523,018
Total current assets		**1,859,102**	**1,831,442**
Total assets		**4,948,951**	**4,646,893**
Share capital		41,330	41,330
Share premium		800,008	800,008
Retained earnings		923,768	840,543
Defined benefits pension plans		(25,521)	(25,268)
Hedging reserves		(7,153)	(2,457)
Currency translation differences		(11,554)	(12,252)
Equity attributable to owners of the parent		**1,720,878**	**1,641,904**
Non-controlling interests		13,973	14,421
Equity		**1,734,851**	**1,656,325**
Retirement benefit obligations and employee benefits	22	57,553	53,149
Provisions	23	35,172	30,183
Other non-current liabilities		5,725	4,497
Non-current bonds	25	29,584	231,378
Non-current financial liabilities	25	656,788	419,093
Derivative instruments – Non-current assets	26	9,354	7,209
Deferred tax liabilities	10	119,386	130,023
Total non-current liabilities		**913,562**	**875,532**
Current provisions	23	65,505	82,530
Trade & other operating payables	19	1,410,944	1,276,446
Income tax payable		44,543	43,275
Current bonds	25	200,221	99,959
Current financial liabilities	25	150,075	124,497
Derivative instruments – Current assets	26	10,990	7,445
Other operating current liabilities	19	201,609	95,012
Other non-operating current liabilities	19	216,651	385,872
Total current liabilities		**2,300,538**	**2,115,036**
Total equity and liabilities		**4,948,951**	**4,646,893**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December (in € thousands)	Notes	December 2018	December 2017
Operating activities			
Income from operating activities		*213,075*	*267,157*
Depreciation and amortisation of (in)tangible assets and investment property		*272,602*	*238,316*
Net provision expense		*1,265*	*4,986*
Impairment on assets and other non-cash items		*1,018*	*(9,725)*
Income/(losses) from sales of property, plant & equipment		*(7,530)*	*(9,662)*
Dividends received from associates and joint ventures		*4,935*	*6,507*
Cash flow from operating activities before changes in working capital		***485,365***	***497,579***
Decrease/(increase) in trade receivables and other current and non-current receivables		*(349,838)*	*107,002*
Decrease/(increase) in inventories		*6,142*	*(8,466)*
Increase/(decrease) in trade payables and other current and non-current payables		*141,189*	*75,012*
Income tax paid/received		*(58,375)*	*(42,282)*
Cash flow from operating activities		***224,483***	***628,845***
Investing activities			
Sales of non-current assets		*15,833*	*18,322*
Purchases of non-current assets		*(453,475)*	*(458,210)*
Acquisition of subsidiaries net of cash acquired	*5*	*(35)*	*(181,370)*
Variation of the investment percentage in associates and joint ventures		*70,049*	*0*
Capital increase of equity-accounted companies	*15*	*(8,660)*	*(32,323)*
Sale of subsidiaries		*1,202*	*574*
New borrowings given		*(41,066)*	*(9,926)*
Cash flow from investing activities		***(416,152)***	***(662,933)***
Financing activities			
Interest paid		*(22,583)*	*(29,347)*
Interest received		*13,697*	*13,970*
Other financial expenses & income		*(2,734)*	*(12,218)*
Borrowings	*25.3*	*422,808*	*240,289*
Reimbursements of borrowings	*25.3*	*(294,122)*	*(212,271)*
Dividends paid		*(60,755)*	*(54,426)*
Cash flow from financing activities		***56,311***	***(54,003)***
Net increase/(decrease) in cash position		***(135,358)***	***(88,091)***
Cash and cash equivalents at start of the year	*20*	*523,018*	*612,155*
Exchange rate effects		*686*	*(1,046)*
Cash and cash equivalents at end of period	*20*	***388,346***	***523,018***

Purchases and sales of subsidiaries net of cash acquired do not include entities that are not a business combination (segment Real Estate). They are not considered as investment operations and are directly reflected in cash flows from operating activities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2018

(in € thousands)	Share capital	Share premium	Retained earnings	Defined benefits pension plans	Hedging reserves	Currency trans-lation differences	Equity attributable to owners of the parent	Non-con-trolling interests	Total
December 2017	41,330	800,008	840,543	(25,268)	(2,457)	(12,252)	1,641,904	14,421	1,656,325
IFRS 15 & 9 restated			(27,550)				(27,550)		(27,550)
December 2017 (*)	41,330	800,008	812,993	(25,268)	(2,457)	(12,252)	1,614,354	14,421	1,628,775
Comprehensive income for the period			171,530	(253)	(4,696)	698	167,279	(2,511)	164,768
Dividends paid to shareholders			(60,755)				(60,755)		(60,755)
Dividends from non-controlling interests								(365)	(365)
Change in consolidation scope and other movements								2,428	2,428
December 2018	41,330	800,008	923,768	(25,521)	(7,153)	(11,554)	1,720,878	13,973	1,734,851

(*) Amounts restated in accordance with changes in accounting method linked to the application of accounting standards IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments and the associated amendments. We refer to note 2.1.

Change in consolidation scope and other movements are presented among the main transactions described in the preamble.

FOR THE PERIOD ENDED 31 DECEMBER 2017

(in € thousands)	Share capital	Share premium	Retained earnings	Defined benefits pension plans	Hedging reserves	Currency trans-lation differences	Equity attributable to owners of the parent	Non-con-trolling interests	Total
December 2016	41,330	800,008	714,527	(19,464)	(7,337)	(7,505)	1,521,559	14,918	1,536,477
Comprehensive income for the period			180,442	(5,804)	4,880	(4,747)	174,771	(1,503)	173,268
Dividends paid to shareholders			(54,426)				(54,426)		(54,426)
Dividends from non-controlling interests								(528)	(528)
Change in consolidation scope and other movements								1,534	1,534
December 2017	41,330	800,008	840,543	(25,268)	(2,457)	(12,252)	1,641,904	14,421	1,656,325

SHARE CAPITAL AND RESERVES

The share capital on 31 December 2018 was divided into 25,314,482 ordinary shares. These shares are without nominal value. The owners of ordinary shares have the right to receive dividends and have one vote per share in Shareholders' General Meetings.

A dividend of € 60,755 thousand, corresponding to € 2.40 gross per share, was proposed by the board of directors and will be submitted to the shareholders' approval at the general meeting. The appropriation of income was not included in the financial statements at 31 December 2018.

The final dividend for the year ended 31 December 2017 was € 2.40 gross per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

INTRODUCTION

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

The Board of Directors authorized the publication of the CFE group's consolidated financial statements on 26 March 2019.

The consolidated financial statements should be read in conjunction with the Board of Directors' management report.

MAIN TRANSACTIONS IN 2018 AND 2017 AFFECTING THE CFE GROUP'S SCOPE OF CONSOLIDATION

MAIN TRANSACTIONS IN 2018

1. Dredging and environment segment

During the year 2018, DEME acquired:

- a 100% stake in the newly created company Middle East Marine Contracting Ltd;
- a 100% stake in the newly created company Naviera Livingstone S.L.U.;
- a 100% stake in the company Cathie Associates Holding CVBA;
- a 100% stake in the newly created company Geowind NV;
- a 100% stake in the newly created company GeoSea SAS;
- a 100% stake in the newly created company Apollo Shipping SA;
- a 100% stake in the newly created company Dredging International Services Middle East Contracting DMCEST.

The acquired entities listed above have been fully consolidated.

In 2018, DEME also acquired:

- an 18.89% stake in the newly created company Otary Bis NV;
- an 15% stake in the newly created company BAAK Blankenburg-Verbinding BV;
- an 13.22% stake in the newly created company North Sea Wave NV;

The acquired entities listed above have been integrated under the equity method.

In 2018, DEME disposed of all its stakes in the following entities:

- 100% of the company Energie du Nord SAS, which was fully consolidated;
- 74.90% of the company Cebruval Bruceval SA, which was fully consolidated;
- 37.45% of the company Extract Ecoterres SA, which was integrated under the equity method.

DEME increased its economic stake in the companies Middle East Dredging Company QSC (Medco), from 44.1% to 95%. This company which was previously integrated under the equity method is now fully consolidated.

The company Scaldis Salvage & Marine Contractors NV, 54.38% owned and previously fully consolidated, is now integrated under the equity method.

DEME decreased its stake in the company de Vries & Van De Wiel Kust en Oeverwerken BV from 87.45% to 74.90%. This company is still fully integrated.

Furthermore, the company Europ Agregats sarl, 100% owned, and Ecoterres Holding SA, 74.90% owned were absorbed respectively by DEME Buildings Materials NV and DEME Environmental Contractors NV, both 100% owned.

2. Contracting segment

On 31 July 2018, through its subsidiaries VMA NV and Vanderhoydoncks NV, both owned at 100%, CFE Group acquired a 100% stake in the company P-Multitech NV. This company is fully consolidated.

On 28 November 2018, CFE Contracting SA and VMA NV, both 100% owned, sold their stake in the company Voltis SA, 100% owned and fully consolidated.

On 12 December 2018, CFE Contracting acquired a 12% stake in the newly created company LuWa SA. This company is integrated under the equity method.

On 28 December 2018, Engetec SA, a 100% subsidiary of CFE Group, acquired a 25% stake in the newly created company LuWa Maintenance SA. This company is integrated under the equity method.

3. Real estate segment

On 1 January 2018, BPI Real Estate Belgium, a 100% subsidiary of CFE Group, increased its stake in the company D.H.B. SA from 75.33% to 100%. This company remains fully consolidated.

On 14 May 2018, the company Foncière Sterpenich SA, subsidiary of BPI Real Estate Belgium, was renamed BPI Park West SA.

On 30 May 2018, BPI Real Estate Poland sp.z.o.o., a 100% subsidiary of CFE Group, acquired 100% of BPI Sadowa sp.z.o.o.. This company is fully consolidated.

On 8 June 2018, through its 100% subsidiaries BPI Real Estate Belgium SA and BPI Samaya SA, CFE Group acquired a 100% stake in the newly created companies Wolimmo SA and Zen Factory SA. These companies are fully consolidated.

On 7 August 2018, BPI Real Estate Belgium acquired a 50% stake in the company Debrouckère Development SA. This company is integrated under the equity method.

On 27 September 2018, the company Elinvest, 50% owned by BPI Real Estate Belgium, was dissolved. This company was integrated under the equity method.

On 3 October 2018, BPI Real Estate Poland sp.z.o.o. acquired 100% of the shares in the company BPI Czysta sp.z.o.o.. This company is fully consolidated.

4. Holding and non-transferred activities

On 13 November 2018, CFE SA acquired a 49% stake in the newly created companies BPG Congrès SA and BPG Hotel SA. These companies are integrated under the equity method.

MAIN TRANSACTIONS IN 2017

1. Dredging and environment segment

During the year 2017, DEME acquired:

- a 100% stake in the company A2Sea A/S, through its wholly owned subsidiary GeoSea;

- a 100% stake in the newly created company Novadeal EKO FZE;
- a 100% stake in the newly created company Dredging International RAK FZ LLC, through its wholly owned subsidiary DI Cyprus;
- a 100% stake in the newly created company DEME Shipping Co Ltd;
- a 72.5% stake in the companies G-Tec Offshore SA, G-Tec SAS, G-Tec NV and G-Tec BV;
- a 60% stake in the newly created company PT Dredging International Indonesia.

The acquired entities listed above have been fully consolidated.

In 2017, DEME also acquired:

- a 50% stake in the newly created company K3DEME;
- a 50% stake in the newly created company Earth moving Middle East Contracting DMCEST;
- a 50% stake in the company Earth moving worldwide;
- a 49% stake in the company Gulf earth moving Qatar;
- a 43.5% stake in the company Hydrogeo SARL, a 60% subsidiary of G-Tec;
- a 25.47% stake in the company Bluechem Building NV, through its subsidiary DEC NV.

The acquired entities listed above have been integrated under the equity method.

In 2017, DEME disposed of all its stakes in the following entities:

- 100% of the company DI Bulgarie Ltd, which was fully consolidated;
- 100% of the company Dragafi SA, which was fully consolidated;
- 17.5% of the company Kriegers Flaks, which was integrated under the equity method.

Furthermore, the wholly-owned companies InfraSea Solutions Verwaltungsgesellschaft GmbH and InfraSea Solutions GmbH & co KG were absorbed by Geosea, which is also wholly owned.

2. Contracting segment

On 31 March 2017, the company ETEC SA, a subsidiary of CFE Contracting, was renamed ENGETEC SA.

On 26 April 2017, CFE Contracting acquired a 100% stake in the newly created company CFE SENEGAL SASU, which was fully consolidated.

On 12 December 2017, CFE Contracting acquired a 100% stake in the company José Coghe Werbrouck NV. This company is fully consolidated.

On 21 December 2017, CFE Contracting acquired a 100% stake in the company Algemene Aannemingen Van Laere NV. This company, which owns, among other things, all the shares of Groupe Thiran SA and Arthur Vandendorpe NV, is fully consolidated.

3. Real estate segment

In the first half of 2017, BPI disposed of all its stakes in the companies Rederij Marleen BVBA, Rederij Ishtar BVBA and Oosteroever NV. Those companies were 50% owned and integrated under the equity method.

During the same period, BPI Luxembourg, a wholly-owned subsidiary of BPI SA, disposed of its stake in Pef Kons Investment SA, 33.33% owned and consolidated under the equity method.

On 29 June 2017, BPI acquired a 50% stake in the newly created company Ernest 11 SA, which was integrated under the equity method.

On 30 June 2017, BPI Polska Development acquired a 90% stake in the companies ACE 12 sp z.o.o. (Poznan project) and ACE 14 sp z.o.o. (Warsaw project). Both these companies are fully consolidated.

On 18 September 2017, the company Brusilia Building SA, wholly owned by BPI SA, was dissolved.

On 27 September 2017, BPI Real Estate Luxembourg SA disposed of its entire 100% stake in the company Rondriesch 123 SA.

During the last quarter of 2017, the company BPI SA was renamed BPI Real Estate Belgium SA, the company BPI Polska Development was renamed BPI Real Estate Poland sp z.o.o., and the company BPI Luxembourg was renamed BPI Real Estate Luxembourg.

On 15 December, BPI Real Estate Luxembourg, a wholly-owned subsidiary of BPI, acquired a 100% stake in the company Swiss Life Immo Arlon. This company is fully consolidated.

On 20 December 2017, BPI Real Estate Belgium acquired a 100% stake in SPRL MG Immo, This company is fully consolidated.

4. Holding and non-transferred activities

On 16 August 2017, CFE Hungary, a wholly-owned subsidiary of CFE SA, disposed of its entire stake in CFE Bayer, 50% owned and integrated under the equity method.

In the fourth quarter of 2017, the company VMA Hungary Kft was dissolved.

1. GENERAL POLICIES

IFRS AS ADOPTED BY THE EUROPEAN UNION

The accounting principles used for the preparation and presentation of the consolidated financial statements of CFE at 31 December 2018 comply with the IFRS standards and interpretations as adopted by the European Union on 31 December 2018.

The accounting principles used at 31 December 2018 are the same as those used for the consolidated financial statements at 31 December 2017, except for the standards and/or amendments to standards described below as adopted by the European Union, mandatorily applicable as of 1 January 2018.

STANDARDS AND INTERPRETATIONS APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON OR AFTER 1 JANUARY 2018

- Amendments to IAS 40 Transfers of Investment Property
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Annual improvements to IFRS Standards 2014-2016 Cycle: Amendments to IFRS 1, IFRS 12 and IAS 28
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRS 9 Financial Instruments and subsequent amendments
- IFRS 15 Revenue from Contracts with Customers

The application of these standards and interpretations had no significant impact on the consolidated financial statements of CFE except for the application of IFRS 9 Financial Instruments and IFRS 15 Revenues from contracts with customers. The impact of these standards on the consolidated statement of financial position is presented in note 2.1.

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON OR AFTER 1 JANUARY 2018

The group did not apply early any of the following new standards and interpretations, application of which was not mandatory at 31 December 2018.

- Annual improvements to IFRS Standards 2014-2016 Cycle: amendments to IFRS 1 and IAS 28 (applicable for annual periods beginning on or after 1 January 2018, but not yet endorsed in the EU)
- Amendments to IAS 1 and IAS 8 Definition of Material (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- Amendments to IAS 28 Long term interests in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 3 Business Combinations (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable for annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the endorsement in the EU has been postponed)
- Amendments to references to the Conceptual Framework in IFRS standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- Annual improvements to IFRS Standards 2015-2017 Cycle (applicable for annual periods beginning on or after 1 January 2019, but not yet endorsed in the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable for annual periods beginning on or after 1 January 2019)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016, but not yet endorsed in the EU)
- IFRS 16 Leases (applicable for annual periods beginning on or after 1 January 2019)

IFRS 16 - Leases

The new IFRS 16 standard abolishes for the lessee the current distinction between operating leases recognized as expenses, and finance leases recognized as tangible assets against a financial debt, and requires for all leases the recognition of a right of use against a financial debt. IFRS 16 will replace the standard and interpretations IAS 17, IFRIC 4, SIC 15 and SIC 27. Where according to IAS 17 the accounting treatment of leases is determined by the assessment of the transfer of the risks and rewards incidental to ownership of the asset, IFRS 16 imposes a single recognition method for leases by lessees that has a similar impact on the balance sheet as finance leases. This standard will come into effect on 1 January 2019.

The implementation of IFRS 16 will thus have the following effects on the consolidated statement of financial position and on the consolidated income statement:

- an increase of assets and liabilities with the present value of future lease payments;
- an increase of the net financial debt, and
- an increase of the EBITDA as a consequence of the presentation of the expenses from leases as “depreciations and amortisations” and as “financial expenses” instead of as operating expenses.

Because of the specific features of certain leases (such as terms and conditions of extension), the time periods used for the measurement of leases under IFRS 16 may in some cases differ from those used for the measurement of off-balance-sheet commitments where only the firm period of commitment was taken into account. The commitments mentioned in Note 27 Operating leases therefore cannot be entirely representative of the liabilities that are to be recognized in pursuance of IFRS 16.

On 31 December 2018, the group assessed the impact on the group’s lease assets and liabilities to amount to 98 million euro. It must be noted that the implementation and controls were still in progress on 31 December 2018.

2. SIGNIFICANT ACCOUNTING POLICIES

Compagnie d'Entreprises CFE SA (hereinafter referred to as the "Company" or "CFE") is a company incorporated and headquartered in Belgium. The consolidated financial statements for the year ended 31 December 2018 include the financial statements of the Company, its subsidiaries, its interests in jointly controlled entities (the "CFE group") and interests in companies accounted for under the equity method.

2.1. CHANGES IN ACCOUNTING METHOD: APPLICATION OF IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS AND IFRS 9 FINANCIAL INSTRUMENTS AND SUBSEQUENT AMENDMENTS

At 1 January 2018, the Group reduced its equity with € 15,550 thousand, net of deferred tax in order to present the cumulative effect of the first time adoption of IFRS 15 "Revenue from contracts with customers".

IFRS 15 is the new standard governing the principles of revenue recognition. This standard is applicable for the annual period beginning on January 1, 2018 and replaces the standards IAS 11 "Construction Contracts" and IAS 18 "Revenue", as well as the various existing interpretations, notably IFRIC 15 "Agreements for the Construction of Real Estate". The recognition of revenue from contracts with customers is consequently governed by one single standard that will apply with effect from 1 January 2018.

The implementation of this standard as of 1st January 2018 has a limited impact on the accounting of the revenue which we summarize as follows:

- The revenue from most of the construction and service contracts was recognized according to former standard IAS 11 as a single performance obligation where the transfer of control takes place progressively. This approach remains in compliance with the provisions of the IFRS 15 standard. Therefore no significant changes apply for the preparation of consolidated financial statements at 31 December 2018.
- To measure the progress of contracts, the group uses a method according former standard IAS 11 based on percentage of completion by reference to costs. This approach also remains in compliance with the provisions of the IFRS 15 standard. No significative changes are thus applicable for the preparation of consolidated financial statements at 31 December 2018.
- For a limited number of "EPCI" contracts in the Dredging and Environment division, multiple performance obligations have been identified. Those performance obligations relate to procurement activities and to transport and installation activities. Since the revenue from those contracts is recognized as a single performance obligation under the old IAS 11 standard, the application of IFRS 15 will result in a restatement that diminishes the opening equity at 1 January 2018 with an estimated amount of € 15,550 thousand.

At 1st January 2018, the Group reduced its equity by € 12,000 thousand, net of deferred tax in order to present the cumulative effect of the first time adoption of IFRS 9 Financial Instruments and subsequent amendments.

The new IFRS 9 standard, which is due to replace the present standard IAS 39 Financial Instruments, contains new provisions regarding the classification and measurement of financial assets based on the corporate governance model and contractual features of the financial assets.

- Phase I - Classification and measurement of financial assets

  IFRS 9's arrangements for classifying and measuring financial assets are based on the company's management method and the contractual characteristics of the financial assets. Because of the Group's approach to manage its financial assets and because the Group does not hold any complex financial instruments, the Group concluded that all of its financial assets met the "Solely Payments of Principal and Interest (SSPI)" criterion as defined by IFRS 9. As a result, financial assets recognized at amortized cost under IAS 39 did not undergo any change in accounting method when IFRS 9 was adopted for the first time. Therefore no significant changes apply for the preparation of consolidated financial statements at 31 December 2018.

The matching between the categories as defined by the standards IAS 39 and IFRS 9 is summarized as follows:

Categories of financial assets and liabilities - (Note 26.9)	IAS 39	IFRS 9
Financial assets		
Investments	Financial instruments available for sale	Financial assets or financial liabilities measured at amortised cost
Financial loans and receivables	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Derivatives	Financial instruments not designated as hedging instruments OR Derivatives designated as hedging instruments	Financial assets mandatorily measured at fair value - derivatives, non-hedging instruments OR hedging instruments
Trade and other receivables	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Cash equivalents	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Cash at bank and in hand	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Financial liabilities		
Bonds	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Financial debts	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Trade payables and other operating	Loans and trade receivables at amortized costs	Financial assets or financial liabilities measured at amortised cost
Derivatives	Financial instruments not designated as hedging instruments OR Derivatives designated as hedging instruments	Financial liabilities at fair value through profit or loss - derivatives, non-hedging instruments OR hedging instruments

- Phase II – Financial asset impairment model

  IFRS 9 has also changed the Group's principles regarding the impairment of financial assets, as it now requires a model based on expected losses. The evaluation of the Group financial assets considers the present value of expected losses if the borrower defaults on its obligations. Expected credit losses are calculated based on a weighted average of expected credit losses arising from multiple scenario's. Implementation of this model on the receivables owned by the Group on the Chadian Government leads to a decrease of the opening equity at 1 January 2018 with an estimated amount of € 12,000 thousand.

The "simplified retrospective" transition method has been applied by CFE Group for the implementation of standards IFRS 15 and IFRS 9. Consequently, the consolidated statement of financial position for comparative period 2017 has been restated, without presentation of a restated 2017 condensed consolidated statement of comprehensive income. The condensed consolidated statement of comprehensive income is presented according to the accounting rules applicable in 2017.

The consolidated statement of financial position for the fiscal year ended on 31 December 2018 has been impacted as follows:

	December 2017	Restatement IFRS 15	Restatement IFRS 9	December 2017, after restatement
Current assets, including:				
Trade receivables and other operating receivables	*1,098,842*		*(12,000)*	*1,086,842*
Equity attributable to owners of the parent, including:				
Retained earnings	*840,543*	*(15,550)*	*(12,000)*	*812,993*
Non current liabilities, including:				
Deferred tax liabilities	*130,023*	*(3,077)*		*126,946*
Trade & other operating payables	*1,276,446*	*18,627*		*1,295,073*

If the standard IFRS 15 had not been implemented at 1st January 2018 the net result of the Group for the period ended on December 31st, 2018 would have been lower by € 15,550 thousand in the dredging and environmental segment.

2.2. ACCOUNTING RULES AND METHODS

(A) STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union.

(B) BASIS OF PRESENTATION

The financial statements are stated in thousands of euros, rounded to the nearest thousand.

Equity instruments and equity derivatives are stated at cost where they do not have a quoted market price in an active market and where other methods of reasonably estimating fair value are clearly inappropriate and/or inapplicable.

Accounting policies are applied consistently.

The financial statements are presented before the appropriation of parent-company income proposed to the Shareholders' General Meeting.

(C) MAIN ASSUMPTIONS AND ESTIMATES

The preparation of financial statements under IFRSs requires estimates to be used and assumptions to be made that affect the amounts shown in those financial statements, particularly as regards the following items:

- the period over which non-current assets are depreciated or amortized;
- the measurement of provisions and pension obligations;
- the measurement of income or losses on construction contracts using the percentage of completion method;
- estimates used in impairment tests;
- the measurement of financial instruments at fair value;
- the assessment of control; and
- the qualification of a company acquisition as a business combination or an acquisition of assets.

These estimates assume the operation is a going concern and are made on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates.

In particular, on 31 December 2018, implementing a model based on the expected credit losses for the valuation of receivables on the Chadian Government, CFE Group made assumptions arising from the probability of occurrence of multiple scenario's.

Over the last few months,DEME has been closely following the developments of Brexit. DEME recognizes that as Brexit unfolds, a number of parties will be affected, including their customers, suppliers and employees. Equally, within its own organization, wide ranging sections of its business are likely to see changes; including Operations, Procurement, Finance, Compliance and Human Resources. Therefore DEME has executed a Brexit Assessment, including the Moray East project, based on a No-Deal (hard) Brexit scenario. No material risks have been identified, however, a risk mitigation strategy has been rolled out to reduce the impact of a Brexit.

(D) CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of CFE Group and the financial statements of its subsidiaries and the entities over which it has control. CFE Group controls an entity when:

- it has power over the entity,
- it is exposed to variable returns from the controlled entity,
- it has the ability to exert power over the entity in order to influence the returns obtained.

If CFE Group doesn't have the majority of voting rights in an entity, it is presumed to have enough rights to exert power over the entity if it has the ability to manage on its own the core businesses of the entity. CFE Group takes into account all facts and circumstances when it assesses whether the voting rights held are enough to give the power to manage the entity, including the following:

- the voting rights held by CFE Group compared to the voting rights held by the other partners and how they are spread among them,
- the potential voting rights held by the Group and by other stakeholders,
- the rights given by other agreements,
- other facts and circumstances, if any, that prove the Group's ability (or inability) to manage the entity's core businesses when decisions have to be taken, including the votes of previous shareholder's meetings.

An entity is consolidated from the moment when the Group has control and is removed from the scope of consolidation when the group loses control over the entity. Revenues and expenses of a subsidiary acquired during the period are included in the consolidated income statement from the moment when the group obtained control until the moment when control is lost.

If necessary, adjustments are made to statutory accounts of subsidiaries in order to align their accounting methods with the ones used by the group. All assets and liabilities, equity, revenues, expenses and cash flows related to transactions between group companies are eliminated in the consolidated financial statements.

Changes in the group's interest in a subsidiary that do not result in a loss of control are recognized as equity transactions. The carrying amounts of the group's interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

When the Group grants an option to sell to the non-controlling interests of a subsidiary (i.e. where the non-controlling interests have a "put"), the related financial liability is deducted initially from non-controlling interests in equity.

Associated companies are those in which the CFE Group has significant influence. The significant influence is the power to take part in financial and operating policies of a company without having control or joint control over these policies.

A joint venture is an arrangement whereby the parties having joint control over the entity have rights to the entity's net assets. A joint control consist in sharing the control over an entity among different parties based on legal agreements and where all decisions related to core businesses require the agreement of all parties.

Assets, liabilities, revenues and expenses from joint-ventures and joint-operations are accounted for under the equity method in the consolidated financial statements unless the interest in the associate is, partly or fully, classified as held-for-sale. In that case, it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint-venture or joint-arrangement is first recorded at cost in the consolidated financial statement and then adjusted to record the share of the group in the net result and in the comprehensive income of the associate. If the share in the losses of an associate is higher than its investment, CFE Group does not record its share in the future losses. Additional losses are recorded only if there is an obligation (legal or not) to give financial support to the entity.

Interests in joint ventures or joint arrangements are accounted for under the equity method from the date when the entity becomes a joint venture or joint arrangement. At the acquisition of the interest, any surplus between the cost of the investment and the share in the fair value of net assets of the entity is recorded as goodwill included in the carrying amount of the investment. Any surplus between the share of the group in the fair value of net assets and the cost of the investment after remeasurement is immediately recorded in the income statement during the period of acquisition of the investment.

A joint operation is a joint arrangement in which the parties (joint operators) have direct rights over the assets and direct obligations with respect to the entity's liabilities. A joint control consists in sharing the control over an entity among different parties based on legal agreements and where all decisions related to core businesses require the agreement of all parties to be taken. When a CFE Group entity starts activity in a joint operation, CFE recognizes in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of its share of the output by the joint operation;
- its expenses including its share of any expenses incurred jointly.

(E) FOREIGN CURRENCIES

(1) Transactions in foreign currencies

Transactions in currencies other than the euro are recognized at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Gains and losses resulting from the creation of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate on the transaction date.

(2) Financial statements of foreign entities

The assets and liabilities of CFE group companies whose functional currencies are other than the euro are translated into euros at the exchange rate on the balance sheet date. Income statements of foreign entities, excluding foreign entities in hyperinflationary economies, are translated into euros at an average exchange rate for the year (approximating the foreign exchange rates prevailing at the dates of the transactions).

Components of shareholders' equity are translated at historical rates.

Translation differences arising from this translation are recognized in the comprehensive income and these differences are recognized in the income statement in the year during which the entity is sold or liquidated.

(3) Exchange rates

Currencies	2018 closing rate	2018 average rate	2017 closing rate	2017 average rate
Polish zloty	4.30	4.26	4.18	4.26
Hungarian forint	320.98	318.89	310.33	309.19
US dollar	1.15	1.18	1.20	1.13
Singapore dollar	1.56	1.59	1.60	1.56
Qatari riyal	4.17	4.30	4.36	4.14
Romanian leu	4.66	4.65	4.66	4.57
Tunisian dinar	3.43	3.11	2.94	2.73
CFA franc	655.96	655.96	655.96	655.96
Australian dollar	1.62	1.58	1.53	1.47
Nigerian naira	416.29	425.60	430.94	377.02
Moroccan Dirham	10.94	11.08	11.22	10.95
Turkish Lira	6.06	5.71	4.55	4.12

Units of foreign currency per euro

(F) INTANGIBLE ASSETS

(1) Research and development costs

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the income statement as an expense as incurred.

Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if the product or process is technically and commercially feasible, the company has sufficient resources to complete development and the expenses can be reliably identified.

Capitalized expenditure includes all costs directly attributable to the asset necessary for its creation, production and preparation in view of its intended use. Other development expenditures are recognized as an expense as incurred.

Capitalized development expenditures are stated at cost less accumulated amortisation (see below) and impairment.

(2) Other intangible assets

Other intangible assets acquired by the company are stated at cost less accumulated amortisation (see below) and impairment. Expenditure on internally generated goodwill and brands is recognized as an expense as incurred.

(3) Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it enables the assets to generate future economic benefits over and above the performance level defined at the outset. All other expenditures are expensed as incurred.

(4) Amortisation

Intangible assets are amortized using the straight-line method over their estimated useful lives at the following rates:

Minimum	5%	Operating concessions
	20%-33.33%	Software applications

(G) BUSINESS COMBINATIONS

Acquisitions of subsidiaries and companies are accounted for using the acquisition method. The consideration transferred in relation to a business combination is measured at fair value, and expenses related to the acquisition are generally taken to income when incurred.

When consideration transferred by the group in relation to a business combination includes contingent consideration, this contingent consideration is measured at its fair value on the acquisition date. Changes in the fair value of contingent consideration that relate to adjustments in the measurement period (see below) are recognized retrospectively; other changes in the fair value of the contingent consideration are recognized in the income statement.

In a business combination that takes place in stages, the group must remeasure the stake it previously held in the acquired company at fair value on the date of acquisition (i.e. the date on which the group obtained control) and recognize any gain or loss in net income.

On the date of acquisition, identifiable assets acquired and liabilities assumed are recognized at fair value on that date with the exception of:

- deferred tax assets or liabilities and assets and liabilities related to employee benefit arrangements, which are recognized and measured in accordance with IAS 12 (Income Taxes) and IAS 19 (Employee benefits) respectively;

- liabilities or equity instruments related to payment agreements based on shares in the acquired company or payment agreements based on shares in the group formed to replace payment agreements based on shares in the acquired company, which are measured in accordance with IFRS 2 (Share-based Payment) on the date of acquisition;
- assets (or groups intended to be sold) classified as held-for-sale under IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), which are measured in accordance with this standard.

If the initial recognition of a business combination is unfinished at the end of the financial reporting period during which the business combination occurs, the group must present provisional amounts relating to the items for which recognition is unfinished. These provisional amounts are adjusted during the measurement period (see below), or the additional assets or liabilities are recognized to take into account new information obtained about the facts and circumstances prevailing at the acquisition date and which, if they had been known, would have had an impact on the amounts recognized at that date.

Adjustments in the measurement period are a consequence of additional information about the facts and circumstances prevailing at the date of acquisition obtained during the "measurement period" (maximum of one year from the acquisition date).

(1) Goodwill

Goodwill arising from a business combination is recognized as an asset on the date on which control was obtained (the acquisition date). Goodwill is measured as the excess of consideration transferred, non-controlling interests in the acquired company and the fair value of the stake already owned by the group in the acquired company (if any) over the net amount of identifiable assets acquired and liabilities assumed on the acquisition date.

Non-controlling interests are initially measured either at fair value, or at the non-controlling interests' share of the acquirer's recognized identifiable net assets. The basis of measurement is selected on a transaction-by-transaction basis.

Goodwill is not amortized, but is subject to impairment tests taking place annually or more frequently if there is an indication that the cash-generating unit to which it is allocated (generally a subsidiary) could have suffered a loss of value. Goodwill is expressed in the currency of the subsidiary to which it relates. If the recoverable amount of the cash-generating unit is less than its carrying amount, the loss of value is first charged against any goodwill allocated to this unit, and then to any other assets of the unit in proportion to the carrying amount of each of the assets included in the unit. Goodwill is stated on the balance sheet at cost less impairment. Impairment of goodwill is not reversed in future periods. When a subsidiary is divested from the group, the resulting goodwill and other comprehensive income relating to the subsidiary are taken into account in determining the net gain or loss on disposal.

For companies accounted for under the equity method, the carrying amount of goodwill is included in the carrying amount of the investment in such companies.

(2) Badwill

If the net balance, at the acquisition date, of identifiable assets acquired and liabilities assumed is higher than the sum of the consideration transferred, non-controlling interests in the acquired company and the fair value of the stake in the acquired company previously owned by the group (if any), the surplus is recognized immediately in the income statement as a gain from a bargain purchase.

(H) PROPERTY, PLANT AND EQUIPMENT

(1) Recognition and measurement

All property, plant and equipment are recorded in assets only when it is probable that those future economic benefits will accrue to the entity and if its cost can be measured reliably. These criteria are applicable at initial recognition and in relation to subsequent expenditure.

All property, plant and equipment are recorded at historical cost less accumulated depreciation and impairment losses.

Historical cost includes the original purchase price, borrowing costs incurred during the construction period, and related direct costs (e.g. non recoverable taxes and transport costs). The cost of self-constructed assets includes the cost of materials, direct labour costs and an appropriate proportion of production overheads.

(2) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits resulting from the item of property, plant and equipment. Repairs and maintenance costs that do not increase the future economic benefits of the asset to which they relate are expensed as incurred.

(3) Amortisation

Depreciation is calculated from the date the asset is available for use, according to the straight-line method and at a rate corresponding to the estimated economic useful life of the asset.

trucks:	5 years
other vehicles:	3-5 years
other equipment:	5 years
IT hardware:	3 years
office equipment:	5 years
office furniture:	10 years
renovation of buildings/new buildings:	20-33 years
cutter dredgers and suction dredgers:	18 years with residual value of 5%
landing stages, boats, ferries and boosters:	18 years without residual value
cranes:	8-12 years with/without residual value of 5%
excavators:	7 years without residual value
pipes:	3 years without residual value
containers and site installations:	5 years
various site equipment:	5 years

Land is not depreciated as it is deemed to have an indefinite life.

Borrowing costs directly linked to the acquisition, construction or production of an asset that requires a long time of preparation are included in the cost of the asset.

(4) Recognition of DEME's fleet

The acquisition cost is divided into two parts: a vessel component (92% of the acquisition cost), which is depreciated using the straight-line method and a depreciation rate that depends on the kind of vessel, and a maintenance component (8% of the acquisition cost), which is depreciated over 4 years using the straight-line method. For the "Jack-Up" vessels, it is estimated that the electrical rack and pinion jacking system as well as the crane are depreciated over a period of 10 years using the straight-line method.

When a vessel is acquired, spare parts are capitalized as a proportion of the acquisition cost up to a maximum of 8% of the total vessel acquisition cost (100%), and are depreciated using the straight-line method over the remaining useful life from the date the asset is available for use.

Certain repairs are capitalized and depreciated using the straight-line method over 4 years from the time the vessel starts sailing again.

(I) INVESTMENT PROPERTY

An investment property is a property held to generate rent, to achieve capital appreciation or both.

An investment property is different from an owner- or tenant-occupied property since it generates cash flows that are independent of the company's other assets.

Investment properties are measured on the balance sheet at cost, including borrowing costs incurred during the construction period, less depreciation and impairment.

Depreciation is calculated from the date the asset is available for use, according to the straight-line method and at a rate corresponding to the estimated economic useful life of the asset.

Land is not depreciated as it is deemed to have an indefinite life.

(J) LEASES

Where a lease transfers substantially all of the benefits and risks inherent in the ownership of an asset, it is regarded as a finance lease.

Assets held through finance leases are recognized at the lower of the present value of the minimum lease payments estimated at inception of the lease, or the fair value of the assets less accumulated depreciation and impairment losses.

Each lease payment is allocated between repayment of the debt and an interest charge, so as to achieve a constant rate of interest on the debt throughout the lease period. The corresponding obligations, net of finance charges, are recognized under financial debts. The interest element is expensed over the lease period.

Property, plant and equipment acquired under finance leases are depreciated over their useful lives or the term of the lease if the lease does not specify transfer of ownership at the end of the lease period.

Leases where the lessor retains all the benefits and risks inherent in owning the asset are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any compensation paid to the lessor is recognized as an expense in the period in which termination takes place.

(K) FINANCIAL ASSETS

Each category of investment is recognized at its acquisition date.

(1) Available-for-sale investments

This category includes available-for-sale shares in companies over which the CFE group has neither significant influence nor control. This is generally the case where the group owns fewer than 20% of the voting rights. Such investments are recognized at their fair value unless fair value cannot be reliably determined, in which case they are recognized at cost less impairment losses.

Impairment losses are taken to income. Changes in fair value are recorded in the comprehensive income. When an investment is sold, the difference between the net disposal proceeds and the carrying amount is taken to income.

(2) Loans and receivables

(2.1) Investments in debt securities and other investments

Investments in debt securities are classified as held-for-trading financial assets and are measured at their amortized cost, determined on the basis of the "effective interest rate method". The effective interest rate method is used to calculate the amortized cost of a financial asset or liability and to allocate interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the future expected life of the financial instrument or, where appropriate, a shorter period, in order to obtain the net book value of the asset or financial liability. Gains or losses are recognized in the income statement. Impairment losses are taken to income.

Other investments held by the company are classified as being available-for-sale and are recognized at fair value. Gains or losses resulting from a change in the fair value of these financial assets are taken to other elements of the comprehensive income. Impairment losses are accounted for in the income statement.

(2.2) Trade receivables

See section (M).

(3) Financial assets designated as at fair value through profit and loss

Derivative instruments are recognized at fair value through profit and loss unless there is documentation supporting hedge accounting (see section Y).

(L) INVENTORIES

Inventories are measured at the lower of weighted average cost and net realizable value.

The cost of finished products and work in progress comprises raw materials, other production materials, direct labour, other direct costs, borrowing costs incurred where the asset involves a long period of construction, and an allocation of fixed and variable production overheads based on the normal capacity of production facilities.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated completion costs and costs to sell.

(M) TRADE RECEIVABLES

Trade receivables are valued at amortized cost, which is generally identical to their nominal value, less provision for impairments. The valuation of financial assets is made on the basis of the estimated loss model, which requires taking into account the discounted value of estimated losses if the debtor proves to be in default. Estimated losses are calculated based on the weighted average of the losses to be incurred in several occurrence scenarios.

(N) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and time deposits with an original maturity date of less than three months.

(O) IMPAIRMENT

The carrying amounts of non-current assets - other than financial assets that fall within the scope of IFRS 9, deferred tax assets and non-current assets held for sale - are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets with an indefinite useful life and goodwill, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are taken to the income statement.

(1) Estimates of recoverable amounts

The recoverable amount of receivables and held-to-maturity investments is the present value of future cash flows, discounted at the original effective interest rate applicable to these assets.

The recoverable amount of other assets is the greater of fair value less costs to sell and value in use. Value in use is the present value of estimated future cash flows.

In assessing value in use, estimated future cash flows are discounted using a pre-tax interest rate that reflects both current market interest rates and risks specific to the asset.

For assets that do not generate cash flows themselves, the recoverable amount is determined for the cash-generating units to which the assets belong.

(2) Reversal of impairment

An impairment loss in respect of receivables or held-to-maturity investments is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized.

Impairment losses in respect of goodwill are never reversed. Impairment losses on other assets are only reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss can only be reversed to the extent that the asset's carrying amount, which has increased subsequent to the impairment, does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognized.

(P) SHARE CAPITAL

Purchases of own shares

When CFE shares are bought by the company or a CFE group company, the amount paid, including costs directly attributable to the purchase, is deducted from equity. Proceeds from selling shares are directly included in equity, with no impact on the income statement.

(Q) PROVISIONS

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as provisions corresponds to the best estimate of the necessary expenditure to settle the current obligation at the balance sheet date. This estimate is obtained by using a pre-tax interest rate that reflects current market rates and the risks specific to the liability.

Provisions for restructuring are recognized when the company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Provisions are not set aside for costs relating to the company's normal continuing activities.

Current provisions are provisions directly linked to each business line's own operating cycle, whatever the expected time of settlement of the obligation.

Provisions for after-sales service cover CFE group entities' commitments under statutory warranties relating to completed projects. They are estimated statistically on the basis of expenses incurred in previous years or individually on the basis of specifically identified problems. Provisions for after-sales services are recognized from the time that works begin.

A provision for onerous contracts is recognized when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provisions for disputes connected with operations mainly relate to disputes with customers, subcontractors, joint contractors or suppliers. Provisions for other current liabilities mainly comprise provisions for late delivery penalties and for other risks related to operations.

Non-current provisions correspond to provisions not directly linked to the operating cycle and whose maturity is generally longer than one year.

(R) EMPLOYEE BENEFITS

(1) Post-employment benefits

Post-employment benefits include pension plans and life insurance.

The company operates a number of defined-benefit and defined-contribution pension plans throughout the world.

In Belgium, some pension plans based on defined contribution plans are subject to a minimum guaranteed return by the employer and are therefore qualified as defined benefit plans.

The assets of these plans are generally held by separate institutions and are generally financed through contributions from the subsidiaries concerned and from employees. These contributions are determined on the basis of recommendations from independent actuaries.

Post-employment benefits are either funded or non-funded.

a) Defined-contribution pension plans

Contributions to these pension plans are recognized as an expense in the income statement when incurred.

b) Defined-benefit pension plans

For these pension plans, costs are estimated separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

Under this method, the cost of providing pensions is charged to the income statement so as to spread the cost evenly over the remaining careers of employees covered by the plan, in accordance with the advice of actuaries who carry out a full assessment of these plans every year. The amounts charged to the income statement consist of current service cost, interest cost, the expected return on plan assets and past service cost.

The pension obligations recognized on the balance sheet are measured as the present value of the estimated future cash outflows, discounted at a rate corresponding to the yield on high-quality corporate bonds with a maturity similar to that of the pension obligations, less any unrecognized past service costs and the fair value of plan assets.

Actuarial gains and losses are calculated separately for each defined-benefit plan. Actuarial gains and losses comprise the effects of differences between actuarial assumptions and actual figures, and the effects of changes in actuarial assumptions.

Actuarial gains and losses on assets or liabilities relating to post-employment benefits and resulting from experience adjustments and/or changes in actuarial assumptions are immediately taken to the others elements of the comprehensive income in the period in which they arise. These gains, losses and changes in the extent of recognized assets are presented in the statement of comprehensive income.

Interest expenses resulting from the accretion effect relating to pension obligations and similar liabilities, and financial income resulting from the expected return on plan assets, are recognized in the income statement under financial items.

The introduction of or changes to a new post-employment benefit plan or other long-term plans may increase the present value of the obligation with respect to defined-benefit plans for services rendered in previous periods, i.e. the past service cost. The past service cost related to post-employment benefit plans is recognized in income on a straight-line basis over the average period until the related benefits are received by employees. Benefits received after the adoption of or changes to a post-employment benefit plan, and past service costs relating to other long-term benefits, are immediately taken to income.

Actuarial calculations related to post-employment obligations and other long-term benefits are carried out by independent actuaries.

(2) Bonuses

Bonuses granted to company employees and senior executives are based on targets relating to key financial indicators. The estimated amount of bonuses is recognized as an expense in the year to which they relate.

(S) FINANCIAL LIABILITIES

(1) Liabilities at amortized cost

Interest-bearing borrowings are recognized at their initial amount less attributable transaction costs. Any difference between this net amount (after transaction costs) and repayment value is recognized in the income statement over the life of the loan, using the effective interest-rate method. See section K 2.1 for the definition of this method.

(2) Financial liabilities designated as at fair value through profit and loss

Derivative instruments are recognized at fair value through profit and loss unless there is documentation supporting hedge accounting (see section Y).

(T) TRADE AND OTHER PAYABLES

Trade and other current payables are measured at nominal value.

(U) INCOME TAX

Income tax for the period comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or in others elements of the comprehensive income. In this case, deferred tax is also recognized in these items.

Current tax is the expected tax payable on the taxable income for the period and any adjustment to tax paid or payable in respect of previous years. It is calculated using tax rates in force at the balance sheet date.

Deferred tax is calculated using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Tax rates in force at the closing date are used to calculate deferred tax assets and liabilities.

Under this method, in the event of a business combination, the company is required to make a provision for deferred tax on the difference between the fair value of net assets acquired and their tax base.

The following temporary differences are not provided for: goodwill that is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(V) REVENUE FROM CONTRACTS WITH CUSTOMERS

Where the profit or loss of a construction contract can be estimated reliably, contract revenue and expenses, including borrowing costs incurred where the contract exceeds the accounting period, are recognized in the income statement over time, in proportion to the contract's percentage of completion at the closing date. The percentage of completion is calculated using the "cost to cost" method.

The major part of the revenue is recognized over time as either:

i. the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs,

ii. or in other situations the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced,

iii. or in other situations the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

Contract Costs

Contract costs are recognized as an expense in the income statement in the accounting periods in which the work to which they relate is performed and costs incurred that relate to future activities on the contract are capitalized if it is probable that they will be recovered. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. A correction is made for the cost of material (e.g. steel) that is purchased but not yet manufactured or in production process at reporting date.

Contract Revenues

Revenue from a construction contract includes the initial amount of revenue defined in the contract and variations in the work specified by the contract, claims and performance bonuses to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with variable consideration is subsequently resolved. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred which it is probable that they will be recoverable.

The transaction price is measured at the fair value of the consideration received or receivable and is allocated to the performance obligation based on stand-alone selling prices. Stand-alone selling price are estimated as expected costs plus the estimated margin.

A variation may lead to an increase or a decrease in the transaction price. A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. In applying this principle, performance bonus and claim income are generally only considered as part of the transaction price when an agreement was reached with the customer. The most common variable considerations such as the steel price, fuel consumption or design price modifications shall only be included in the transaction price to the extent that it is highly probable that a significant reversal in the revenue recognized will not occur.

Performance bonuses form part of contract revenue when the contract's percentage of completion is such that it is probable that the specified performance level will be reached or exceeded and that the amount of the performance bonus can be reliably measured.

Contract balances

A contract asset is the right to consideration in exchange for goods or services transferred. If the group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to the customer for which the group has received consideration before the group transfers goods or services to the customer. A contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the group performs under the contract.

Costs to obtain a contract and costs to fulfil a contract

CFE has assessed that the cost to attract a contract (e.g: commissions paid) and costs to fulfil a contract not covered by a specific IFRS standard (e.g: mobilisation costs) that are normally to be capitalized as defined in IFRS 15 when meeting some specific criteria, do not have a material impact on the recognition of revenues and margin of projects. As such, these costs to attract or fulfil a contract are not accounted for separately in accordance with IFRS 15, but are included in the project accounting and therefore recognised as incurred.

Other contract costs are recognized as expenses in the period in which they are incurred.

Specific considerations relating to revenue by segment

a. Revenue from dredging, environment & marine engineering activities

DEME's activities encompass dredging, land reclamation, hydraulic engineering, services for the offshore oil & gas and renewable energy industries and environmental works. Most construction and service contracts with our customers involve only one performance obligation, which is fulfilled progressively. The Group has assessed that revenue from construction and service contracts should be recognized over time using the "cost to cost" method. As such the revenue recognition reflects the rate at which our performance obligations are fulfilled corresponding to the transfer to our customers of control of a good or service.

Revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. A correction is made for the cost of material (e.g. steel) that is purchased but not yet manufactured or in production process at reporting date.

Where a contract includes several distinct performance obligations, the Group allocates the overall price of the contract to each performance obligation in accordance with IFRS 15.

For a limited number of "EPCI" contracts in the renewable business (offshore wind farms), multiple performance obligations were identified. In those contracts the EPC and T&I part for the monopiles can be separated, as well as the cable laying part and the EPC and T&I part for the offshore substations (OSS). Those parts of the contract are capable of being distinct and are distinct in the context of the contract and accordingly are considered as separate performance obligations.

b. Revenue from contracting contracts

CFE is responsible for the overall management of a project in which various goods and services are included such as engineering, site clearance, foundation, procurement, construction of a structure, piping and wiring, installation of equipment, and finishing. The performance obligations to transfer these goods and services are not treated distinctly in the context of the contract, since the entity provides a significant service of integrating the goods and services (the inputs) into the building (the combined output) for which the customer has contracted. Therefore the goods and services are not distinct. The entity accounts for all of the goods and services in the contract as one single performance obligation.

Revenues for construction contracts is recognized over time on a cost to cost basis, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. This input method is considered an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

To the extent that the contract explicitly identifies each unit separately and the customer can benefit from each unit separately, the construction of each unit should be considered as separate performance obligations and revenue is recognized for each performance obligation separately.

For some contracts, mainly in the Multitechnics segment, the installation/execution works cover a very short period of time. For such contracts, revenue is recognized at one point in time when the works are completed.

c. Development of residential properties

CFE is responsible for the overall management of real estate projects in which several units of building under construction (or to be constructed) are sold to the customer. Taking into account local legislation which drives the transfer of ownership to the end customer the performance obligation is satisfied over time or at a point in time. Revenue is recognized when the material risks and rewards of ownership have been transferred to the buyer in substance, and no uncertainty remains regarding the recovery of the amounts due, associated costs or the possible return of goods. Land component and building component are generally considered as one single performance obligation.

If local legislation results in ownership of the construction being transferred gradually throughout the execution of the construction works and if the group is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done, revenue from construction of these residential properties is therefore recognised over time on a cost to cost basis, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs and on the proportion of ownership transferred to date of closing relative to the total ownership of the project. This input method is considered an appropriate measure of the progress towards complete satisfaction of these performance obligations under IFRS 15.

If legislation provides for transfer of risks and rewards and the right to enforceable payment is only established when the residential unit is fully constructed and handed over, revenue is only recognized at one point in time, upon signing of the notary deed or handover protocol between CFE and the end customer.

(W) OTHER REVENUE

Rental income and fees

Rental income and fees are recognized on a straight-line basis over the term of the lease.

Government grants

A government grant is recognized in the balance sheet initially as deferred income where there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants that compensate the company for expenses incurred are systematically recognized as other operating income during the period in which the corresponding expenses are incurred that are to be covered by the grant.

Grants that compensate the company for the cost of an asset are systematically recognized in the income statement over the life of a depreciable asset as a reduced depreciation expense over the useful economic life of the asset.

(X) EXPENSES

(1) Financial expenses

Financial expenses comprise interest payable on borrowings, foreign exchange losses, and losses on hedging instruments that are recognized on the income statement.

All interest and other costs incurred in connection with borrowings, except those which were eligible for capitalization, are taken to income as financial expenses. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

(2) Research and development, advertising and promotional costs and IT systems development costs

Research, advertising and promotional costs are expensed in the year in which they are incurred. Development costs and IT systems development costs are expensed in the year in which they are incurred if they do not meet the criteria for capitalization.

(Y) HEDGE ACCOUNTING

The company uses derivative financial instruments primarily to reduce exposure to adverse fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks. The company's policy prohibits the use of derivatives for speculation.

The company does not hold or issue derivative financial instruments for trading purposes. However, derivatives which do not qualify as hedging instruments as defined by IFRS 9 are presented as instruments held for trading.

Derivative financial instruments are recognized initially at cost. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Recognition of any resulting unrealized gain or loss depends on the nature of the derivative and the effectiveness of the hedge.

The fair value of interest-rate swaps is the estimated amount that the company would receive or pay when exercising the swaps at the closing date, taking into account current interest rates and the solvency of the swap counterparty.

The fair value of a forward exchange contract is the quoted value at the closing date, and therefore the present value of the quoted forward price.

Hedge accounting is applicable if all criteria in the IFRS 9 standard are fulfilled:

- There is formal designation and documentation for the hedging relationship at the inception of this relationship;
- The economic relationship between the hedged item and the hedging instrument and the potential sources of ineffectiveness must be documented;
- The retrospective ineffectiveness must be assessed at each closing.

Variations of fair value between periods are recognized differently according to the accounting classification.

(1) Cash flow hedges

Where a derivative financial instrument hedges variations in cash flows relating to a recognized liability, a firm commitment or an expected transaction, the effective part of any gain or loss resulting from the derivative financial instrument is recognized directly in other elements of the comprehensive income and is presented in a separate reserve in equity.

When the firm commitment or the expected transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from the comprehensive income and is reported under a separate reserve in the equity.

Otherwise, the cumulative gain or loss is removed from equity and recognized in the income statement at the same time as the hedged transaction.

The ineffective part of any gain or loss on the financial instrument is taken to income. Gains or losses resulting from the time value of financial derivative instruments are recognized in the income statement.

When a hedging instrument or hedge relationship expires but the hedged transaction is still expected to occur, the cumulative unrealized gain or loss (at that point) remains in equity and is recognized in accordance with the above policy when the transaction occurs.

If the hedged transaction is expected not to occur, the cumulative unrealized gain or loss recognized in equity is immediately taken to income.

(2) Fair value hedges

Where a derivative financial instrument hedges variations in the fair value of a recognized receivable or payable, any gain or loss resulting from the remeasurement of the hedging instrument is recognized in the income statement. The hedged item is also stated at the fair value attributable to the risk hedged, with any gain or loss being recognized in the income statement.

The fair value of hedged items, in respect of the risk hedged, is their carrying amount at the balance-sheet date translated into euros at the exchange rate at that date.

(3) Hedging of net investment in a foreign country

Where a foreign currency liability hedges a net investment in a foreign entity, translation differences arising on the translation of the liability into euros are recognized directly in "currency translation differences" under shareholders' equity.

Where a derivative financial instrument hedges a net investment in a foreign operation, the effective portion of the gain or the loss on the hedging instrument is recognized directly in "currency translation differences" under shareholders' equity, and the ineffective portion is taken to income.

(4) Instruments related to construction contracts

If a derivative financial instrument hedges variations in cash flow relating to a recognized liability, a firm commitment or an expected transaction in the framework of a construction contract (mainly forward purchases of raw materials, or foreign exchange purchases or sales), a documentation of the cash flow hedge relationship as described in section (1) here above will not be prepared. Any gain or loss resulting from the derivative financial instrument is recognized in the income statement as a financial income or expense.

These instruments are, however, submitted to a test of efficiency based on the same methodology as utilized for hedge accounting.

The effective part of any gain or loss on the financial instrument is recognized as a cost of the construction contract (we refer to section (M) here above). This element is, however, not considered for determining the percentage of completion of the construction contract.

(Z) SEGMENT REPORTING

A segment is a distinguishable component of the CFE group that generates revenues and incurs expenses and whose operating income and losses are regularly reviewed by management in order to take decisions or determine its performance. The CFE group consists of four operating segments: Dredging and Environment, Contracting, Real Estate and Holding & non-transferred activities.

3. CONSOLIDATION METHODS

SCOPE OF CONSOLIDATION

Companies in which the Group holds, directly or indirectly, the majority of voting rights enabling control to be exercised, are fully consolidated.

Companies over which the Group exercises joint control with another entity are consolidated under the equity method. This applies in particular to Rent-A-Port and some entities in the Real Estate division and the Dredging and Environment division.

CHANGES IN THE SCOPE OF CONSOLIDATION

Number of entities	2018	2017
Full consolidation	*200*	*191*
Equity method	*128*	*124*
Total	***328***	***315***

INTRAGROUP TRANSACTIONS

Reciprocal operations and transactions relating to assets and liabilities and income and expenses between companies that are consolidated or accounted for under the equity method are eliminated in the consolidated financial statements. This is done:

- for the full amount if the transaction is between two controlled subsidiaries;
- applying the percentage owned of a company accounted for under the equity method with respect to internal profits or losses between a fully consolidated company and a company accounted for under the equity method.

TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN COMPANIES AND ESTABLISHMENTS

In most cases, the functional currency of companies and establishments is their local currency.

The financial statements of foreign companies of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated at the closing rate for balance-sheet items and at the average rate for the period for income-statement items. Any resulting translation differences are recognized under translation differences in consolidated reserves. Goodwill relating to foreign entities is considered as comprising part of the assets and liabilities acquired and is therefore translated at the exchange rate in force at the balance sheet date.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are translated into euros at the exchange rate on the transaction date. At the balance sheet date, financial assets and monetary liabilities denominated in foreign currencies are translated at the closing rate. Resulting exchange gains and losses are recognized under foreign exchange gains and losses and are shown under other financial income and other financial expenses in the income statement.

Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign exchange derivatives used to hedge stakes in foreign subsidiaries are recorded in currency translation differences under equity.

4. SEGMENT REPORTING

OPERATING SEGMENTS

Segment reporting is presented in respect of the group's operating segments. Segment profits, losses, assets and liabilities include items that can be attributed directly to a segment or allocated on a reasonable basis.

The CFE group consists of four operating segments:

DREDGING AND ENVIRONMENT

Through DEME, the Dredging & Environment segment is active in dredging (capital dredging and maintenance dredging), installation of offshore wind farms, protection and installation of subsea pipelines and cables, treatment of polluted sludge and sediments, and in the marine engineering.

CONTRACTING

The Contracting segment includes the construction, multitechnics and rail & utilities activities.

Construction activity is concentrated in Belgium, Luxembourg, Poland and Tunisia. CFE Contracting specializes in building and refurbishing office buildings, residential properties, hotels, schools, universities, car parks, shopping and leisure centres, hospitals and industrial buildings.

The Multitechnics and Rail Infra & Utility Networks segments operate mainly in Belgium through two clusters:

- the VMA cluster comprising tertiary electricity, HVAC (heating, ventilation and air conditioning), electromechanical facilities, telecoms networks, industrial automation for the automotive, pharmaceutical and food industries, automized management of technical facilities in buildings, electromechanical rail & road work; long term maintenance of technical facilities;
- the cluster comprising railway and signalling works, energy transportation, public lighting.

REAL ESTATE DEVELOPMENT

The Real Estate Development segment develops real estate projects in Belgium, Luxembourg and Poland.

HOLDING AND NON-TRANSFERRED ACTIVITIES

Besides the usual holding activities, this segment includes:

- participations in Rent-A-Port, Green Offshore and in two Design Build Finance and Maintenance contracts in Belgium;
- contracting activities not transferred to CFE Contracting SA and DEME NV including a number of civil engineering projects in Belgium and building projects in Africa (except Tunisia) and in Central Europe (except Poland).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € thousands)	Revenue		Income from operating activities				Operating income (EBIT)				Financial income	
	2018	2017	2018	% Revenue	2017	% Revenue	2018	% Revenue	2017	% Revenue	2018	2017
Dredging and environment	*2,645,780*	*2,356,014*	*196,012*	*7.41 %*	*230,507*	*9.78 %*	*202,940*	*7.67 %*	*217,775*	*9.24 %*	*(6,391)*	*(21,117)*
DEME restatements			*(4,589)*		*(5,468)*		*(5,273)*		*(10,510)*		*2,901*	*4,218*
Contracting	*934,573*	*717,649*	*22,728*	*2.43 %*	*27,212*	*3.79 %*	*22,728*	*2.43 %*	*27,212*	*3.79 %*	*(2,073)*	*(134)*
Real Estate Development	*94,696*	*10,900*	*10,346*	*10.93 %*	*21,799*	*199.99 %*	*13,209*	*13.95 %*	*23,388*	*214.5 %*	*(2,832)*	*(902)*
Holding and non-transferred activities	*27,051*	*34,141*	*(10,865)*		*(7,704)*		*(5,803)*		*(9,229)*		*(93)*	*(4,331)*
Eliminations between segments	*(61,473)*	*(52,179)*	*(557)*		*811*		*(557)*		*811*			
Total consolidated	***3,640,627***	***3,066,525***	***213,075***	***5.85 %***	***267,157***	***8.71 %***	***227,244***	***6.24 %***	***249,447***	***8.13 %***	***(8,488)***	***(22,266)***

(in € thousands)	Taxes		Net income of the group				Non-cash items		EBITDA			
	2018	2017	2018	% Revenue	2017	% Revenue	2018	2017	2018	% Revenue	2017	% Revenue
Dredging and environment	*(43,231)*	*(43,269)*	*155,570*	*5.88 %*	*155,055*	*6.58 %*	*262,889*	*224,993*	*458,901*	*17.34 %*	*455,500*	*19.33 %*
DEME restatements	*384*	*7,739*	*(1,988)*		*1,448*		*4,589*	*5,468*				
Contracting	*(5,491)*	*(11,726)*	*15,161*	*1.62 %*	*15,351*	*2.14 %*	*12,686*	*406*	*35,414*	*3.81 %*	*27,618*	*3.85 %*
Real Estate Development	*(1,134)*	*(256)*	*9,321*	*9.84 %*	*22,255*	*204.17 %*	*(1,932)*	*1,860*	*8,414*	*8.87 %*	*23,659*	*217.06 %*
Holding and non-transferred activities	*(124)*	*(856)*	*(6,024)*		*(14,416)*		*(3,347)*	*850*	*(14,212)*		*(6,854)*	
Eliminations between segments	*47*	*(62)*	*(510)*		*749*				*(557)*		*811*	
Total consolidated	***(49,549)***	***(48,430)***	***171,530***	***4.71 %***	***180,442***	***5.88 %***	***274,885***	***233,577***	***487,960***	***13.40 %***	***500,734***	***16.33 %***

REVENUE

(in € thousands)	2018	2017
Belgium	*1,080,912*	*1,018,284*
Other Europe	*1,739,573*	*1,324,955*
Middle East	*45,597*	*16,337*
Asia	*355,996*	*342,356*
Asia-Pacific	*56,122*	*32,173*
Africa	*265,266*	*250,878*
Americas	*97,161*	*81,542*
Total consolidated	***3,640,627***	***3,066,525***

The breakdown of revenue by country is based on the countries in which services are provided.

In 2018, no customer accounted for more than 10% of group revenue.

Revenue from the sale of goods amounted to € 5,289 thousand in 2018 (2017: € 8,490 thousand). These sales were generated by the Voltis and Terryn Timber Products subsidiaries.

BREAKDOWN OF REVENUE IN THE DREDGING DIVISION

(in € thousands)	2018	2017
Capital dredging	*601,993*	*499,049*
Civil works	*155,747*	*81,308*
Environmental contracting	*163,442*	*152,331*
Fallpipe and landfalls	*462,059*	*199,426*
Maintenance dredging	*280,191*	*322,116*
Marine works	*982,348*	*1,101,784*
Total	***2,645,780***	***2,356,014***

BREAKDOWN OF REVENUE IN THE CONTRACTING DIVISION

(in € thousands)	2018	2017
Construction	*692,444*	*499,914*
Multitechnics	*170,642*	*155,255*
Rail & Utilities	*71,487*	*62,480*
Contracting	***934,573***	***717,649***

The CFE group's Contracting revenue includes revenue generated through the Real Estate division.

The elimination of the revenue common to the Contracting division and Real Estate division is done at inter-segment eliminations level.

Since the construction and selling activities of the Real Estate division do not take place simultaneously, internally generated revenue is added to assets under construction and removed at the time of sale.

ORDER BOOK

(millions d'euros)	2018	2017	% de variation
Dredging and environment	***4,010.0***	*3,520.0*	*+13.9%*
Contracting	***1,320.3***	*1,229.7*	*+7.4%*
Construction	*1,069.1*	*978.8*	*+9.2%*
Multitechnics	*168.4*	*152.6*	*+10.4%*
Rail & Utilities	*82.8*	*98.3*	*-15.8%*
Real Estate Development	***10.8***	*3.5*	*n.s.*
Holding and non-transferred activities	***44.8***	*97.6*	*-54.1%*
Total	***5,385.9***	***4,850.8***	***+11.0%***

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018 (in € thousands)	Dredging & Environment	Contracting	Real Estate Development	Holding and non-transferred activities	Eliminations between divisions	Consolidated total
ASSETS						
Goodwill	155,567	21,560	0	0	0	177,127
Property, plant and equipment	2,326,304	61,526	928	1,478	0	2,390,236
Non-current loans to consolidated group companies	0	0	0	20,000	(20,000)	0
Other non-current financial assets	108,066	0	35,106	28,515	0	171,687
Other non-current assets	274,058	13,217	34,923	1,274,450	(1,245,849)	350,799
Inventories	15,244	16,945	94,592	3,733	(1,625)	128,889
Cash and cash equivalents	287,394	53,440	9,197	38,315	0	388,346
Internal cash position - cash pooling - assets	0	62,808	2,793	1,889	(67,490)	0
Other current assets	914,328	314,783	26,180	96,214	(9,638)	1,341,867
Total assets	**4,080,961**	**544,279**	**203,719**	**1,464,594**	**(1,344,602)**	**4,948,951**
EQUITY AND LIABILITIES						
Equity	**1,646,910**	**84,781**	**68,108**	**1,182,527**	**(1,247,475)**	**1,734,851**
Non-current borrowings from consolidated group companies	0	0	20,000	0	(20,000)	0
Non-current bonds	0	0	29,584	0	0	29,584
Non-current financial liabilities	494,796	10,156	21,836	130,000	0	656,788
Other non-current liabilities	179,572	14,712	10,923	21,983	0	227,190
Current bonds	200,221	0	0	0	0	200,221
Current financial liabilities	148,376	1,699	0	0	0	150,075
Internal cash position - cash pooling - liabilities	0	1,889	11,043	54,558	(67,490)	0
Other current liabilities	1,411,086	431,042	42,225	75,526	(9,637)	1,950,242
Total liabilities	**2,434,051**	**459,498**	**135,611**	**282,067**	**97,127**	**3,214,100**
Total equity and liabilities	**4,080,961**	**544,279**	**203,719**	**1,464,594**	**(1,344,602)**	**4,948,951**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2017 (in € thousands)	Dredging & Environment	Contracting	Real Estate Development	Holding and non-transferred activities	Eliminations between divisions	Consolidated total
ASSETS						
Goodwill	163,370	21,560	0	0	0	184,930
Property, plant and equipment	2,073,436	63,736	526	510	0	2,138,208
Non-current loans to consolidated group companies	0	0	0	20,000	(20,000)	0
Other non-current financial assets	94,138	754	34,981	17,846	0	147,719
Other non-current assets	278,749	10,894	32,889	1,267,880	(1,245,818)	344,594
Inventories	15,714	24,020	99,216	1,640	(1,625)	138,965
Cash and cash equivalents	434,687	59,234	3,324	25,773	0	523,018
Internal cash position - cash pooling - assets	0	47,985	0	1,928	(49,913)	0
Other current assets	727,178	290,454	26,723	136,074	(10,970)	1,169,459
Total assets	3,787,272	518,637	197,659	1,471,651	(1,328,326)	4,646,893
EQUITY AND LIABILITIES						
Equity	1,570,503	74,226	64,433	1,194,605	(1,247,442)	1,656,325
Non-current borrowings from consolidated group companies	0	0	20,000	0	(20,000)	0
Bonds – non-current	201,900	0	29,478	0	0	231,378
Non-current financial liabilities	401,559	11,134	6,400	0	0	419,093
Other non-current liabilities	177,604	18,241	8,846	20,370	0	225,061
Bonds - current	0	0	0	99,959	0	99,959
Current financial liabilities	118,889	5,608	0	0	0	124,497
Internal cash position - cash pooling - liabilities	0	0	16,293	33,620	(49,913)	0
Other current liabilities	1,316,817	409,428	52,209	123,097	(10,971)	1,890,580
Total liabilities	2,216,769	444,411	133,226	277,046	(80,884)	2,990,568
Total equity and liabilities	3,787,272	518,637	197,659	1,471,651	(1,328,326)	4,646,893

CONSOLIDATED STATEMENT OF CASH FLOWS

31 DECEMBER 2018 (in € thousands)	Dredging and Environment	Contracting	Real Estate Development	Holding and non-transferred activities & eliminations	Consolidated total
Cash flow from operating activities before change in working capital	*454,987*	*36,904*	*10,994*	*(17,520)*	***485,365***
Net cash flow from (used in) operating activities	*222,406*	*20,552*	*(1,909)*	*(16,566)*	***224,483***
Cash flow from (used in) investing activities	*(395,432)*	*(6,569)*	*(700)*	*(13,451)*	***(416,152)***
Cash flow from (used in) financing activities	*24,893*	*(19,684)*	*8,546*	*42,556*	***56,311***
Net increase/(decrease) in cash position	***(148,133)***	***(5,701)***	***5,937***	***12,539***	***(135,358)***

31 DECEMBER 2017 (in € thousands)	Dredging and Environment	Contracting	Real Estate Development	Holding and non-transferred activities & eliminations	Consolidated total
Cash flow from operating activities before change in working capital	*449,832*	*24,904*	*29,056*	*(6,213)*	***497,579***
Net cash flow from (used in) operating activities	*595,170*	*44,895*	*24,272*	*(35,492)*	***628,845***
Cash flow from (used in) investing activities	*(632,851)*	*(21,773)*	*(2,583)*	*(5,726)*	***(662,933)***
Cash flow from (used in) financing activities	*(53,178)*	*(8,412)*	*(24,152)*	*31,739*	***(54,003)***
Net increase/(decrease) in cash position	***(90,859)***	***14,710***	***(2,463)***	***(9,479)***	***(88,091)***

Cash flows from financing activities include cash pooling loans from other segments. A positive amount means a use of pooled cash. This item is also influenced by external financing, mainly in the Real Estate division, the holding company and the Dredging & Environment division. The Dredging & Environment division is not part of the CFE cash pooling arrangement.

OTHER INFORMATION

31 DECEMBER 2018 (in € thousands)	Dredging & Environment	Contracting	Real Estate Development	Holding and non-transferred activities	Consolidated total
Amortisation	*(261,182)*	*(10,665)*	*(304)*	*(138)*	***(272,289)***
Investments	*434,842*	*10,272*	*701*	*1,204*	***447,019***
Depreciation	*(313)*	*0*	*0*	*0*	***(313)***

31 DECEMBER 2017 (in € thousands)	Dredging & Environment	Contracting	Real Estate Development	Holding and non-transferred activities	Consolidated total
Amortisation	*(230,143)*	*(7,426)*	*(207)*	*(201)*	***(237,977)***
Investments	*474,911*	*15,343*	*541*	*687*	***491,482***
Depreciation	*(339)*	*0*	*0*	*0*	***(339)***

Investments include the acquisitions performed as part of the group's investing activities and the acquisitions performed as part of the operating activities of the Real Estate division. Acquisitions through business combinations are not included in these amounts.

GEOGRAPHICAL INFORMATION

Operations of the CFE group in the Contracting and Real Estate divisions are mainly based in Belgium, Luxembourg and Poland.

Property, plant and equipment in the Contracting and Real Estate divisions are mainly based in Belgium.

Most of DEME's activities are performed by its fleet of vessels, which are owned by various companies, but their legal location does not reflect the economic reality of the business carried out by this fleet for the same companies. As a result, details of property, plant and equipment by company are not presented, since it is not possible to give a presentation that reflects the geographical areas where the activity was performed.

5. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

ACQUISITIONS FOR THE PERIOD ENDED 31 DECEMBER 2018

A. ACQUISITIONS BY GEOSEA – FINAL ASSESSMENT

During the first half of 2018, GeoSea, subsidiary of DEME, finalized the assessment of the fair value of identifiable assets and liabilities related to the subsidiaries G-Tec and A2Sea A/S acquired in 2017 and accounted for the difference with the provisional assessment made in December 2017.

The final acquisition price and fair values assigned to the assets and liabilities that were acquired are summarized as follows:

(in € thousands)	*Provisional assessment December 2017*	*Final assessment December 2018*
Tangible assets	*186,675*	*190,964*
Cash and cash equivalents	*38,945*	*38,945*
Non-current liabilities	*(14,279)*	*(14,279)*
Other current and non-current assets and liabilities	*(9,192)*	*(7,281)*
Total net assets acquired	***202,149***	***208,349***
Minority interests	*699*	*869*
Total net assets acquired – share of the group	***202,848***	***209,218***
Goodwill	*7,410*	*704*
Acquisition price	***210,258***	***209,922***

B. MIDDLE EAST DREDGING COMPANY QSC "MEDCO" – CHANGE IN THE CONSOLIDATION METHOD

On 3 September 2018, DEME NV acquired additional beneficial rights of Middle East Dredging Company QSC "Medco", increasing the group's shareholding percentage from 44.1% to 95%. This led to a change in the consolidation method of Medco, which was consolidated according to the equity method until the beginning of the third quarter, after which it became fully consolidated.

This acquisition of control meets the definition of a business combination in accordance with the standard IFRS 3 - Business Combinations, which requires the application of the "acquisition method", whereby the identifiable assets and liabilities of Medco must be included at fair value on the acquisition date in CFE's consolidated financial statements. Moreover, according to this method, the historical stake of 44.1% must also be remeasured at fair value through profit and loss. Finally, the total goodwill generated on that transaction results from the difference between the consideration transferred and the fair value of the assets and liabilities of Medco.

The fair value assessment of the identifiable assets and liabilities could be completed within the time limits set by the annual closing. This assessment, which was carried out according to the accounting methods of the CFE group, became final on 31 December 2018.

The fair values assigned to the assets and liabilities that were acquired are summarized as follows :

(in € thousands)	
Tangible assets	*79,636*
Trade and other receivables	*52,925*
Cash and cash equivalents	*72,454*
Retirement benefits obligations and employee benefits	*(757)*
Short and long term financial debts	*(35,330)*
Other non-current assets and liabilities	*(14,829)*
Trade and other payables	*(148,776)*
Total net assets acquired	***5,323***
Value of historical stake of DEME in Medco (44.1%)	*(10,605)*
Goodwill	*5,282*
Acquisition price	***0***

The following valuation methods were applied to determine the fair value of the main identifiable assets and liabilities:

- Property, plant and equipment (mainly consisting of two cutters, Al Mahaar and Al Jarraf): the fair value was determined on the basis of an estimate of the market value at which that equipment may be acquired from a non-related third party, taking into account its current state;
- Other assets and liabilities: the fair value was based on the market value at which those assets or liabilities may be sold to a non-related third party.

This transaction did not give rise to a cash settlement. As a result of the operation, DEME acquired 50.9% additional cash of Medco, generating a positive net cash flow of € 72.5 million. The remeasurement of the historical stake generated a gain of € 10.6 million, which is accounted in revenue from auxiliary activities. The total unallocated goodwill generated by the transaction amounted to € 5.3 million and was written down at 31 December 2018.

DISPOSALS FOR THE PERIOD ENDED 31 DECEMBER 2018

Disposals which are classified as business combinations according to standard IFRS 3 had no material impact during the period ended 31 December 2018.

In the Real Estate Development division, the acquisitions and disposals carried out do not qualify as business combinations, and therefore the total price paid is allocated to the land and buildings held in stock. The main acquisitions and sales which occured in the Real Estate division are described above in the preamble.

6. REVENUE FROM AUXILIARY ACTIVITIES AND OTHER OPERATING EXPENSES

Revenue from auxiliary activities totalled € 123,018 thousand (2017: € 116,588 thousand) and include capital gains of € 8,412 thousand on the disposal of non-current assets (2017: € 10,893 thousand), as well as rental income, compensation and income from the onward invoicing of various expenses totalling € 114,606 thousand (2017: € 70,658 thousand), mainly related to DEME for € 73,678 thousand.

Other operating expenses are made up of the following elements:

(in € thousands)	2018	2017
Miscellaneous goods and services	(483,178)	(408,978)
Impairment of assets		
- Inventories	91	405
- Trade and other receivables	(19,473)	13,315
Net additions to provisions (excluding provisions for retirement benefit obligations)	12,531	(5,428)
Other operating expenses	(7,719)	(3,494)
Consolidated total	**(497,748)**	**(404,180)**

7. REMUNERATION AND SOCIAL SECURITY PAYMENTS

(in € thousands)	2018	2017
Remuneration	(502,049)	(430,279)
Mandatory social security contributions	(96,718)	(86,414)
Other wage costs	(22,192)	(17,990)
Service cost related to defined-benefit pension plans	(12,131)	(12,016)
Consolidated total	**(633,090)**	**(546,699)**

The average full-time equivalent number of staff in 2018 was 8,391 (2017: 7,924). Full-time equivalent headcount was 8,689 at 1 January 2018 (2017: 7,752) and 8,598 at 31 December 2018 (2017: 8,689).

8. NET FINANCIAL INCOME/EXPENSE

(in € thousands)	2018	2017
Cost of financial debt	**(8,433)**	**(14,362)**
Derivative instruments - fair value adjustments through profit and loss	0	0
Derivative instruments used as hedging instruments	0	0
Assets measured at fair value	0	0
Available-for-sale financial instruments	0	0
Assets and liabilities at amortized cost - interest income	13,819	13,701
Assets and liabilities at amortized cost - interest expense	(22,252)	(28,063)
Other financial income and expense	**(55)**	**(7,904)**
Realized / unrealized translation gains/(losses)	4,504	(4,059)
Dividends received from non-consolidated companies	0	0
Impairment of financial assets	0	(3)
Defined benefit plan financial cost	(105)	(183)
Other	(4,454)	(3,659)
Net financial income/expense	**(8,488)**	**(22,266)**

The decrease of interest rates and the refinancing of several bank loans led to the decrease of interest expenses.

The change in realized (unrealized) translation gains/(losses) at December 31st 2018 is mainly explained by the devaluation in the euro rate against functional currencies of DEME subsidiaries.

9. NON-CONTROLLING INTERESTS

At 31 December 2018, the share of non-controlling interests in the income statement amounted to € 2,323 thousand (2017: € 1,691 thousand) and related mainly to the dredging division (€ 2,251 thousand).

10. INCOME TAX

RECOGNIZED IN COMPREHENSIVE INCOME

(in € thousands)	2018	2017
Current tax		
Tax expense for the period	49,981	49,260
Additions to/(releases from) provisions in previous periods	(502)	260
Total current tax expense	**49,479**	**49,520**
Deferred taxes		
Additions to and releases from temporary differences	70	(1,173)
Use of losses from previous periods	0	0
Deferred tax recognized on losses for the period	0	83
Deferred tax recognized on definitively taxed revenue	0	0
Total deferred tax expense/(income)	**70**	**(1,090)**
Income tax for the period	**49,549**	**48,430**
Tax income/expense recognized in others elements of the comprehensive income	**1,501**	**(4,965)**
Total tax expense recognized in comprehensive income	**51,050**	**43,465**

RECONCILIATION OF THE EFFECTIVE TAX RATE

(in € thousands)	2018	2017
Pre-tax income for the period	**218,756**	**227,181**
amount related to earnings from associates and joint ventures	14,169	(17,710)
Pre-tax income, excluding associates and joint ventures	**204,587**	**244,891**
Income tax at 29.58% (*)	**60,517**	**83,238**
Tax effect of non-deductible expenses	5,643	7,127
Tax effect of non-taxable revenue	(11,301)	(6,660)
Tax credits and impact of notional interest	(5,767)	(18,425)
Effect of different tax rates applicable to subsidiaries operating in other jurisdictions	(3,364)	(20,202)
Effect of change of tax rate related to the tax reform in Belgium	0	(11,400)
Tax impact of using previously unrecognized losses	(995)	(722)
Tax impact of adjustments to current and deferred tax relating to previous periods	(11,005)	(905)
Tax impact of deferred tax assets on unrecognized losses for the period	15,821	16,379
Tax expense	**49,549**	**48,430**
Effective tax rate for the period	**24.22%**	**19.78%**

(*) The income tax rate in Belgium amounts to 29.58% for the fiscal year ended on 31 December 2018 against 33.99% for the fiscal year ended on 31 December 2017.

The tax expense amounts to € 49,549 thousand at 31 December 2018, compared with € 48,430 thousand at year-end 2017. The effective tax rate amounts to 24.22% compared with 19.78% at 31 December 2017. The increase in the effective tax rate is mainly due to DEME activities performed in other countries. Furthermore, the impact of tax credits and notional interests is more limited in 2018.

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

(in € thousands)	Assets		Liabilities	
	2018	2017	2018	2017
Property, plant and equipment and intangible assets	21,925	11,794	(84,096)	(92,992)
Employee benefits	13,023	11,306	0	0
Provisions	2,011	426	(21,837)	(22,984)
Fair value of derivative instruments	2,483	2,369	(5)	0
Other items	33,823	44,326	(60,350)	(53,783)
Tax losses	147,005	138,453	0	0
Gross deferred tax assets/(liabilities)	**220,270**	**208,674**	**(166,288)**	**(169,759)**
Unrecognized deferred tax assets	(73,459)	(64,916)	0	0
Tax netting	(46,902)	(39,736)	46,902	39,736
Net deferred tax assets/(liabilities)	**99,909**	**104,022**	**(119,386)**	**(130,023)**

Tax losses carried forward and other temporary differences for which no deferred tax assets are recognized amount to € 293,836 thousand. As tax losses are mainly recognized by Belgian companies, those do not have an expiration date.

The "tax netting" item reflects the netting of deferred tax assets and liabilities per entity.

TEMPORARY DIFFERENCES OR TAX LOSSES FOR WHICH NO DEFERRED TAX ASSETS ARE RECOGNIZED

Deferred tax assets are not recognized where it is not probable that a future taxable profit will be sufficient to allow the subsidiaries to recover their tax losses.

DEFERRED TAX INCOME (EXPENSE) RECOGNIZED IN COMPREHENSIVE INCOME

(in € thousands)	2018	2017
Deferred tax on the effective portion of changes in the fair value of cash flow hedges	775	(1,583)
Deferred tax on the revaluation of the defined benefit plans	726	(3,382)
Total	**1,501**	**(4,965)**

11. EARNINGS PER SHARE

Basic earnings per share are the same as diluted earnings per share due to the absence of any potential dilution in terms of ordinary shares in issue. Earnings per share are calculated as follows:

(in € thousands)	2018	2017
Net income attributable to shareholders	171,530	180,442
Comprehensive income attributable to owners of the parent	167,279	174,771
Number of ordinary shares at the balance sheet date	25,314,482	25,314,482
Net income share of the group per share (€)	**6.78**	**7.13**
Comprehensive income attributable to owners of the parent per share (€)	**6.61**	**6.90**

Financial position

12. INTANGIBLE ASSETS OTHER THAN GOODWILL

Year 2018 (in € thousands)	Concessions, patents and licences	Development costs	Total
Acquisition costs			
Balance at the end of the previous period	129,059	3,547	132,606
Effects of changes in foreign exchange rates	(31)	0	(31)
Changes in consolidation scope	(176)	0	(176)
Acquisitions	1,567	283	1,850
Disposals	(1,281)	(24)	(1,305)
Transfers between asset items	(74)	78	4
Balance at the end of the period	129.064	3.884	132.948
Amortisation and impairment			
Balance at the end of the previous period	(37,972)	(3,291)	(41,263)
Effects of changes in foreign exchange rates	(14)	0	(14)
Amortisation during the period	(3,487)	(353)	(3,840)
Changes in consolidation scope	85	0	85
Disposals	1,281	24	1,305
Transfers between asset items	306	61	367
Balance at the end of the period	(39,801)	(3,559)	(43,360)
Net carrying amount			
At 1 January 2018	91,087	256	91,343
At 31 December 2018	89,263	325	89,588

Total acquired intangible assets amount to € 1,850 thousand and consist mainly of software licences and concession rights. Amortisation of intangible assets is recognized under "amortisation" in the statement of comprehensive income and amounts to € 3,840 thousand.

Intangible assets meeting the definition in IAS 38 (Intangible Assets) are only recognized to the extent that future economic benefits are probable.

Year 2017 (in € thousands)	Concessions, patents and licences	Development costs	Total
Acquisition costs			
Balance at the end of the previous period	126,248	3,347	129,595
Effects of changes in foreign exchange rates	(52)	0	(52)
Changes in consolidation scope	2,078	0	2,078
Acquisitions	1,240	275	1,515
Disposals	(508)	0	(508)
Transfers between asset items	53	(75)	(22)
Balance at the end of the period	129,059	3,547	132,606
Amortisation and impairment			
Balance at the end of the previous period	(30,812)	(3,342)	(34,154)
Effects of changes in foreign exchange rates	42	0	42
Amortisation during the period	(6,034)	(22)	(6,056)
Changes in consolidation scope	(1,554)	0	(1,554)
Disposals	289	0	289
Transfers between asset items	97	73	170
Balance at the end of the period	(37,972)	(3,291)	(41,263)
Net carrying amount			
At 1 January 2017	95,436	5	95,441
At 31 December 2017	91,087	256	91,343

13. GOODWILL

(in € thousands)	2018	2017
Acquisition costs		
Balance at the end of the previous period	405,685	395,924
Changes in consolidation scope	(2,521)	9,761
Disposals	0	0
Other changes	0	0
Balance at the end of the period	403,164	405,685
Impairment		
Balance at the end of the previous period	(220,755)	(220,755)
Impairment during the period	(5,282)	0
Balance at the end of the period	(226,037)	(220,755)
Net carrying amount at 31 December	177,127	184,930

The decrease in acquisition costs of goodwill is mainly due to DEME; on the one hand, by the finalization of the assessment of GeoSea's subsidiaries and, on the other hand, by the consolidation of Medco at 95%. These transactions are detailed in note 5.

In accordance with IAS 36 (Impairment of Assets), goodwill was tested for impairment at 31 December 2018.

The following assumptions were used in the impairment tests:

Business	Net value of goodwill		Parameters of the model applied to cash flow projections				Gross value of goodwill	Impairment losses recognized in the period
(in € thousands)	2018	2017	Growth rate	Growth rate (terminal value)	Discount rate	Sensitivity rate		
DEME & subsidiaries	155,567	163,369	1.5%	1.5%	7.9%	5%	375,591	-
VMA	11,115	11,115	0%	0%	7.1%	5%	11,115	-
Remacom	2,995	2,995	0%	0%	7.1%	5%	2,995	-
Stevens	2,682	2,682	0%	0%	7.1%	5%	2,682	-
Coghe	2,351	2,351	0%	0%	7.1%	5%	2,351	-
Druart	1,507	1,507	0%	0%	7.1%	5%	3,360	-
Amart	911	911	0%	0%	7.1%	5%	911	-
Total	177,127	184,930					399,005	-

Cash-flows figures used in the impairment tests were taken from the 2019 budget presented to the Board of Directors. For the sake of caution, zero growth was assumed for future years in determining the terminal value for the contracting activities. As concerns the dredging activities, regarding the investment programmes, 1.5% growth was assumed for future years in determining terminal value.

A sensitivity analysis was carried out by varying cash flow and WACC figures by 5%. Since the value of entities is still higher than their carrying amount including goodwill, there was no indication of impairment.

The DEME group is considered as a cash generating unit and no impairment loss is identified in relation to DEME. The DEME group also carries out its own impairment tests, and these have shown no impairment losses.

14. PROPERTY, PLANT AND EQUIPMENT

Year 2018 (in € thousands)	Land and buildings	Fixtures and equipment	Furniture, fittings and vehicles	Other property, plant and equipment	Under construction	Total
Acquisition costs						
Balance at the end of the previous period	144,888	3,435,161	76,181	0	428,074	4,084,304
Effects of changes in foreign exchange rates	176	1,402	(17)	0	25	1,586
Changes in consolidation scope	190	191,310	505	0	0	192,005
Acquisitions	3,351	182,259	6,840	0	252,718	445,168
Transfers between asset items	(863)	241,853	(2,175)	0	(245,853)	(7,038)
Disposals	(3,442)	(137,114)	(12,925)	0	(3,942)	(157,423)
Balance at the end of the period	**144,300**	**3,914,871**	**68,409**	**0**	**431,022**	**4,558,602**
Amortisation and impairment						
Balance at the end of the previous period	(58,599)	(1,823,759)	(63,738)	0	0	(1,946,096)
Effects of changes in foreign exchange rates	(153)	(546)	36	0	0	(663)
Changes in consolidation scope	(190)	(108,113)	(330)	0	0	(108,633)
Amortisation	(5,315)	(257,345)	(6,102)	0	0	(268,762)
Transfers between asset items	4,106	201	2,361	0	0	6,668
Disposals	1,124	135,620	12,376	0	0	149,120
Balance at the end of the period	**(59,027)**	**(2,053,942)**	**(55,397)**	**0**	**0**	**(2,168,366)**
Net carrying amount						
At 1 January 2018	**86,289**	**1,611,402**	**12,443**	**0**	**428,074**	**2,138,208**
At 31 December 2018	**85,273**	**1,860,929**	**13,012**	**0**	**431,022**	**2,390,236**

At 31 December 2018, acquisitions of property, plant and equipment totalled € 445,168 thousand and mainly related to DEME. Investments decreased by € 44,799 thousand in 2018 in comparison with 2017. The changes in consolidation scope include the acquisitions through business combinations of which the net carrying amount amounted to € 83,337 thousand in 2018, and mainly relates to the increase of DEME's stake in the company Medco, which includes investments worth € 79,636 thousand (note 5 – acquisitions and disposals of subsidiaries).

Of the seven vessels commissioned in 2015 and 2016, worth a total of one billion euros, the following have already been delivered: the trailing suction hopper dredgers 'Minerva' and 'Scheldt River', with a capacity of 3,500 m³ and 8,400 m³ respectively, the multipurpose vessel 'Living Stone' and the self-propelled jack-up vessel 'Apollo'.

The last three vessels - the dredger 'Bonny River' (15,000 m³), the Smart Mega Cutter Suction Dredger 'Spartacus', and the dynamic positioning crane vessel 'Orion' - are under construction.

Moreover, DEME also started the construction of four vessels for a total amount of € 133 million, consisting of two hoppers 'River Thames' and 'Meuse River' and two self-propelled barges 'Bengel' and 'Deugniet'.

The net carrying amount of property, plant and equipment used as collateral for certain loans totalled € 84,599 thousand (2017: € 113,231 thousand).

The net carrying amount of finance lease assets amounted to € 58,785 thousand (2017: € 65,599 thousand). These finance leases mainly relate to the DEME group, the buildings of the subsidiaries ENGEMA and Louis Stevens & Co NV, the cranes of BENELMAT, and the equipments of Compagnie Tunisienne d'Entreprise and Coghe.

Depreciation on property, plant and equipment totalled € 268,762 thousand (2017: € 232,986 thousand).

Year 2017 (in € thousands)	Land and buildings	Fixtures and equipment	Furniture, fittings and vehicles	Other property, plant and equipment	Under construction	Total
Acquisition costs						
Balance at the end of the previous period	130,770	3,022,471	60,273	0	129,115	3,342,629
Effects of changes in foreign exchange rates	(275)	(6,100)	(492)	0	(81)	(6,948)
Changes in consolidation scope	17,183	348,682	16,852	0	0	382,717
Acquisitions	7,428	106,443	4,638	0	371,458	489,967
Transfers between asset items	145	71,830	(1,473)	0	(71,736)	(1,234)
Disposals	(10,363)	(108,165)	(3,617)	0	(682)	(122,827)
Balance at the end of the period	**144,888**	**3,435,161**	**76,181**	**0**	**428,074**	**4,084,304**
Amortisation and impairment						
Balance at the end of the previous period	(58,215)	(1,551,879)	(49,231)	0	0	(1,659,325)
Effects of changes in foreign exchange rates	206	2,883	139	0	0	3,228
Changes in consolidation scope	(1,060)	(157,356)	(14,217)	0	0	(172,633)
Amortisation	(5,196)	(223,487)	(4,303)	0	0	(232,986)
Transfers between asset items	(469)	1,306	398	0	0	1,235
Disposals	6,135	104,774	3,476	0	0	114,385
Balance at the end of the period	**(58,599)**	**(1,823,759)**	**(63,738)**	**0**	**0**	**(1,946,096)**
Net carrying amount						
At 1 January 2017	**72,555**	**1,470,592**	**11,042**	**0**	**129,115**	**1,683,304**
At 31 December 2017	**86,289**	**1,611,402**	**12,443**	**0**	**428,074**	**2,138,208**

15. ASSOCIATES AND JOINT ARRANGEMENTS

CHANGES OVER THE PERIOD

Details of interests in companies accounted for under the equity method are set out below:

(in € thousands)	2018	2017
Balance at the end of the previous period	**140,510**	**141,355**
Transfers	4,243	(6,240)
CFE group share in net result of associates	14,169	(17,710)
Capital increase / (decrease)	11,956	31,763
Dividends	(4,935)	(6,507)
Change in consolidation scope	(7,774)	(5,498)
Other changes	(2,377)	3,347
Balance at the end of the period	**155,792**	**140,510**
Including goodwill in companies accounted for under the equity method	**19,548**	**19,548**

All the entities over which the CFE group has significant influence are accounted for under the equity method. The CFE group does not have an interest in any associates whose shares are traded on a public market.

CFE Group share in net result of associates amounted to € 14,169 thousand (against € -17,710 thousand in 2017) and mainly related to DEME, Rent-A-Port and Green Offshore.

The changes in consolidation scope during 2018 mainly related to the dredging division (Scaldis NV, Medco QSC and Extract Ecoterres SA).

FINANCIAL STATEMENTS OF ASSOCIATES AND JOINT ARRANGEMENTS

The list of the most significant associates and joint arrangements is set out in note 34, based on their percentage of interest in the CFE group, the division in which they operate and the geographical area of their head office.

The condensed financial statements by division presented below, are based on the IFRS financial statements of the associates and joint arrangements, or, if there is none, on their statutory accounts. Intercompany transactions are not eliminated. The reconciliation between the statutory statements and the contribution to the consolidated accounts is presented after the financial indicators.

December 2018 (in € thousands)	Dredging and Environment		Real Estate and Contracting		Holding and non-transferred activities		Total	
	100%	% Share	100%	% Share	100%	% Share	100%	% Share
Income Statement								
Revenue	685,457	251,233	100,260	46,477	6,677	2,186	792,394	299,896
Net income share of the group	41,092	6,929	11,951	6,165	8,772	4,057	61,815	17,151
Financial Position								
Non-current assets	3,736,097	481,255	43,040	13,145	203,321	68,507	3,982,458	562,907
Current assets	536,086	143,940	252,728	99,642	40,447	12,906	829,261	256,488
Equity	676,233	75,568	39,825	17,115	38,584	20,720	754,642	113,403
Non-current liabilities	2,757,856	377,075	90,863	34,424	137,209	34,173	2,985,928	445,672
Current liabilities	838,094	172,552	165,080	61,248	67,975	26,520	1,071,149	260,320
Net financial debt	**2,639,786**	**377,698**	**100,984**	**39,313**	**144,913**	**44,893**	**2,885,683**	**461,904**

In the Dredging and Environment division, non-current assets mainly consist of assets from the entities C-Power NV (€ 842,548 thousand, at 100%), Merkur Offshore GMBH (€ 1,353,747 thousand, at 100%) and Rentel (€ 977,287 thousand, at 100%). The contribution of those entities to the condensed net financial debt is € 608,230 thousand (at 100%), € 1,000,590 thousand (at 100%), and € 875,077 thousand (at 100%) respectively. The contribution of those entities to the condensed net income is € 15,056 thousand (at 100%), €-7,624 thousand (at 100%), and € 25,494 thousand (at 100%) respectively.

In the Real Estate division, non-current and current assets mainly consist of assets from the entities M1 SA (€ 56,701 thousand, at 100%), Les 2 Princes Development SA (€ 12,734 thousand, at 100%), Pré de la Perche (€ 20,891 thousand, at 100%), Grand Poste SA € 14,860 thousand (at 100%), Victor Estate SA € 10,975 thousand (at 100%), Erasmus Gardens € 32,899 thousand (at 100%), Ernest 11 SA € 12,613 thousand (at 100%) and Goodways € 12,293 thousand (at 100%).

As concerns the non-transferred activities, the net financial debt of the PPP-Concessions segment relates to the DBFM schools project in Eupen (€ 64,992 thousand, at 100%) and to the companies Rent-A-Port € 24,160 thousand (at 100%) and Green Offshore € 35,700 thousand (at 100%).

December 2017 (in € thousands)	Dredging and Environment		Real Estate and Contracting		Holding and non-transferred activities		Total	
	100%	% Share	100%	% Share	100%	% Share	100%	% Share
Income Statement								
Revenue	683,387	273,786	99,554	44,305	9,539	3,104	792,480	321,195
Net income share of the group	(30,900)	(12,731)	9,346	4,898	(7,158)	(3,363)	(28,712)	(11,196)
Financial Position								
Non-current assets	2,795,598	402,617	36,030	10,493	176,862	55,237	3,008,490	468,347
Current assets	538,462	192,758	253,321	102,004	43,160	12,541	834,943	307,303
Equity	457,763	71,282	41,243	17,578	28,768	16,387	527,774	105,247
Non-current liabilities	1,916,312	269,573	89,921	33,622	122,052	25,130	2,128,285	328,325
Current liabilities	959,985	254,520	158,187	61,297	69,202	26,261	1,187,374	342,078
Net financial debt	**1,850,634**	**238,601**	**99,090**	**37,911**	**122,268**	**34,061**	**2,071,992**	**310,573**

In the Dredging and Environment division, non-current assets mainly consist of assets from the entities C-Power NV € 904,681 thousand (at 100%), Merkur Offshore GMBH € 927,718 thousand (at 100%) and Rentel € 529,750 thousand (at 100%). The contribution of those entities to the condensed net financial debt is € 695,718 thousand (at 100%), € 588,312 thousand (at 100%), and € 434,691 thousand (at 100%) respectively. The contribution of those entities to the condensed net income is € 14,781 thousand (at 100%), € -14,810 thousand (at 100%), and € -2,792 thousand (at 100%) respectively.

In the Real Estate division, non-current and current assets mainly consist of assets from the entities M1 SA € 51,666 thousand (at 100%), Immomax Sp z.o.o € 10,353 thousand (at 100%), Pré de la Perche € 17,323 thousand (at 100%), La Réserve Promotions NV (€ 18,530 thousand, at 100%), Victor Estate SA (€ 10,980 thousand, at 100%), Erasmus Gardens (€ 32,744 thousand, at 100%), and Goodways (€ 11,575 thousand, at 100%).

As concerns the non-transferred activities, the net financial debt of the PPP-Concessions segment relates to the DBFM schools project in Eupen € 61,369 thousand (at 100%) and to the companies Rent-A-Port € 18,906 thousand (at 100%) and Green Offshore € 18,931 thousand (at 100%).

The reconciliation between the CFE Group's share in the statutory net assets of those entities and the carrying amount of the associates and joint arrangements is as follows:

At 31 December 2018 (in € thousands, CFE's % share)	Dredging and Environment	Real Estate and Contracting	Holding and non-transferred activities	Total
Net assets of the associates and joint arrangements before reconciling items	*75,568*	*17,115*	*20,720*	*113,403*
Reconciliation items	*10,889*	*12,635*	*(4,557)*	*18,967*
Negative associates and joint arrangements	*6,742*	*4,472*	*12,208*	*23,422*
CFE group's carrying amount of the investment	*93,199*	*34,222*	*28,371*	*155,792*

At 31 December 2017 (in € thousands, CFE's % share)	Dredging and Environment	Real Estate and Contracting	Holding and non-transferred activities	Total
Net assets of the associates and joint arrangements before reconciling items	*71,282*	*17,578*	*16,387*	*105,247*
Reconciliation items	*11,479*	*11,240*	*(6,635)*	*16,084*
Negative associates and joint arrangements	*3,469*	*3,467*	*12,243*	*19,179*
CFE group's carrying amount of the investment	*86,230*	*32,285*	*21,995*	*140,510*

In the Dredging & Environment, Real Estate and Contracting divisions, reconciling items are mainly due to the recognition of the income in accordance with the Group accounting policies and the intercompany eliminations.

Negative associates and joint arrangements are entities integrated under the equity method for which the CFE group considers having an obligation to support the commitments and projects of those entities.

16. OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets amounted to € 171,687 thousand at 31 December 2018 (2017: € 147,719 thousand). They mainly comprise the Group's subordinated loans granted to project companies which are integrated under the equity method to the amount of € 165,930 thousand (2017: € 140,618 thousand).

(in € thousands)	2018	2017
Balance at the end of the previous period	*147,719*	*153,976*
Change in consolidation scope	*(15,724)*	*667*
Increases	*49,111*	*20,273*
Decreases and transfers	*(10,688)*	*(22,309)*
Impairment / reversals of impairment	*0*	*0*
Effects of changes in foreign exchange rates	*1,269*	*(4,888)*
Balance at the end of the period	*171,687*	*147,719*

17. CONSTRUCTION CONTRACTS

Costs incurred added to profits less losses, along with progress billing, are determined on a contract-by-contract basis. The net amount due by or to customers is determined on a contract-by-contract basis as the difference between these two items.

As described in paragraph (V) of the section relating to material accounting policies, the costs and revenues of construction contracts are recognized in expenses and revenue respectively based on the percentage of completion of the contract activity at the closing date. The percentage of completion is calculated based on the "cost to cost" method. An expected loss on a construction contract is recognized as an expense immediately.

(in € thousands)	2018	2017
Balance sheet data		
Advances and payments on account received	*(66,031)*	*(122,064)*
Construction contracts in progress – assets	*430,704*	*261,844*
Construction contracts in progress – liabilities	*(282,115)*	*(177,008)*
Construction contracts in progress – net	***148,589***	***84,836***
Total income and expenses to date recognized on contracts in progress		
Costs incurred plus profits recognized less losses recognized to date	*6,254,163*	*5,722,071*
Less invoices issued	*(6,105,574)*	*(5,629,038)*
Impact of companies acquired during the year	*0*	*(8,197)*
Construction contracts in progress – net	***148,589***	***84,336***

The excess of costs incurred over recognized losses and profits on progress billing include on the one hand, the portion of unbilled contract costs under "Trade receivables and other operating receivables" in the statement of financial position, and on the other hand, the surplus relating to construction work in progress is included in "other operating current assets".

The excess of progress billing over incurred costs and recognized profits and losses include on the one hand, the unbilled portion of contract costs under "Trade payables and other operating liabilities" in the statement of financial position, and on the other hand, the surplus relating to construction work in progress included in "other operating current liabilities".

Advances are amounts received by the contractor before the related work is performed.

The amount of customer retention payments is € 3,320 thousand, and is included in "Trade and other operating receivables" (see Note 19).

The remaining performance obligations, meaning the turnover to execute in the future years regarding the ongoing projects, amounted to € 2,611 million at 31 December 2018.

18. INVENTORIES

At 31 December 2018, inventories amounted to € 128,889 thousand (2017: € 138,965 thousand) and broke down as follows:

(in € thousands)	2018	2017
Raw materials and auxiliary products	*37,203*	*40,727*
Impairment on inventories of raw materials and auxiliary products	*(195)*	*(324)*
Finished products and properties held for sale	*92,861*	*101,182*
Impairment on inventories of finished products	*(980)*	*(2,620)*
Inventories	***128,889***	***138,965***

19. CHANGE IN TRADE RECEIVABLES AND PAYABLES AND OTHER OPERATING RECEIVABLES AND PAYABLES

(in € thousands)	2018	2017
Trade receivables	*1,027,092*	*908,687*
Less: provision for impairment of receivables	*(41,875)*	*(12,595)*
Net trade receivables	*985,217*	*896,092*
Other current receivables	*276,081*	*202,750*
Consolidated total	***1,261,298***	***1,098,842***
Other operating current assets	***67,561***	***55,712***
Other non-operating current assets	***12,733***	***10,715***
Trade and other operating payables	*1,410,944*	*1,276,446*
Other operating current liabilities	*201,609*	*95,012*
Other non-operating current liabilities	*216,651*	*385,872*
Consolidated total	***1,829,204***	***1,757,330***
Commercial and operating liabilities net of receivables	***(487,612)***	***(592,061)***

We refer to note 26.7 for an analysis of the credit and counterparty risk. Trade receivables related to entities included in Note 17 Construction contracts amounted to € 972,634 thousand (2017: € 865,522 thousand).

20. CASH AND CASH EQUIVALENTS

(in € thousands)	2018	2017
Short-term bank deposits	*12,655*	*9,650*
Cash in hand and at bank	*375,691*	*513,368*
Cash and cash equivalents	***388,346***	***523,018***

Short-term bank deposits consist of money placed with financial institutions with an original maturity of less than three months. These deposits pay interest at a floating rate, usually linked to Euribor or Eonia.

21. CAPITAL GRANTS

The CFE group did not receive any capital grants in 2018.

22. EMPLOYEE BENEFITS

The CFE group contributes to pension and early retirement plans in several of the countries in which it operates. These benefits are recognized in accordance with IAS 19 and are regarded as "post-employment" and "long-term benefit plans".

At 31 December 2018, the CFE group's net liability relating to obligations under pension and early-retirement post-employment benefits amounted to € 57,553 thousand (2017: € 53,149 thousand). These amounts are included in "Retirement benefit obligations and employee benefits". This item also includes provisions for other employee benefits to the amount of € 3,240 thousand (2017: € 2,099 thousand), mainly relating to DEME.

MAIN CHARACTERISTICS OF THE CFE GROUP'S POST-EMPLOYMENT BENEFIT PLANS

Post-employment benefit plans are classified either as defined-contribution or defined-benefit plans.

DEFINED-CONTRIBUTION PLANS

Defined-contribution pension plans are those under which the company makes certain contributions to an entity or separate fund in accordance with the plan arrangements. Where contributions have been made, the company has no additional obligations.

DEFINED-BENEFIT PLANS

All plans that are not defined-contribution plans are presumed to be defined-benefit plans. These plans are either funded externally through pension funds or insurance companies ("funded plans") or funded within the CFE group ("unfunded plans"). For the main plans, an actuarial valuation is carried out every year by independent actuaries.

Post-employment benefit plans in which the CFE group takes part confer benefits to staff on retirement and death. All plans are funded externally through an insurance company (98.9% of obligations) or a self-administered pension fund (1.1% of obligations) unrelated to the CFE group. Obligations under defined-benefit plans break down geographically as follows: 81% in Belgium and 19% in the Netherlands.

Insured Belgian post-employment benefit plans are "Class 21" type plans, which means that the insurer guarantees a minimum return on contributions paid.

All plans comply with local regulations and minimum funding requirements.

Most of the CFE group's post-employment benefit plans are defined-benefit.

MAIN CHARACTERISTICS OF DEFINED-BENEFIT PLANS

BELGIAN RETIREMENT PLANS "CLASS 21" TYPE

A number of staff members are covered by a "Class 21" type insurance-funded defined-contribution plan.

Belgian law requires the employer to guarantee for defined-contribution plans a minimum return of 3.25% on employer contributions and a minimum return of 3.75% on employee contributions until year-end 2015, and a minimum return of 1.75% on contributions made after that date. As a result of the modification of this law at year-end 2015, these pension plans have been accounted for as defined-benefit plans.

Construction workers are covered by the defined-contribution pension plan funded by the "fbz-fse Constructiv" multi-employer pension fund. This pension plan is also governed by the Belgian law requiring a minimum return as mentioned above.

RISKS RELATING TO DEFINED-BENEFIT PLANS

Defined-benefit plans generally expose the employer to actuarial risks such as changes in interest rates, wages and inflation. The potential impact of these risks is illustrated by a sensitivity analysis, details of which are set out below.

The risk arising from benefits being spread over time is limited, since most plans involve a lump-sum payment. However, there is an option to pay annuities. If this option is used, the payment of annuities is handled through an insurance policy that converts the lump sum into an annuity. The risk of death in service is entirely covered through insurance. The risk of insurance companies becoming insolvent can be regarded as negligible.

GOVERNANCE OF DEFINED-BENEFIT PLANS

The administration and governance of insured plans are handled by the insurance company; CFE ensures that insurance companies comply with all retirement laws.

DEFINED-BENEFIT PLAN ASSETS

Plan assets invested with an insurance company are not subject to market fluctuations. The fair value of the insurance policies is either the present value of guaranteed future benefits (Netherlands) or the capitalized value of contributions paid, taking into account the return contractually agreed with the insurance company (Belgium).

Plan assets do not include the CFE group's own financial instruments or any building used by the CFE group.

INFORMATION RELATING TO DEFINED-BENEFIT AND EARLY RETIREMENT PLANS

(in € thousands)	2018	2017
Provisions taken for defined-benefit and early retirement plan obligations	***(54,313)***	***(51,050)***
Accrued rights, partly or fully funded	*(255,602)*	*(241,644)*
Fair value of plan assets	*201,289*	*190,594*
Provisions taken for obligations on the balance sheet	***(54,313)***	***(51,050)***
Bonds	*(54,313)*	*(51,050)*
Assets		*0*

CHANGES IN PROVISIONS TAKEN FOR DEFINED-BENEFIT AND EARLY RETIREMENT PLAN OBLIGATIONS

(in € thousands)	2018	2017
At 1 January	***(51,050)***	***(49,552)***
Charges recognized in income	*(12,782)*	*(12,607)*
Charges recognized in the other elements of the comprehensive income	*(1,210)*	*(2,228)*
Contributions to plan assets	*13,207*	*13,340*
Effect of changes in consolidation scope	*0*	*0*
Other movements	*(2,478)*	*(3)*
At 31 December	***(54,313)***	***(51,050)***

The item 'other movements' mainly shows the impact of identifying all obligations of the CFE Group regarding "post-employment benefits for retirement and early retirement" and their accounting according to the requirements in the IAS 19 standard.

COSTS RECOGNIZED IN INCOME STATEMENT IN RESPECT OF DEFINED-BENEFIT AND EARLY RETIREMENT PLANS

(in € thousands)	2018	2017
Costs recognized in income statement	***(12,782)***	***(12,607)***
Service cost	*(12,131)*	*(12,016)*
Discounting effects	*(3,746)*	*(2,926)*
Return on plan assets (-)	*3,001*	*2,277*
Unrecognized past service cost	*94*	*58*

The cost of pension plans in the period is included under "Remuneration and social security payments" and under net financial items.

COSTS RECOGNIZED IN THE OTHER ELEMENTS OF THE COMPREHENSIVE INCOME IN RESPECT OF DEFINED-BENEFIT AND EARLY RETIREMENT PLANS

(in € thousands)	2018	2017
Costs recognized in the other elements of the comprehensive income	***(1,210)***	***(2,228)***
Actuarial gains and losses	*(1,800)*	*6,336*
Return on plan assets (excluding amounts recognized in income statement)	*555*	*(8,564)*
Effects of changes in foreign exchange rate	*35*	*0*

CHANGES IN PROVISIONS TAKEN FOR DEFINED-BENEFIT AND EARLY RETIREMENT PLAN OBLIGATIONS

(in € thousands)	2018	2017
At 1 January	***(241,644)***	***(240,281)***
Service cost	*(12,131)*	*(12,016)*
Discounting effects	*(3,905)*	*(2,926)*
Contributions to plan assets	*(716)*	*(760)*
Benefits paid to beneficiaries	*16,719*	*6,166*
Remeasurement of liabilities (assets)	*(1,726)*	*6,329*
Actuarial gains and losses resulting from changes to demographic assumptions	*0*	*0*
Actuarial gains and losses resulting from changes to financial assumptions	*491*	*11,958*
Actuarial gains and losses resulting from experience adjustments	*(2,217)*	*(5,629)*
Unrecognized past service cost	*0*	*(71)*
Effect of changes in consolidation scope	*0*	*0*
Effect of exchange-rate changes	*0*	*0*
Other movements	*(12,199)*	*1,915*
At 31 December	***(255,602)***	***(241,644)***

The item 'Actuarial gains and losses resulting from changes to financial assumptions' shows in 2017 the effect of the decrease in the discount rate and the increase of the expected growth rate of salary increase.

The item 'other movements' mainly shows the impact of identifying all obligations of the CFE Group regarding "post-employment benefits for retirement and early retirement" and their accounting according to the requirements in the IAS 19 standard.

CHANGES IN DEFINED-BENEFIT AND EARLY RETIREMENT PLAN ASSETS

(in € thousands)	2018	2017
At 1 January	***190,594***	***190,729***
Return on plan assets (excluding amounts recognized in income statement)	*555*	*(8,564)*
Return on plan assets	*3,160*	*2,277*
Contributions to plan assets	*13,759*	*13,753*
Benefits paid to beneficiaries	*(16,719)*	*(6,036)*
Effect of changes in consolidation scope	*0*	*0*
Effect of exchange-rate changes	*0*	*0*
Reclassification of Belgian retirement plans subjected to a minimum return	*0*	*0*
Other movements	*9,940*	*(1,565)*
At 31 December	***201,289***	***190,594***

The item 'other movements' mainly shows the impact of identifying all obligations of the CFE Group regarding "post-employment benefits for retirement and early retirement" and their accounting according to the requirements in the IAS 19 standard.

MAIN ACTUARIAL ASSUMPTIONS AT THE END OF THE PERIOD (EXPRESSED AS WEIGHTED AVERAGES)

	2018	2017
Discount rate at 31 December	*1.60%*	*1.50%*
Expected rate of salary increases	*3.15%*	*2.73%*
Inflation rate	*1.80%*	*1.80%*
Mortality tables	*MR/FR*	*MR/FR*

OTHER CHARACTERISTICS OF DEFINED-BENEFIT PLANS

	2018	2017
Duration (in years)	*14.55*	*14.99*
Average real return on plan assets	*1.91%*	*-3.24%*
Contributions expected to be made to the plan in the next financial year	*12,610*	*12,389*

SENSITIVITY ANALYSIS (IMPACT ON THE AMOUNT OF OBLIGATIONS)

	2018	2017
Discount rate		
25bp increase	*-3.4%*	*-3.3%*
25bp decrease	*4.4%*	*3.7%*
Salary growth rate		
25bp increase	*2.3%*	*2.3%*
25bp decrease	*-1.4%*	*-1.8%*

23. PROVISIONS OTHER THAN THOSE RELATING TO RETIREMENT BENEFIT OBLIGATIONS AND NON-CURRENT EMPLOYEE BENEFITS

At 31 December 2018, these provisions amounted to € 100,677 thousand, a decrease of € 12,036 thousand relative to year-end 2017 (€ 112,713 thousand).

(in € thousands)	After-sales service	Other current liabilities	Provisions for equity method	Other non-current liabilities	Total
Balance at the end of the previous period	*14,898*	*67,632*	*19,179*	*11,004*	*112,713*
Effects of changes in foreign exchange rates	*(88)*	*(305)*	*0*	*0*	*(393)*
Transfers between items	*(2)*	*(5,925)*	*4,243*	*2,572*	*888*
Additions to provisions	*2,522*	*10,076*	*0*	*168*	*12,766*
Used provisions	*(1,800)*	*(21,503)*	*0*	*(1,983)*	*(25,286)*
Provisions reversed unused	*0*	*0*	*0*	*(11)*	*(11)*
Balance at the end of the period	*15,530*	*49,975*	*23,422*	*11,750*	*100,677*
of which current:					*65,505*
non-current:					*35,172*

Provisions for after-sales service increased by € 632 thousand to € 15,530 thousand at year-end 2018. The change in 2018 was the result of additions to and/or reversals of provisions recognized in relation to 10-year warranties.

Provisions for other current liabilities decreased by € 17,657 thousand to € 49,975 thousand at year-end 2018.

These provisions include:

- provisions for current litigation (€ 5,991 thousand), provisions for social security liabilities (€ 968 thousand) and provisions for other current liabilities (€ 21,717 thousand). As regards other current liabilities, given that negotiations with customers are ongoing, we cannot provide more information on the assumptions made or on when the outflow of funds is likely to happen;
- provisions for losses on completion (€ 21,299 thousand) are recognized when the expected economic benefits of certain contracts are lower than the inevitable costs attendant on compliance with obligations under those contracts. Provisions for losses on completion are utilized when the related contracts are performed.

When the CFE Group's share of losses exceeds its interest in an associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate. The amount of those commitments is accounted for in the non-current provisions, as the Group considers having the obligation to support those entities and their projects.

Provisions for other non-current liabilities include the provisions for liabilities not directly related to site operations in progress.

24. CONTINGENT ASSETS AND LIABILITIES

Based on available information at the date on which the financial statements were approved by the Board of Directors, we are not aware of any contingent assets or liabilities, with the exception of contingent assets or liabilities related to construction contracts (for example, the group's claims against customers or claims by subcontractors) that can be described as normal in the construction sector and which are treated by applying the percentage-of-completion method during the recognition of revenue.

In 2018, DEME was involved in a litigation against Rijkwaterstraat in the Netherlands related to the execution of the project "Canal Juliana". Based on the available information, it is difficult for DEME to assess the financial consequences of this litigation.

CFE also takes care that all its entities respect the laws and regulations in force, including the compliance rules. DEME fully cooperates in a judicial investigation related to the award of a contract in Russia, which has been executed in the meantime. In the present circumstances, it is not possible to assess the financial consequences for DEME.

25. NET FINANCIAL DEBT

25.1. NET FINANCIAL DEBT, AS DEFINED BY THE GROUP, BREAKS DOWN AS FOLLOWS:

			31/12/2018			31/12/2017
(in € thousands)	Non-current	Current	Total	Non-current	Current	Total
Bank loans and other financial debt	472,786	138,888	611,674	373,667	110,236	483,903
Bonds	29,584	200,221	229,805	231,378	99,959	331,337
Drawings on credit facilities	146,000	0	146,000	0	0	0
Borrowings under finance leases	38,002	8,324	46,326	45,426	7,920	53,346
Total long-term financial debt	**686,372**	**347,433**	**1,033,805**	**650,471**	**218,115**	**868,586**
Short-term financial debt	0	2,863	2,863	0	6,341	6,341
Cash equivalents	0	(12,655)	(12,655)	0	(9,650)	(9,650)
Cash	0	(375,691)	(375,691)	0	(513,368)	(513,368)
Net short-term financial debt/(cash)	**0**	**(385,483)**	**(385,483)**	**0**	**(516,677)**	**(516,677)**
Total net financial debt	**686,372**	**(38,050)**	**648,322**	**650,471**	**(298,562)**	**351,909**
Derivative instruments used as interest-rate hedges	6,168	3,143	9,311	5,250	3,453	8,703

The bank loans and other financial debts (€ 611,674 thousand) mainly relate to the corporate credit line and project financing granted to DEME which are allocated to the financing of vessels.

The bonds (€ 229,805 thousand) are the bonds subscribed by DEME NV and BPI Real Estate Belgium SA. On 14 February 2013, DEME issued € 200 million worth of bonds (at 100%) maturing on 14 February 2019 and paying a coupon of 4.145%. On 19 December 2017, BPI Real Estate Belgium issued € 30 million worth of bonds maturing on 19 December 2022 and paying a coupon of 3.75%.

The finance leases (€ 46,326 thousand) mainly relate to DEME, and the buildings of the subsidiaries Louis Stevens & Co NV and Engema NV.

25.2. DEBT MATURITY SCHEDULE

(in € thousands)	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	At 31 December 2018
Bank loans and other financial debt	*138,888*	*85,960*	*83,531*	*121,697*	*181,598*	*0*	*611,674*
Bonds	*200,221*	*0*	*0*	*29,584*	*0*	*0*	*229,805*
Drawings on credit facilities	*0*	*0*	*16,000*	*130,000*	*0*	*0*	*146,000*
Borrowings under finance leases	*8,324*	*8,838*	*6,141*	*10,537*	*10,190*	*2,296*	*46,326*
Total long-term financial debt	***347,433***	***94,798***	***105,672***	***291,818***	***191,788***	***2,296***	***1,033,805***
Short-term financial debt	*2,863*	*0*	*0*	*0*	*0*	*0*	*2,863*
Cash equivalents	*(12,655)*	*0*	*0*	*0*	*0*	*0*	*(12,655)*
Cash	*(375,691)*	*0*	*0*	*0*	*0*	*0*	*(375,691)*
Net short-term financial debt	***(385,483)***	***0***	***0***	***0***	***0***	***0***	***(385,483)***
Total net financial debt	***(38,050)***	***94,798***	***105,672***	***291,818***	***191,788***	***2,296***	***648,322***

The present value of finance lease obligations amounted to € 8,324 thousand (2017: € 7,920 thousand).

25.3. CASH FLOWS RELATING TO FINANCIAL LIABILITIES

At 31 December 2018, CFE's financial liabilities amounted to € 1,036,668 thousand, or an increase by € 161,741 thousand relative to 31 December 2017.

This increased debt is primarily explained by a net positive cash flow from bank loans granted and repaid (+ € 128,686 thousand) and by the change in the consolidation scope of DEME during 2018 (+ € 35,588 thousand).

(in € thousands)	At 1 January 2018	Cash flow	Change in consolidation scope	Other changes	Total non-cash movements	At 31 December 2018
Non-current financial liabilities						
Bonds	*231,378*	*105*	*0*	*(201,899)*	*(201,899)*	*29,584*
Other non-current financial liabilities	*419,093*	*390,518*	*35,380*	*(188,203)*	*(152,823)*	*656,788*
Current financial liabilities						
Bonds	*99,959*	*(99,959)*	*0*	*200,221*	*200,221*	*200,221*
Other current financial liabilities	*124,497*	*(161,978)*	*208*	*187,348*	*187,556*	*150,075*
Total	***874,927***	***128,686***	***35,588***	***(2,533)***	***33,055***	***1,036,668***

25.4. CREDIT FACILITIES AND BANK TERM LOANS

At 31 December 2018, CFE SA has confirmed long-term bank credit facilities of € 160 million of which € 130 million were drawn at year-end 2018. CFE SA also has the opportunity to issue commercial paper for a total amount of € 50 million. This form of financing was not used at December 31st, 2018.

At 31 December 2018, BPI SA has confirmed long-term bank credit facilities of € 30 million of which € 16 million were drawn at year-end 2018. BPI SA also has the opportunity to issue commercial papers for a total amount of € 40 million. This form of financing was not used at December 31st, 2018.

DEME has confirmed bank credit facilities "revolving credit facilities" of € 120 million, and bank credit facilities "term loans" of € 250 million and has also the opportunity to issue commercial paper for a total amount of € 125 million. At 31 December 2018, none of those financing facilities were used.

25.5. FINANCIAL COVENANTS

Bilateral loans are subject to specific covenants that take into account factors such as financial debt and the ratio of debt to equity or non-current assets, as well as cash flow. CFE Group complied with all these covenants as at 31 December 2018.

26. FINANCIAL RISK MANAGEMENT

26.1. CAPITAL MANAGEMENT

At year-end 2018, the capital structure of the CFE Group is made up of a net debt of € 648,322 thousand (note 25) and of a net equity of € 1,734,851 thousand. Moreover, the CFE group has confirmed bank credit facilities (note 25) and DEME, CFE SA and BPI SA have been given the opportunity to issue commercial paper. The equity of the CFE group includes share capital, share premium, consolidated reserves and non-controlling interests. The CFE group does not own any of its own shares or convertible bonds. The entire equity is used to finance the operations described in the corporate purposes of the subsidiaries.

26.2. INTEREST RATE RISK

The interest rate risk management is assured within the group by making a distinction between concessions, real estate, holding, contracting activities and dredging (DEME).

As far as dredging is concerned, the CFE group, through its subsidiary DEME, has to face important financing in the context of the dredgers investments. The objective is to reach an optimal balance between the financing cost and the volatility of the financial results. DEME uses derivative instruments such as interest rate swaps (IRS) in order to hedge the interest rate risk. These hedging instruments generally equal the same notional amounts and generally have the same due dates as the hedged debts. From an accounting point of view, these products will not always be qualified as hedging operations.

The contracting activities are characterized by an excess of cash which partially compensates for the property commitments. Cash management is mainly centralized through the cash pooling.

CFE SA and BPI SA also use derivative instruments (IRS) to hedge the interest rate risk related to the drawings on their confirmed credit lines.

EFFECTIVE AVERAGE INTEREST RATE BEFORE CONSIDERING DERIVATIVE PRODUCTS

Type of debts	Fixed rate			Floating rate			Total		
	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Bank loans and other financial debt	*40,675*	*12.93%*	*1.74%*	*570,999*	*79.40%*	*0.77%*	*611,674*	*59.17%*	*0.83%*
Bonds	*229,805*	*73.03%*	*4.09%*	*0*	*0.00%*	*0.00%*	*229,805*	*22.23%*	*4.09%*
Drawings on credit facilities	*0*	*0.00%*	*0.00%*	*146,000*	*20.30%*	*1.00%*	*146,000*	*14.12%*	*1.00%*
Borrowings under finance leases	*44,176*	*14.04%*	*2.06%*	*2,150*	*0.30%*	*2.81%*	*46,326*	*4.48%*	*2.09%*
Total	***314,656***	***100%***	***3.50%***	***719,149***	***100%***	***0.82%***	***1,033,805***	***100%***	***1.64%***

EFFECTIVE AVERAGE INTEREST RATE AFTER CONSIDERING FLOATING DERIVATIVE PRODUCTS

Type of debts	Fixed rate			Floating rate			Floating rate capped + inflation			Total		
	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Bank loans and other financial debt	591,522	64.06%	0.78%	20,152	18.27%	1.05%	0	0.00%	0.00%	611,674	59.17%	0.78%
Bonds	229,805	24.88%	4.09%	0	0.00%	0.00%	0	0.00%	0.00%	229,805	22.23%	4.09%
Drawings on credit facilities	58,000	6.28%	1.50%	88,000	79.78%	1.09%	0	0.00%	0.00%	146,000	14.12%	1.25%
Borrowings under finance leases	44,176	4.78%	2.06%	2,150	1.95%	2.81%	0	0.00%	0.00%	46,326	4.48%	2.09%
Total	923,503	100%	1.71%	110,302	100%	1.12%	0	0.00%	0.00%	1,033,805	100%	1.65%

26.3. SENSITIVITY TO THE INTEREST RATE RISK

The CFE group is subject to the risk of interest rates fluctuation on its result considering:

- cash flows relative to financial instruments at rate fluctuation after hedging;
- financial instruments at fixed rate, recognized at fair value in the statement of financial position through the result;
- derivative instruments non-qualified as hedge.

Nevertheless, the variation in the value of derivatives qualified as cash flow hedges does not directly impact the net result and is accounted for in the others elements of the comprehensive income.

The following analysis is performed by supposing that the amount of financial debts and derivatives as at 31 December 2018 is constant over the year.

A variation of 50 basis points in interest rate at the closing date would have had as a consequence an increase or a decrease of the equity and result to the amounts indicated below. For the purposes of this analysis, the other parameters have been supposed constant.

	31/12/2018			
(in € thousands)	Result		Equity	
	Impact of the sensitivity calculation +50bp	Impact of the sensitivity calculation -50bp	Impact of the sensitivity calculation +50bp	Impact of the sensitivity calculation -50bp
Non-current debts (+portion due within the year) with variable rate after accounting hedge	5,169	(5,169)		
Net short term Financial debt (*)	14	(14)		
Derivatives not qualified as hedge	0	0		
Derivatives qualified as highly potential or certain cash flow			660	(186)

(*) excluding cash at bank and in hand

26.4. DESCRIPTION OF CASH FLOW HEDGE OPERATIONS

Instruments qualified as cash flow hedges at the closing date are related to DEME, CFE SA and BPI SA and have the following characteristics:

(in € thousands)	31/12/2018						
	<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years	Notional	Fair value asset	Fair value liability
Swap of interest rate receive floating rate and pay fixed rate							
Interest rate options (cap, collar)							
Interest rate derivatives – highly probable projected cash flow hedges							***0***
Swap of interest rate receive floating rate and pay fixed rate	*144,721*	*144,688*	*434,301*	*135,137*	*858,847*		*(9,312)*
Interest rate options (cap, collar)							
Interest rate derivatives – certain cash flow hedges	***144,721***	***144,688***	***434,301***	***135,137***	***858,847***		***(9,312)***

(in € thousands)	31/12/2017						
	<1 year	Between 1 and 2 years	Between 2 and 5 years	> 5 years	Notional	Fair value asset	Fair value liability
Swap of interest rate receive floating rate and pay fixed rate							
Interest rate options (cap, collar)							
Interest rate derivatives – highly probable projected cash flow hedges							
Swap of interest rate receive floating rate and pay fixed rate	*124,502*	*129,096*	*328,355*	*93,395*	*675,348*		*(8,703)*
Interest rate options (cap, collar)							
Interest rate derivatives – certain cash flow hedges	***124,502***	***129,096***	***328,355***	***93,395***	***675,348***		***(8,703)***

26.5. EXCHANGE RATE RISKS

NATURE OF THE RISKS TO WHICH THE GROUP IS EXPOSED

The CFE group and its subsidiaries, except dredging activities, only rarely contract hedges on foreign exchange rates for the contracting and real estate activities as those activities are mainly situated within the euro zone. DEME contracts exchange rate hedges given the international character of its activity and the execution of transactions in foreign currency. Changes in fair value are recorded as cost of contract if those hedges occur in the context of a construction contract. Currencies subject to exchange risk are listed in Note 2.

When exchange rate risks related to a risk exposure at operational level would occur, the CFE group's policy consists in limiting the exposure to the fluctuation of foreign currencies.

DISTRIBUTION OF THE LONG TERM FINANCIAL DEBTS BY CURRENCY

The outstanding debts (without considering finance lease debts which are mainly in euros) by currency are:

(in € thousands)	2018	2017
Euro	987,479	815,240
US Dollar	0	0
Other currencies	0	0
Total long term debts	**987,479**	**815,240**

The following table discloses the fair value and the notional amount of exchange rate instruments issued (forward sales/ purchase agreements) (+ asset/ - liability):

(In thousand Euro)	Notional						Fair value					
	USD US Dollar	SGD Singapore Dollar	AUD Australian Dollar	PLN Zloty	Others	Total	USD US Dollar	SGD Singapore Dollar	AUD Australian Dollar	PLN Zloty	Others	Total
Forward purchase	44,551	16,275	12,953	0	7,599	81,378	(41)	54	(34)	0	(15)	(36)
Forward sale	169,927	19,682	0	72,293	7,755	269,657	(4,139)	(329)	0	(4)	64	(4,408)

The fair value variation of exchange rate instruments is considered as construction costs. This variation is presented as an operational result.

The CFE group, in particular through its subsidiary DEME, is exposed to exchange rate fluctuation risk on its result.

The following analysis is performed supposing that the amount of financial assets/liabilities and derivatives as at 31 December 2018 is constant over the year.

A variation of 5% of exchange rate (appreciation of the EUR) at closing date would have as a consequence an increase or a decrease of the equity and the result to the amounts disclosed below. For the purposes of this analysis, the other parameters have been supposed constant.

(in € thousands)	31/12/2018 - Result	
	Impact of sensitivity calculation depreciation of 5% of the EUR	Impact of sensitivity calculation appreciation of 5% of the EUR
Non-current debts (+portion due within the year) with variable rate after accounting hedge	2,418	(2,187)
Net short term Financial debt	(2,302)	2,083
Working capital	403	(365)

26.6. RISK RELATED TO RAW MATERIALS

Raw materials and consumables incorporated into the works constitute an essential element of the cost price.

Although some markets include price revision clauses or revision formulas and the CFE group sets up, in some cases, hedges against the price of supplies (fuel oil), the risk of price fluctuations of raw materials cannot be completely excluded.

DEME is hedged against fuel oil fluctuations through the purchase of options or forward contracts on fuel. The fair value variation of these instruments is considered as construction costs. This variation is presented as an operating result.

The fair value of these instruments amounted to €-6,305 thousand at year-end 2018 (compared with €-5,317 thousand at year-end 2017).

26.7. CREDIT AND COUNTERPARTY RISK

The CFE group is exposed to credit risk in case of insolvency of its clients. It is exposed to the counterparty risk in the context of cash deposits, subscription of negotiable share receivables, financial receivables and derivative products.

In addition, the CFE group set up procedures in order to avoid and limit the concentration of credit risk.

For large-scale export, if the country is eligible and the risk covered by credit insurance, DEME and CFE cover themselves regularly through competent bodies in this matter (Credendo).

FINANCIAL INSTRUMENTS

The group has defined a system of investment limits in order to monitor the counterparty risk. This system determines maximum amounts eligible for investment by counterparty defined according to their credit ratings published by Standard & Poor's and Moody's. These limits are regularly monitored and updated.

CUSTOMERS

Regarding the risk on trade receivables, the group defined procedures in order to limit the risk. It should be noted that a non negligible part of the consolidated sales is realized with public or semi-public customers. In addition, CFE considers that the concentration of the counterparty risk for customers is limited due to the large number of customers.

In order to reduce the current risk, the CFE group regularly monitors its outstanding receivables and adapts its position towards them. Regarding this matter, it should be noted that CFE executed two projects in Chad: the construction of The Grand Hotel and the building of the Ministry of Finance. The operational management and maintenance of the Grand Hotel were transferred in June 2017 to the hotel operator appointed by the Chadian government. The Grand Hotel was officially opened on 1 July 2017. Following payments received in July 2018, the outstanding receivables decreased by € 7.5 million from € 60 million to € 52.5 million (excluding VAT and excluding the receivables covered by the Credendo credit insurance). No further payments have been received since July 2018. Moreover, the sums received locally have not yet been converted into euros and transferred to Belgium. The terms and conditions for the refinancing of the receivables relating to the Grand Hotel have been formally approved by the Chadian authorities, and have yet to be validated by the Board of Directors of the Afrexim Bank.

The analysis of late payments at year-end 2018 and 2017 is as follows:

Situation at 31 December 2018 (in € thousands)	Closing	Not past due	< 3 months	<1 year	> 1 year
Trade and other receivables	*1,308,519*	*917,442*	*196,442*	*56,353*	*138,282*
Gross total	***1,308,519***	***917,442***	***196,442***	***56,353***	***138,282***
Provision for impairment of trade and other receivables	*(44,223)*	*(1,007)*	*0*	*(318)*	*(42,898)*
Total provisions	***(44,223)***	***(1,007)***	***0***	***(318)***	***(42,898)***
Total net amounts	***1,264,296***	***916,435***	***196,442***	***56,035***	***95,384***

Situation at 31 December 2017 (in € thousands)	Closing	Not past due	< 3 months	<1 year	> 1 year
Trade and other receivables	*1,114,377*	*775,424*	*87,246*	*39,703*	*212,004*
Gross total	***1,114,377***	***775,424***	***87,246***	***39,703***	***212,004***
Provision for impairment of trade and other receivables	*(15,563)*	*(578)*	*(19)*	*(704)*	*(14,262)*
Total provisions	***(15,563)***	***(578)***	***(19)***	***(704)***	***(14,262)***
Total net amounts	***1,098,814***	***774,846***	***87,227***	***38,999***	***197,742***

The overdue amounts mainly relate to additional works and subsequent contract modifications accepted by the customers, but that are still subject to inclusion in the budget or that are part of a broader negotiation process.

The following table discloses the evolution of the provisions for impairment of trade and other receivables:

(in € thousands)	2018	2017
Cumulated provisions – balance at the end of the previous period	***(15,563)***	***(30,268)***
Restatement IFRS 9	*(12,000)*	*0*
Cumulated provisions – balance at the end of the previous period (*)	***(27,563)***	***(30,268)***
Change in consolidation scope	*42*	*(2,899)*
Impairment losses (reversal)/write-off during the period	*(19,473)*	*13,315*
Translation differences and transfers to/from other items	*2,771*	*4,289*
Cumulated provisions – balance at the end of the period	***(44,223)***	***(15,563)***

(*) Amounts restated in accordance with changes in accounting method linked to the application of accounting standard IFRS 9 Financial instruments and related amendments.

Following the application of the expected losses model, defined in the standard IFRS 9, an impairment of € 10 million on the Chadian receivables was recognized in 2018. The cumulative write-off on these receivables amounted to €-22 million at 31 December 2018.

26.8. LIQUIDITY RISK

DEME, CFE SA and BPI SA were able to negotiate new bilateral credit lines under favourable conditions allowing the company to decrease the liquidity risk.

26.9. CARRYING AMOUNTS AND FAIR VALUE BY ACCOUNTING CATEGORY

December, 31 2018 (in € thousands)	FAMMFV/ FLFVPL (3): Derivatives not designated as hedging instruments	FAMMFV/ FLFVPL (3): Derivatives designated as hedging instruments	Loans and trade receivables at amortised costs	Total of carrying amount	Fair value measurements of financial assets by level	Fair value of the class
Non-current financial assets		*9*	*171,687*	*171,696*		*171,696*
Investments (1)			*5,758*	*5,758*	*Level 2*	*5,758*
Financial loans and receivables (1)			*165,929*	*165,929*	*Level 2*	*165,929*
Derivatives		*9*		*9*	*Level 2*	*9*
Current financial assets	*257*	*18*	*1,649,644*	*1,649,919*		*1,649,919*
Trade and other receivables			*1,261,298*	*1,261,298*	*Level 2*	*1,261,298*
Derivatives	*257*	*18*		*275*	*Level 2*	*275*
Cash equivalents (2)			*12,655*	*12,655*	*Level 1*	*12,655*
Cash at bank and in hand (2)			*375,691*	*375,691*	*Level 1*	*375,691*
Total assets	*257*	*27*	*1,821,331*	*1,821,615*		*1,821,615*
Non-current financial debts	*3,185*	*6,169*	*686,372*	*695,726*		*702,044*
Bonds			*29,584*	*29,584*	*Level 2*	*29,584*
Financial debts			*656,788*	*656,788*	*Level 2*	*663,106*
Derivatives	*3,185*	*6,169*		*9,354*	*Level 2*	*9,354*
Current financial liabilities	*3,170*	*7,820*	*1,761,240*	*1,772,230*		*1,781,768*
Trade payables and other operating debts			*1,410,944*	*1,410,944*	*Level 2*	*1,410,944*
Bonds			*200,221*	*200,221*	*Level 1*	*200,880*
Financial debts			*150,075*	*150,075*	*Level 2*	*158,954*
Derivatives	*3,170*	*7,820*		*10,990*	*Level 2*	*10,990*
Total liabilities	*6,355*	*13,989*	*2,447,612*	*2,467,956*		*2,483,812*

December, 31 2017 (in € thousands)	FAMMFV/ FLFVPL (3): Derivatives designated as hedging instruments	FAMMFV/ FLFVPL (3): Derivatives designated as hedging instruments	Loans and trade receivables at amortized costs	Total of carrying amount	Fair value measurements of financial assets by level	Fair value of the class
Non-current financial assets		*921*	*147,719*	*148,640*		*148,640*
Investments (1)			*7,101*	*7,101*	*Level 2*	*7,101*
Financial loans and receivables (1)			*140,618*	*140,618*	*Level 2*	*140,618*
Derivatives		*921*		*921*	*Level 2*	*921*
Current financial assets	*2,320*	*1,836*	*1,621,860*	*1,626,016*		*1,626,016*
Trade and other receivables			*1,098,842*	*1,098,842*	*Level 2*	*1,098,842*
Derivatives	*2,320*	*1,836*		*4,156*	*Level 2*	*4,156*
Cash equivalents (2)			*9,650*	*9,650*	*Level 1*	*9,650*
Cash at bank and in hand (2)			*513,368*	*513,368*	*Level 1*	*513,368*
Total assets	*2,320*	*2,757*	*1,769,579*	*1,774,656*		*1,774,656*
Non-current financial debts	*1,960*	*5,249*	*650,471*	*657,680*		*671,253*
Bonds			*231,378*	*231,378*	*Level 1*	*235,599*
Financial debts			*419,093*	*419,093*	*Level 2*	*428,445*
Derivatives	*1,960*	*5,249*		*7,209*	*Level 2*	*7,209*
Current financial liabilities	*401*	*7,044*	*1,500,902*	*1,508,347*		*1,512,198*
Trade payables and other operating debts			*1,276,446*	*1,276,446*	*Level 2*	*1,276,446*
Bonds			*99,959*	*99,959*	*Level 1*	*101,168*
Financial debts			*124,497*	*124,497*	*Level 2*	*127,139*
Derivatives	*401*	*7,044*		*7,445*	*Level 2*	*7,445*
Total liabilities	*2,361*	*12,293*	*2,151,373*	*2,166,027*		*2,183,451*

(1) Included in items "Other non-current financial assets" and "Other non-current assets".
(2) Included in item "Cash and cash equivalents".
(3) FAMMFV: Financial assets mandatorily measured at fair value
FLFVPL: Financial liabilities at fair value through profit or loss
We refer to note 2.1 – reconciliation between the categories under IAS 39 and IFRS 9.

The fair value of financial instruments can be classified into three levels based on the degree to which the inputs to the fair value measurements are observable:

- Fair value measurements of level 1 are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Fair value measurements of level 2 are based on inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (through prices) or indirectly (through input derived from prices);
- Fair value measurements of level 3 are based on valuation techniques comprising inputs which are unobservable for the asset or liability.

The fair value of financial instruments has been determined using the following methods:

- For short-term financial instruments, such as trade receivables and payables, the fair value is considered not to be significantly different from the carrying amount measured at amortised cost;
- For floating rate liabilities, the fair value is considered not to be significantly different from the carrying amount measured at amortised cost;
- For derivative financial instruments (foreign currency, interest rate or forecasted cash flows), the fair value is determined using valuation models discounting future cash flows based on future interest rate curves, foreign currency curves or other forward prices;
- For the other derivative instruments, the fair value is determined by discounting future estimated cash flows;
- For the quoted bonds issued by CFE, BPI and DEME, the fair value is based on the quoted price at reporting date.
- For fixed rate liabilities, the fair value is based on the discounted cash flows based on the market interest rates at the closing date.

27. OPERATING LEASES

The CFE group's obligations relating to non-cancellable operating leases are as follows:

(in € thousands)	2018	2017
Expiring in less than 1 year	*27,126*	*12,667*
Expiring in more than 1 year and up to 5 years	*52,729*	*15,444*
Expiring in more than 5 years	*53,027*	*10,326*
Total	***132,882***	***38,437***

28. OTHER COMMITMENTS GIVEN

Total commitments given by the CFE group at 31 December 2018, other than real security interests, totalled € 1,450,914 thousand (2017: € 1,168,439 thousand). These commitments break down as follows:

(in € thousands)	2018	2017
Performance guarantees and performance bonds (a)	*1,273,793*	*997,687*
Bid bonds (b)	*13,110*	*16,902*
Repayment of advance payments (c)	*1,206*	*2,683*
Retentions (d)	*17,491*	*12,300*
Deferred payments to subcontractors and suppliers (e)	*64,999*	*51,317*
Other commitments given - including € 77,249 thousand of corporate guarantees at DEME	*80,315*	*87,550*
Total	***1,450,914***	***1,168,439***

a) Guarantees given in relation to the performance of works contracts. If the construction entity fails to perform, the bank (or insurance company) undertakes to compensate the customer to the extent of the guarantee.
b) Guarantees provided as part of tenders relating to works contracts.
c) Guarantees provided by a bank to a customer guaranteeing the repayment of advance payments in relation to contracts (mainly at DEME).
d) Security provided by a bank to a client to replace the use of retention money.
e) Guarantee covering the settlement of a liability to a supplier or subcontractor.

29. OTHER COMMITMENTS RECEIVED

Total commitments received by the CFE group at 31 December 2018 totalled € 515,508 thousand (2017: € 396,107 thousand). These commitments break down as follows:

(in € thousands)	2018	2017
Performance guarantees and performance bonds	*512,354*	*393,592*
Other commitments received	*3,154*	*2,515*
Total	***515,508***	***396,107***

The strong increase in commitments received is essentially related to the commitments received in the context of the expansion of the dredging fleet.

30. LITIGATION

The CFE group is exposed to a number of claims that may be regarded as normal in the construction industry. In most cases, the CFE group seeks to settle with the other party, and this substantially reduces the number of legal proceedings.

The CFE group tries to recover amounts receivable from its customers. However, it is not possible to estimate these potential assets.

31. RELATED PARTIES

- Ackermans & van Haaren (AvH) owned 15,289,521 CFE shares at 31 December 2018 and is the main shareholder of the CFE group with a stake of 60.40%.
- In addition to the remuneration related to his director's mandate (€ 32,000), Renaud Bentégeat, managing director until 31 August 2018, received a gross remuneration amounting to € 200,675. His remuneration is subject to the French social security. In addition, Renaud Bentégeat, as managing director, has the benefit of a housing and a company car, which both together amount to € 38,639. In 2018, he also benefited from a pension plan, the employer's contribution amounting to € 17,998 for 2018. In 2018, CFE did not grant any rewards consisting of shares, options or other warrants to acquire company shares to Renaud Bentégeat, managing director. A contract came into force on 1 September 2018 for the company Renaud Bentégeat Conseil S.A.S. (French registered company). This contract, approved by the Board of Directors on the proposal of the committee of appointments and remuneration, is limited in time and will end on 29 February 2020. Renaud Bentégeat Conseil S.A.S. received a remuneration amounting to € 400,000 in 2018.
- Piet Dejonghe, managing director, received a remuneration amounting to € 345,000 as Director in several subsidiaries of CFE Group. This remuneration is fully repaid to Ackermans & Van Haaren in accordance with an contract agreement between them. In 2018, CFE did not grant any rewards consisting of shares, options or other warrants to acquire company shares to Piet Dejonghe, managing director.
- CFE directors (other than the managing directors) – Fabien De Jonge, MSQ SPRL represented by Fabien De Jonge as from 1 October 2018, Gabriel Marijsse, D2C Partners S.A.S. represented by Patrick Bonnetain, Alain Bernard, Trorema SPRL represented by Raymund Trost, Frédéric Claes SA represented by Frédéric Claes, 8822 SPRL represented by Yves Weyts, Artist Valley SA represented by Jacques Lefèvre and Almacon SPRL represented by Manu Coppens - received in 2018:

Fixed remuneration and fees	€ 2,600,606
Variables remunerations	€ 2,562,367
Payments to insurance plans (pension plans, health and accident insurance)	€ 420,892
Company vehicle expenses	€ 30,573
Total	**€ 5,614,438**

- Loans were granted to certain members of the executive committee of CFE Contracting SA under of the stock option plans granted to these members.
- John-Eric Bertrand received a remuneration amounting to € 115,000 for his activities in several companies of CFE Group. This remuneration is fully repaid to Ackermans & Van Haaren in accordance with an agreement between them. Similarly, Koen Janssen received a remuneration amounting to € 15,000 for his activities in a company of CFE Group. This remuneration is fully repaid to Ackermans & Van Haaren in accordance with an agreement between them.
- Dredging Environmental & Marine Engineering NV and CFE SA concluded a service contract with Ackermans & van Haaren NV on 26 November 2001. The remuneration due by Dredging Environmental & Marine Engineering NV, 100% subsidiary of CFE SA, and by CFE SA in accordance with that agreement amounted to € 1,191 thousand and € 650 thousand, respectively.
- There were no transactions with the companies Trorema SPRL, Frédéric Claes SA, 8822 SPRL, D2C Partners, Artist Valley SA, ALMACON SPRL or MSQ SPRL, other than the remuneration of executives representing these companies.
- At 31 December 2018, the CFE group had joint control over Rent-A-Port NV, Green Offshore NV and their subsidiaries.
- Transactions with related parties concerned mainly transactions with companies in which CFE has a joint control or a significant influence. These transactions are concluded at arm's length.
- During 2018, there were no major changes in the nature of transactions with related parties compared to 31 December 2017.

Commercial and financing transactions between the group and associates or joint ventures consolidated under the equity method are as follows:

(in € thousands)	2018	2017
Assets with related parties	**237,937**	**445,634**
Non-current financial assets	170,380	143,203
Trade and other receivables	50,072	281,761
Other current assets	17,485	20,670
Liabilities with related parties	**37,646**	**106,555**
Other non-current liabilities	1,309	3,542
Trade and other operating payables	36,337	103,013

(in € thousands)	2018	2017
Revenues and expenses with related parties	***354,762***	***629,089***
Revenue and income from auxiliary activities	*369,154*	*642,173*
Purchases and other operating expenses	*(23,616)*	*(23,441)*
Net financial income/expense	*9,224*	*10,357*

The revenue and revenue from auxiliary activities vis-à-vis the associates or joint ventures consolidated under the equity method decreased strongly in 2018 compared to 2017 following the end of developments of offshore windfarms Merkur and Rentel.

32. STATUTORY AUDITORS' FEES

The remuneration paid to statutory auditors in respect of the whole group in 2018, including CFE SA, amounted to:

(in € thousands)	Deloitte		Other	
	Amount	%	Amount	%
Audit				
Statutory audit, certification and examination of individual company and consolidated accounts	*1,825.0*	*74.23%*	*721.0*	*35.68%*
Related work and other audits	*144.7*	*5.88%*	*118.0*	*5.84%*
Subtotal, audit	***1,969.7***	***80.11%***	***839.0***	***41.52%***
Other services				
Legal, tax, employment	*181.4*	*7.38%*	*793.7*	*39.28%*
Other	*307.6*	*12.51%*	*388.0*	*19.20%*
Subtotal, other services	***489.0***	***19.89%***	***1,181.7***	***58.48%***
Total statutory auditors' fees	***2,458.7***	***100%***	***2,020.7***	***100%***

33. MATERIAL POST-BALANCE SHEET EVENTS

None.

34. COMPANIES OWNED BY THE CFE GROUP

List of the fully consolidated subsidiaries

Name	Head office	Segment	Group interest (%)
EUROPE			
Germany			
GEOSEA INFRA SOLUTIONS GMBH	Bremen	Dredging	100%
NORDSEE NASSBAGGER UND TIEFBAU GMBH	Bremen	Dredging	100%
OAM-DEME MINERALIEN GMBH	Hambourg	Dredging	70%
Belgium			
ABEB NV	Antwerp	Contracting	100%
ANMECO NV	Zwijndrecht	Contracting	100%
CFE BATIMENT BRABANT WALLONIE SA	Brussels	Contracting	100%
DESIGN & ENGINEERING SA	Brussels	Contracting	100%
BE.MAINTENANCE SA	Brussels	Contracting	100%
BENELMAT SA	Gembloux	Contracting	100%
BRANTEGEM NV	Alost	Contracting	100%
CFE BOUW VLAANDEREN NV	Wilrijk	Contracting	100%
CFE CONTRACTING SA	Brussels	Contracting	100%
ENGEMA SA	Brussels	Contracting	100%
ETABLISSEMENTS DRUART SA	Péronne-lez-Binche	Contracting	100%
ENGETEC SA	Manage	Contracting	100%
GROEP TERRYN NV	Moorslede	Contracting	100%
HOFKOUTER NV	Zwijndrecht	Contracting	100%

Name	Head office	Segment	Group interest (%)
José COGHE-WERBROUCK NV	Hooglede	Contracting	100%
LOUIS STEVENS NV	Halen	Contracting	100%
NIZET ENTREPRISES SA	Louvain-la-Neuve	Contracting	100%
P-MULTITECH NV	Kontich	Contracting	100%
PROCOOL SA	Péronne-lez-Binche	Contracting	100%
REMACOM NV	Lochristi	Contracting	100%
THIRAN SA	Ciney	Contracting	100%
VANDENDORPE ARTHUR NV	Zedelgem	Contracting	100%
VANDERHOYDONCKS NV	Alken	Contracting	100%
VANLAERE NV	Zwijndrecht	Contracting	100%
VMA FOOD & PHARMA NV	Sint-Martens-Latem	Contracting	100%
VMA NV	Sint-Martens-Latem	Contracting	100%
VMA WEST NV	Waregem	Contracting	100%
WEFIMA NV	Zwijndrecht	Contracting	100%
AGROVIRO NV	Zwijndrecht	Dredging	74.90%
BAGGERWERKEN DECLOEDT EN ZOON NV	Ostend	Dredging	100%
CATHIE ASSOCIATES HOLDING BVBA	Sint-Pieters Woluwe	Dredging	100%
COMBINED MARINE TERMINAL OPERATIONS WORLDWIDE NV (CTOW)	Zwijndrecht	Dredging	54.38%
DEME BLUE ENERGY NV	Zwijndrecht	Dredging	69.99%
DEME BUILDING MATERIALS NV	Zwijndrecht	Dredging	100%
DEME ENVIRONMENTAL CONTRACTORS NV	Zwijndrecht	Dredging	74.90%
DEME NV	Zwijndrecht	Dredging	100%
DEME COORDINATION CENTER NV	Zwijndrecht	Dredging	100%
DEME CONCESSIONS NV	Zwijndrecht	Dredging	100%
DEME CONCESSIONS WIND NV	Zwijndrecht	Dredging	100%
DEME CONCESSIONS INFRASTRUCTURE NV	Zwijndrecht	Dredging	100%
DEME INFRASEA SOLUTIONS NV (DISS)	Zwijndrecht	Dredging	100%
DEME INFRA MARINE CONTRACTORS NV (DIMCO)	Zwijndrecht	Dredging	100%
DREDGING INTERNATIONAL NV	Zwijndrecht	Dredging	100%
ECO SHIPPING NV	Ostend	Dredging	100%
EKOSTO NV	Sint–Gillis-Waas	Dredging	74.90%
ECOTERRES SA	Gosselies	Dredging	74.90%
EVERSEA NV	Zwijndrecht	Dredging	100%
FILTERRES SA	Gosselies	Dredging	56.10%
GEOSEA NV	Zwijndrecht	Dredging	100%
GEOSEA MAINTENANCE NV	Zwijndrecht	Dredging	100%
GEOWIND	Zwijndrecht	Dredging	100%
GLOBAL SEA MINERAL RESOURCES NV	Ostend	Dredging	100%
GROND RECYCLAGE CENTRUM NV	Zwijndrecht	Dredging	52.43%
GROND RECYCLAGE CENTRUM ZOLDER NV	Zwijndrecht	Dredging	36.70%
G-TEC OFFSHORE SA	Liège	Dredging	72.50%
G-TEC SA	Liège	Dredging	72.50%
LOGIMARINE SA	Antwerp	Dredging	100%
M.D.C.C. INSURANCE BROKER SA	Brussels	Dredging	100%
PURAZUR N,V,	Zwijndrecht	Dredging	74.90%
HDP CHARLEROI SA	Brussels	Holding	100%
BPI REAL ESTATE BELGIUM SA	Brussels	Real Estate	100%
BPI SAMAYA SA	Brussels	Real Estate	100%
BPI PARK WEST SA	Brussels	Real Estate	100%
DEVELOPPEMENT D'HABITATIONS BRUXELLOISES SA	Brussels	Real Estate	100%
MG IMMO SPRL	Brussels	Real Estate	100%
PROJECTONTWIKKELING VAN WELLEN NV	Kapellen	Real Estate	100%
SOGESMAINT SA	Brussels	Real Estate	100%
VAN MAERLANT SA	Brussels	Real Estate	100%
WOLIMMO SA	Brussels	Real Estate	100%
ZEN FACTOY SA	Brussels	Real Estate	100%
Cyprus			
BELLSEA LTD	Nicosia	Dredging	100%
DEME CYPRUS LTD	Nicosia	Dredging	100%
DREDGING INTERNATIONAL CYPRUS LTD	Nicosia	Dredging	100%
DREDGING INTERNATIONAL SERVICES CYPRUS LTD	Nicosia	Dredging	100%
DREDGING & MARINE SERVICES CYPRUS LTD	Nicosia	Dredging	100%
DEME SHIPPING CO Ltd	Nicosia	Dredging	100%
MIDDLE EAST MARINE CONTRACTING LTD (MEMC)	Nicosia	Dredging	100%
NOVADEAL LTD	Nicosia	Dredging	100%
TCMC THE CHANNEL COMPANY MANAGEMENT LTD	Nicosia	Dredging	100%
CONTRACTORS OVERSEAS LTD	Oraklini	Holding	100%
France			
G-TEC SAS	Le Havre	Dredging	72.50%
GEOSEA SAS	Lambersart	Dredging	100%
SOCIETE DE DRAGAGE INTERNATIONAL SA	Lambersart	Dredging	100%
FRANCO-BELGE DE CONSTRUCTIONS INTERNATIONALES SAS	Paris	Holding	100%
United Kingdom			
VMA Midlands Ltd	Yorkshire	Contracting	100%
DEME BUILDING MATERIALS LTD	Weybridge, Surrey	Dredging	100%
DEME ENVIRONMENTAL CONTRACTORS UK LTD	Weybridge, Surrey	Dredging	74.90%
NEWWAVES SOLUTIONS LTD	London	Dredging	100%

Name	Head office	Segment	Group interest (%)
Luxembourg			
COMPAGNIE LUXEMBOURGEOISE D'ENTREPRISES CLE SA	Strassen	Contracting	100%
APOLLO SHIPPING SA	Luxembourg	Dredging	100%
DREDGING INTERNATIONAL LUXEMBOURG SA	Luxembourg	Dredging	100%
GEOSEA LUXEMBOURG SA	Luxembourg	Dredging	100%
GEOSEA PROCUREMENT & SHIPPING Luxembourg SA	Luxembourg	Dredging	100%
MARITIME SERVICES AND SOLUTIONS SA	Luxembourg	Dredging	100%
SAFINDI SA	Luxembourg	Dredging	100%
SAFINDI RE SA	Luxembourg	Dredging	100%
SOCIETE DE DRAGAGE LUXEMBOURG SA	Luxembourg	Dredging	100%
THOR CREWING LUXEMBOURG SA	Luxembourg	Dredging	100%
SOCIETE FINANCIERE D'ENTREPRISES SFE SA	Strassen	Holding	100%
ARLON 23	Strassen	Real Estate	100%
BPI REAL ESTATE LUXEMBOURG SA	Strassen	Real Estate	100%
Hungary			
CFE HUNGARY EPITOIPARI KFT	Budapest	Holding	100%
Netherlands			
AANNEMINGSMAATSCHAPPIJ DE VRIES & VAN DE WIEL BV	Amsterdam	Dredging	74.90%
DEME BUILDING MATERIALS BV	Vlissingen	Dredging	100%
DEME CONCESSIONS MERKUR BV	Breda	Dredging	100%
DEME CONCESSIONS NETHERLANDS BV	Breda	Dredging	100%
DE VRIES & VAN DE WIEL BEHEER BV	Amsterdam	Dredging	74.90%
DE VRIES & VAN DE WIEL KUST EN OEVERWERKEN BV	Amsterdam	Dredging	74.90%
DEME INFRA MARINE CONTRACTORS BV (DIMCO BV)	Dordrecht	Dredging	100%
TIDEWAY SHIPPING BV	Breda	Dredging	100%
G-TEC BV	Delft	Dredging	72.50%
MILIEUTECHNIEK DE VRIES & VAN DE WIEL BV	Amsterdam	Dredging	74.90%
INNOVATION HOLDING BV	Breda	Dredging	100%
INNOVATION SHIPOWNER BV	Breda	Dredging	100%
INNOVATION SHIPPING BV	Breda	Dredging	100%
PAES MARTIEM BV	Amsterdam	Dredging	100%
TIDEWAY BV	Breda	Dredging	100%
ZANDEXPLOITATIEMAATSCHAPPIJ DE VRIES & VAN DE WIEL BV	Amsterdam	Dredging	74.90%
Poland			
CFE POLSKA S.P. ZOO	Warsaw	Contracting	100%
VMA POLSKA S.P.ZOO	Warsaw	Contracting	100%
ACE12 S.P.ZOO	Warsaw	Real Estate	90%
ACE14 S.P.ZOO	Warsaw	Real Estate	90%
BPI BARSKA SP. Z O.O.	Warsaw	Real Estate	100%
BPI CZYSTA SP. Z O.O.	Warsaw	Real Estate	100%
BPI REAL ESTATE POLAND SP. Z O.O.	Warsaw	Real Estate	100%
BPI SADOWA SP. Z O.O.	Warsaw	Real Estate	100%
BPI WROCLAW S.P.ZOO	Warsaw	Real Estate	100%
IMMO WOLA S.P. ZOO	Warsaw	Real Estate	100%
Romania			
CFE CONTRACTING AND ENGINEERING SRL	Bucharest	Holding	100%
Slovakia			
VMA SLOVAKIA SRO	Trencin	Contracting	100%
CFE SLOVAKIA SRO	Bratislava	Holding	100%
Other European countries			
VMA ELEKTRIK TESISATI VE INSAAT TICARET LIMITED SIRKETI	Istanbul, Turkey	Contracting	100%
A2SEA A/S	Fredericia, Denmark	Dredging	100%
BAGGERWERKEN DECLOEDT EN ZOON ESPANA SA	Madrid, Spain	Dredging	100%
DREDGING INTERNATIONAL ESPANA SA	Madrid, Spain	Dredging	100%
NAVIERA LIVINGSTONE SL	Madrid, Spain	Dredging	100%
BERIN ENGENHARIA DRAGAGENS E AMBIENTE S,A,	Lisbon, Portugal	Dredging	100%
DRAGMORSTROY LLC	Saint Petersburg	Dredging	100%
DREDGING INTERNATIONAL UKRAINE LLC	Odessa, Ukraine	Dredging	100%
SOCIETA ITALIANA DRAGAGGI SPA	Rome, Italy	Dredging	100%
AFRICA			
Angola			
DRAGAGEM ANGOLA SERVICOS LDA	Luanda	Dredging	100%
SOYO DRAGAGEM LTDA	Soyo	Dredging	100%
Nigeria			
COMBINED MARINE TERMINAL OPERATIONS NIGERIA LTD (CMTON)	Lagos	Dredging	54.43%
DREDGING AND ENVIRONMENTAL SERVICES NIGERIA LTD	Lagos	Dredging	100%
DREDGING INTERNATIONAL SERVICES NIGERIA LTD	Lagos	Dredging	100%
EARTH MOVING INTERNATIONAL NIGERIA LTD	Port Harcourt	Dredging	100%
NOVADEAL EKO FZE	Lagos	Dredging	100%
Chad			
CFE TCHAD SA	Ndjamena	Holding	100%

Name	Head office	Segment	Group interest (%)
Tunisia			
COMPAGNIE TUNISIENNE D'ENTREPRISES SA	Tunis	Contracting	100%
CONSTRUCTION MANAGEMENT TUNISIE SA	Tunis	Holding	99.96%
Other African countries			
DRAGAMOZ LDA	Maputo, Mozambique	Dredging	100%
MASCARENES DREDGING & MANAGEMENT LTD	Ebene, Mauritius	Dredging	100%
DREDGING INTERNATIONAL SOUTH AFRICA PTY LTD	Durban, South Africa	Dredging	100%
CFE SENEGAL SASU	Dakar, Senegal	Contracting	100%
ASIA			
India			
DREDGING INTERNATIONAL INDIA PVT LTD	New Delhi	Dredging	99.78%
INTERNATIONAL SEAPORT DREDGING PTY LTD	Chennai	Dredging	86.00%
Other Asian countries			
MIDDLE EAST DREDGING COMPANY QSC (MEDCO)	Qatar	Dredging	95%
DREDGING INTERNATIONAL SAUDI ARABIA LTD	Saudi Arabia	Dredging	100%
DREDGING INTERNATIONAL MALAYSIA SDN BHD	Kuala Lumpur, Malaysia	Dredging	100%
DREDGING INTERNATIONAL MANAGEMENT CONSULTING SHANGHAI LTD	Shanghai, China	Dredging	100%
DREDGING INTERNATIONAL RAK FZ LLC	United Arab Emirates	Dredging	100%
DREDGING INTERNATIONAL SERVICES MIDDLE EAST CONTRACTING DMCEST	United Arab Emirates	Dredging	100%
FAR EAST DREDGING LTD	Hong Kong	Dredging	100%
DREDGING INTERNATIONAL ASIA PACIFIC PTE LTD	Singapore	Dredging	100%
OFFSHORE MANPOWER SINGAPORE PTE LTD	Singapore	Dredging	100%
PT DREDGING INTERNATIONAL INDONESIA	Jakarta, Indonesia	Dredging	60%
AMERICAS			
Brazil			
DEC DO BRASIL ENGENHARIA AMBIENTAL LTDA	Santos	Dredging	74.90%
DRAGABRAS SERVICOS DE DRAGAGEM LTDA	Rio de Janeiro	Dredging	100%
Canada			
TIDEWAY CANADA LTD	Halifax	Dredging	100%
Other American countries			
VMA US INC	South Carolina, USA	Contracting	100%
MARINE CONSTRUCTION & SOLUTIONS HOLDING LLC	Texas, USA	Dredging	100%
MARINE CONSTRUCTION & SOLUTIONS LLC	Texas, USA	Dredging	100%
DREDGING INTERNATIONAL MEXICO SA DE CV	Mexico	Dredging	100%
LOGIMARINE SA DE CV	Mexico	Dredging	100%
CORPORACION ARENERA MARINA SA	Panama	Dredging	100%
DREDGING INTERNATIONAL DE PANAMA SA	Panama	Dredging	100%
OFFSHORE MANPOWER SUPPLY PANAMA SA	Panama	Dredging	100%
SERVICIOS MARITIMOS SERVIMAR SA	Caracas, Venezuela	Dredging	100%
PACIFIC			
Australia			
DREDGING INTERNATIONAL AUSTRALIA PTY LTD	Brisbane	Dredging	100%
GEOSEA AUSTRALIA PTY LTD	Brisbane	Dredging	100%
Papua New-Guinea			
DREDECO (PNG) LTD	Port Moresby	Dredging	100%

List of the main entities accounted for under the equity method

Name	Head office	Segment	Group interest (%)
EUROPE			
Belgium			
LUWA SA	Wierde	Contracting	12%
LUWA MAINTENANCE SA	Wierde	Contracting	25%
LIGHTHOUSE PARKING	Ghent	Contracting	33.33%
BLUECHEM BUILDING NV	Ghent	Dredging	25.47%
BLUEPOWER NV	Zwijndrecht	Dredging	35.00%
BLUE OPEN NV	Zwijndrecht	Dredging	49.94%
BLUE GATE ANTWERP DEVELOPMENT NV	Zwijndrecht	Dredging	25.46%
C-POWER NV	Ostend	Dredging	6.46%
C-POWER HOLDCO NV	Zwijndrecht	Dredging	10.00%
HIGH WIND NV	Zwijndrecht	Dredging	50.40%
LA VELORIE SA	Tournai	Dredging	12.48%
NORTH SEA WAVE NV	Ostend	Dredging	13.22%
OTARY BIS NV	Ostend	Dredging	18.89%
OTARY RS NV	Ostend	Dredging	18.89%
POWER@SEA NV	Zwijndrecht	Dredging	51.10%
RENEWABLE ENERGY BASE OSTEND NV	Ostend	Dredging	25.50%
RENTEL NV	Ostend	Dredging	18.89%
SCALDIS SALVAGE & MARINE CONTRACTORS NV	Antwerp	Dredging	54.38%

Name	Head office	Segment	Group interest (%)
SEDISOL SA	Farciennes	Dredging	37.45%
SEAMADE NV	Ostend	Dredging	13.22%
SILVAMO NV	Roeselare	Dredging	37.45%
TERRANOVA NV	Zwijndrecht	Dredging	43.73%
TERRANOVA SOLAR NV	Stabroek	Dredging	16.85%
TOP WALLONIE SA	Mouscron	Dredging	37.45%
BPG CONGRES SA	Brussels	Holding	49%
BPG HOTEL SA	Brussels	Holding	49%
PPP BETRIEB SCHULEN EUPEN	Eupen	Holding	25%
PPP SCHULEN EUPEN SA	Eupen	Holding	19%
GREEN OFFSHORE NV	Antwerp	Holding	50%
RENT-A-PORT NV and its subsidiaries	Antwerp	Holding	45%
BARBARAHOF NV	Leuven	Real Estate	40%
FONCIERE DE BAVIERE SA	Liège	Real Estate	30%
BAVIERE DEVELOPPEMENT SA	Liège	Real Estate	30%
BATAVES 1521 SA	Brussels	Real Estate	50%
DEBROUCKERE DEVELOPPEMENT SA	Brussels	Real Estate	50%
ERASMUS GARDENS SA	Brussels	Real Estate	50%
ERNEST 11 SA	Brussels	Real Estate	50%
ESPACE ROLIN SA	Brussels	Real Estate	33.33%
EUROPEA HOUSING SA	Brussels	Real Estate	33%
FONCIERE DE BAVIERE A SA	Liège	Real Estate	30%
FONCIERE DE BAVIERE C SA	Liège	Real Estate	30%
GOODWAYS SA	Antwerp	Real Estate	31.20%
GRAND POSTE SA	Liège	Real Estate	24.97%
IMMOANGE SA	Brussels	Real Estate	50%
IMMO KEYENVELD I SA	Brussels	Real Estate	50%
IMMO KEYENVELD II SA	Brussels	Real Estate	50%
IMMO PA 33 1 SA	Brussels	Real Estate	50%
IMMO PA 44 1 SA	Brussels	Real Estate	50%
IMMO PA 44 2 SA	Brussels	Real Estate	50%
IMMOBILIERE DU BERREVELD SA	Brussels	Real Estate	50%
LA RESERVE PROMOTION NV	Kapellen	Real Estate	33%
LES JARDINS DE OISQUERCQ SPRL	Brussels	Real Estate	50%
LES 2 PRINCES DEVELOPMENT SA	Brussels	Real Estate	50%
LRP DEVELOPMENT BVBA	Ghent	Real Estate	33%
PRE DE LA PERCHE CONSTRUCTION SA	Brussels	Real Estate	50%
PROMOTION LEOPOLD SA	Brussels	Real Estate	30.44%
VICTOR BARA	Brussels	Real Estate	50%
VICTOR ESTATE SA	Brussels	Real Estate	50%
VICTOR PROPERTIES SA	Brussels	Real Estate	50%
VICTOR SPAAK SA	Brussels	Real Estate	50%
VM PROPERTY I SA	Brussels	Real Estate	40%
VM PROPERTY II SPRL	Brussels	Real Estate	40%
VAN MAERLANT RESIDENTIAL SA	Brussels	Real Estate	40%
Luxembourg			
NORMALUX MARITIME SA	Luxembourg	Dredging	37.50%
BAYSIDE FINANCE SRL	Luxembourg	Real Estate	40%
BEDFORD FINANCE SRL	Luxembourg	Real Estate	40%
CHATEAU DE BEGGEN SA	Strassen	Real Estate	50%
M1 SA	Strassen	Real Estate	33.33%
M7 SA	Strassen	Real Estate	33.33%
United Kingdom			
FAIR HEAD TIDAL ENERGY PARK LTD	Northern Ireland	Dredging	17.50%
HITHERMOOR SOIL TREATMENTS LTD	Scotland	Dredging	37.45%
WEST ISLAY TIDAL ENERGY PARK LTD	Scotland	Dredging	17.50%
Poland			
B-WIND POLSKA SP z,o,o,	Gdynia	Dredging	51.10%
C-WIND POLSKA SP z,o,o,	Gdynia	Dredging	51.10%
IMMOMAX S,P, z,o,o,	Warsaw	Real Estate	47%
Other European countries			
CBD SAS	Ferques, France	Dredging	50%
BAAK BLANKENBURG-VERBINDING BV	Nieuwegein, Holland	Dredging	15%
DEEPROCK CV	Breda, Holland	Dredging	50%
DEEPROCK BEHEER CV	Breda, Holland	Dredging	50%
EARTH MOVING WORLDWIDE (EMI) LTD	Cyprus	Dredging	50%
K3 DEME BV	Amsterdam, Netherlands	Dredging	50%
MERKUR OFFSHORE GMBH	Hamburg, Germany	Dredging	12.50%
MORDRAGA LLC	Saint Petersburg, Russia	Dredging	40%
OVERSEAS CONTRACTING & CHARTERING SERVICES BV	Papendrecht, Netherlands	Dredging	50%
LIVEWAY LTD	Larnaca, Cyprus	Holding	50%
LOCKSIDE LTD	Larnaca, Cyprus	Holding	50%
AFRICA			

Name	Head office	Segment	Group interest (%)
Morocco			
HYDROGEO SARL	Rabat	Dredging	43.50%
Nigeria			
COBEL CONTRACTING NIGERIA Ltd	Lagos	Holding	50%
Tunisia			
BIZERTE CAP 3000 SA and its subsidiary	Tunis	Holding	20%
AMERICAS			
Brazil			
DEME BRAZIL SERVICOS DE DRAGAGEM LTDA	Rio de Janeiro	Dredging	50%
MSB MINERACOES SUSTENTAVEIS DO BRASIL SA	Sao Paulo	Dredging	51%
ASIA			
GUANGZHOU COSCOCS DEME NEW ENERGY ENGINEERING CO LTD	Guangzhou,China	Dredging	50%
DIAP DAELIM JOINT VENTURE PTE LTD	Singapore	Dredging	51%
DIAP-SHAP JOINT VENTURE PTE LTD	Singapore	Dredging	51%
DRAGAFI ASIA PACIFIC PTE LTD	Singapore	Dredging	40%
JV KPC-TDI CO LTD	Bangkok, Thailand	Dredging	49%
GULF EARTH MOVING QATAR WLL	Qatar	Dredging	50%
EARTH MOVING AL DUQM LLC	Oman	Dredging	50%
EARTH MOVING MIDDLE EAST CONTRACTING DMCEST	United Arab Emirates	Dredging	50%

All subsidiaries have 31 December as their reporting date, with the exception of Lighthouse Parking (30 June) and the DEME subsidiaries operating in India (31 March).

The CFE group also works with partnerships in joint ventures set up in Belgium or in foreign countries for the execution of projects. Joint ventures, commonly used as special purpose vehicle in the dredging and construction sector, are not listed here.

STATEMENT ON THE TRUE AND FAIR NATURE OF THE FINANCIAL STATEMENTS AND THE TRUE AND FAIR NATURE OF THE PRESENTATION IN THE MANAGEMENT REPORT

(Article 12/2, 3° of the Belgian Royal Decree of 14/11/2007 on the obligations of issuers of financial instruments listed for trading on a regulated market)

We certify, in the name and on behalf of Compagnie d'Entreprises CFE SA and on that company's responsibility, that, to our knowledge,

1. the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, financial position and results of Compagnie d'Entreprises CFE SA and of the companies included in its scope of consolidation;
2. the management report contains a true and fair presentation of the business, results and position of Compagnie d'Entreprises CFE SA and of the companies included in its scope of consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Signatures

Name:	Fabien De Jonge	Piet Dejonghe
Title:	Administrative and Financial Director	Managing Director

Date: 26 March 2019

GENERAL INFORMATION ABOUT THE COMPANY

Company name:	Compagnie d'Entreprises CFE
Head office:	avenue Herrmann-Debroux 40-42, 1160 Brussels
Telephone:	+ 32 2 661 12 11
Legal form:	public limited company (société anonyme)
Incorporated under Belgian law	
Date of incorporation:	June 1880
Duration:	indefinite
Accounting period:	from 1 January to 31 December
Trade Register entry:	RPM Brussels 0400 464 795 – VAT 400,464,795
Place where legal documentation can be consulted:	head office

CORPORATE PURPOSE (ARTICLE 2 OF THE ARTICLES OF ASSOCIATION)

"The purpose of the company is to study and execute any work or construction within each and every of its specialist areas, in particular electricity and the environment, in Belgium or abroad, singly or jointly with other natural or legal persons, for its own account or on behalf of third parties belonging to the public or private sector.

It may also perform services related to these activities, directly or indirectly operate them or license them out or carry out any purchase, sale, rent or lease operation whatsoever in respect of such undertakings.

It may directly or indirectly acquire, hold or sell equity interests in any company or undertaking existing now or in the future by way of acquisition, merger, spin-off or any other means.

It may carry out any commercial, industrial, administrative or financial operations or operations involving movable or immovable property that are directly or indirectly related to its purpose, even partially, or that could facilitate or develop that purpose, either for itself or for its subsidiaries.

The shareholders' meeting may change the corporate purpose subject to the conditions specified in Article five hundred and fifty-nine of the Belgian Companies Code."

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

In the context of the statutory audit of the consolidated financial statements of Compagnie d'Entreprises SA/NV ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 4 May 2016, in accordance with the proposal of the board of directors. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2018. We have performed the statutory audit of the consolidated financial statements of Compagnie d'Entreprises CFE SA/NV for 29 consecutive periods.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

UNQUALIFIED OPINION

We have audited the consolidated financial statements of the group, which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 4 948 951 (000) EUR and the consolidated statement of income shows a profit (group share) for the year then ended of 171 530 (000) EUR.

In our opinion, the consolidated financial statements give a true and fair view of the group's net equity and financial position as of 31 December 2018 and of its consolidated results and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium

BASIS FOR THE UNQUALIFIED OPINION

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

Without modifying the unqualified opinion expressed above, we draw your attention to the Note 26.7 of the financial statements which describes the uncertainties regarding the amount due by the State of Chad and the undertaken actions in order to facilitate its payment.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed

REVENUE RECOGNITION AND CONTRACT ACCOUNTING (CONTRACTING AND DREDGING & ENVIRONMENT SEGMENT)

- For the majority of its contracts, the group recognizes revenue and profit on the stage of completion based on the proportion of contract costs incurred for the work performed to the balance sheet date, relative to the estimated total costs of the contract at completion. The recognition of revenue and profit therefore relies on estimates in relation to the forecast total costs on each contract. Cost contingencies may also be included in these estimates to take account of specific uncertain risks, or disputed claims against the group, arising within each contract. The revenue on contracts may also include variations and claims, which are recognized on a contract-by-contract basis when the additional contract revenue can be measured reliably.
- This often involves a high degree of judgment due to the complexity of projects, uncertainty about costs to complete and uncertainty about the outcome of discussions with clients on variation orders and claims. Therefor there is a high degree of risk and associated management judgement in estimating the amount of revenue and associated profit (recognized based on percentage of completion) or loss (recognized in full) by the group up to the balance sheet date and changes to these estimates could give rise to material variances.
- Contract accounting for the group also involves a significant accounting analysis when it comes to bundling or unbundling of contract. The (un)bundling of one or multiple contracts can significantly impact the revenues and results recognized in the accounting period.

Reference to disclosures:

- The methodology applied in recognizing revenue and contract accounting is set out in Note 2 (Significant accounting policies) of the consolidated financial statements. In addition we refer to Note 17 of the consolidated financial statements relating to construction and service contracts.

- Project review: using a variety of quantitative and qualitative criteria we selected a sample of contracts to challenge the most significant and complex contract estimates. We gained an understanding of the current condition and history of the project and challenged the judgements inherent to these projects with senior executive and financial management. Additionally, we analyzed differences with prior project estimates and assessed consistency with the developments during the year.
- We determined the proper calculation of the percentage of completion and the related revenue and margin recognized for a selection of projects. We have obtained an understanding of the procedures relating to accounting for costs to complete the project and considered design and implementation of the related controls and processes.
- Historical comparisons: evaluating the financial performance of contracts against budget and historical trends;
- Site visits: completing site visits to certain higher risk or larger value contracts, observation of the stage of completion of individual projects and identifying areas of complexity through discussion with site personnel;
- Benchmarking assumptions: challenging the group's judgement in respect of forecast contract out-turn, contingencies, settlements, and the recoverability of contract balances via agreement to third party certifications and confirmations and with reference to our own assessments and to historical outcomes.
- Customer correspondence scrutiny: analyzing correspondence with customers around variations and claims and considering whether this information is consistent with the estimates made by the group;
- Inspecting selected contracts for key clauses: identifying relevant contractual mechanisms impacting the (un) bundling of contracts, and others such as delay penalties, bonuses or success fees and assessing whether these key clauses have been appropriately reflected in the amounts recognized in the financial statements.

Key audit matter	How the matter was addressed

UNCERTAIN TAX POSITIONS (DREDGING & ENVIRONMENT SEGMENT)

- DEME operates in a range of countries subject to different tax regimes. The taxation of the operations can be subject to judgements and might result in disputes with local tax authorities. If management considers it probable that such disputes will lead to an outflow of resources, accruals have been recorded accordingly. Therefore there is a high degree of risk and associated management judgement in estimating the amount of accruals for uncertain tax positions to be recognized by the group up to the balance sheet date and changes to these estimates could give rise to material variances.

Reference to disclosures:

- Refer to Note 2 (Significant accounting policies) and Note 10 (Income tax).

- In order to audit the adequacy of the recorded tax accrual, our audit procedures included an analysis of the estimated probability of the tax risk, of management's estimate of the potential outflows and a review of the supporting documentation.
- Involvement of experts: we involved tax specialists to review the assumptions supporting the estimates and to challenge the appropriateness of these assumptions in view of local tax regulations.
- We have obtained an understanding of the procedures relating to accounting for (deferred) taxes and considered design and implementation of the related controls and processes.
- Assessing the appropriateness of the disclosures relating to (deferred) taxes in the group's consolidated financial statements.

REVENUE RECOGNITION AND VALUATION OF INVENTORIES (REAL ESTATE DEVELOPMENT SEGMENT)

- The valuation of the land positions and the incurred constructions costs for residential property developments are based on the historical cost or lower net realizable value. The assessment of the net realizable values involves assumptions relating to future market developments, decisions of governmental bodies, discount rates and future changes in costs and selling prices. These estimates involve various terms and are sensitive to scenarios and assumptions used and involve as such significant management judgement. Risk exists that potential impairments of inventories are not appropriately accounted for.
- Revenues and results are recognized to the extent that components (housing units) have been sold and based on the percentage of completion of the development. The recognition of revenue and profit therefore relies on estimates in relation to the forecast total costs on each project.
- This often involves a high degree of judgment due to the complexity of projects and uncertainty about costs to complete. Therefore, there is a high degree of risk associated with estimating the amount of revenue and associated profit to be recognized by the group up to the balance sheet date and changes to these estimates could give rise to material variances.

Reference to disclosures:

- Refer to note 2 (Significant accounting policies) and note 18 (inventories)

- A sample of project developments have been tested by verifying the costs incurred to date, relating to land and work in progress as well as recalculating the percentage of completion at the balance sheet date. A selection of these schemes have been reviewed with a sample of costs agreed to third party surveyors' certificates, total sales values agreed to contracts, and the accuracy of the recognition formula has been verified.
- We performed an assessment of the calculations of net realizable values and challenged the reasonableness and consistency of the assumptions and model used by management.
- Evaluating the financial performance of specific projects against budget and historical trends, specifically in view of assessing the reasonableness of the costs to complete.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

RESPONSIBILITIES OF THE STATUTORY AUDITOR FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements.

RESPONSIBILITIES OF THE STATUTORY AUDITOR

As part of our mandate and in accordance with the Belgian standard complementary (revised in 2018) to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, the statement of non-financial information attached to the directors' report on the consolidated financial statements and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

ASPECTS REGARDING THE DIRECTORS' REPORT

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material misstatement. We do not express and will not express any kind of assurance on the directors' report on the consolidated financial statements.

The non-financial information as required by article 119, § 2 of the Companies Code, has been disclosed in a separate report, attached to the directors' report on the consolidated financial statements. This statement on non-financial information includes all the information required by article 119, § 2 of the Companies Code and is in accordance with the consolidated financial statements for the financial year then ended. This non-financial information has been established by the company in accordance with the Global Reporting Initiative ("GRI") reporting framework. We do however not express any opinion on the question whether this non-financial information has been established, in all material respects, in accordance with this Global Reporting Initiative ("GRI") reporting framework. Furthermore, we do not express any assurance on individual elements that have been disclosed in this non-financial information.

STATEMENTS REGARDING INDEPENDENCE

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 134 of the Companies Code, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

OTHER STATEMENTS

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Zaventem, le 26 March 2019

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises

Represented by Rik Neckebroeck, Michel Denayer

PARENT-COMPANY FINANCIAL STATEMENTS

PARENT-COMPANY STATEMENTS OF FINANCIAL POSITION AND COMPREHENSIVE INCOME (BEGAAP)

Year ended 31 December (in € thousands)	2018	2017
Non-current assets	**1,338,202**	**1,325,005**
Start-up costs	0	0
Intangible assets	95	54
Property, plant and equipment	1,548	583
Financial assets	1,336,559	1,324,368
- Related parties	1,336,525	1,324,334
- Other	34	34
Current assets	**169,859**	**155,489**
Receivables at more than 1 year	0	0
Inventories and work in progress	3,463	6,912
Receivables at up to 1 year	128,145	128,885
- Trade receivables	35,304	36,853
- Other receivables	92,841	92,032
Cash investments	0	0
Cash equivalents	38,030	19,326
Prepaid expenses	221	366
Total assets	**1,508,061**	**1,480,494**
Equity	**1,141,304**	**1,163,350**
Share capital	41,330	41,330
Share premium	592,651	592,651
Revaluation surplus	487,399	487,399
Reserves	8,654	8,654
Retained earnings/(losses)	11,270	33,316
Provisions and deferred tax	**95,381**	**81,998**
Liabilities	**271,376**	**235,146**
Liabilities at more than 1 year	130,248	248
Liabilities at up to 1 year	140,872	234,643
- Financial debt	8	102,332
- Trade payables	16,745	24,545
- Tax liabilities and down payments on orders	4,006	6,211
- Other payables	120,113	101,555
Prepaid income	256	255
Total equity and liabilities	**1,508,061**	**1,480,494**
INCOME		
Sales of goods and services	39,577	57,015
Cost of goods sold and services provided	(63,521)	(88,576)
- Merchandise	(27,501)	(36,822)
- Services and other goods	(12,304)	(16,165)
- Remuneration and social security payments	(9,014)	(9,762)
- Depreciation, amortisation, impairment and provisions	(13,617)	(23,781)
- Other	(1,085)	(2,046)
Operating income	(23,944)	(31,561)
Financial income	69,443	65,303
Financial expense	(6,672)	(7,050)
Pre-tax income	38,827	26,692
Tax (current and adjustments)	(118)	(170)
Net income	38,709	26,522

For the period ended 31 December (in € thousands)	2018	2017
APPROPRIATION OF INCOME		
Net income	*38,709*	*26,522*
Retained earnings	*33,316*	*67,548*
Dividend	*(60,755)*	*(60,755)*
Available reserves	*0*	*0*
Legal reserve	*0*	*0*
Retained earnings carried forward	*11,270*	*33,315*

ANALYSIS OF STATEMENTS OF FINANCIAL POSITION AND COMPREHENSIVE INCOME

The non-current assets consist primarily of the stakes in DEME, CFE Contracting and BPI Real Estate Belgium.

The long-term debts include € 130 million drawn down on the confirmed bilateral credit lines. In 2017, the € 100 million bond was reclassified to short-term bonds.

The gradual delivery of the latest projects realized by CFE automatically leads to a decrease in its revenue. The Brussels-South wastewater treatment plant project represents a substantial part of the revenue. This project will take another two years.

As in 2017, the operating income was negatively affected by increases in the reserves for other liabilities and charges.

The net financial income consists mainly of € 55.0 million, € 6.0 million and € 5.0 million worth of dividends paid by DEME, CFE Contracting and BPI Real Estate Belgium respectively.