

ANNUAL REPORT
2019



TOGETHER
SHAPING
TOMORROW'S
WORLD





WELCOME TO (Y)OUR WORLD

THE CFE GROUP, WHICH IS ACTIVE IN THE AREAS OF MARINE ENGINEERING, CONSTRUCTION AND REAL ESTATE DEVELOPMENT, IS A MAJOR PLAYER IN THE TRANSFORMATION OF OUR LIVING ENVIRONMENTS, OUR CITIES, OUR COMMUNITIES. IT IS OUR COMMITMENT TO INVENT THE FUTURE BY WHOLEHEARTEDLY ACCEPTING OUR SOCIAL RESPONSIBILITY AND MAXIMIZING OUR POSITIVE IMPACT. THIS ANNUAL REPORT PRESENTS AND CLARIFIES THIS VISION, WHICH IS ILLUSTRATED BY OUR CREDO 'TOGETHER SHAPING TOMORROW'S WORLD'.

BPI REAL ESTATE

Developing projects that will define the outlines of tomorrow's cities, inventing new forms of living together, conceiving the co-living spaces of the future... Through its real estate development activity, BPI Real Estate positions itself as a major driver of change by defending basic values: sustainability, high architectural quality, respect for the environment, and community involvement.



DEME

With a fleet of over a hundred vessels in the world, DEME is one of the international leaders in marine engineering. Its four activity lines - dredging, environment, offshore and infrastructure - meet the essential needs of our society and our planet. By offering ever more innovative solutions, DEME lays the foundations for a sustainable future.



CFE CONTRACTING

In the heart of our cities, CFE Contracting transforms our living environment and builds the essential infrastructures of our daily life. Construction, Multitechnics and Rail & Utilities are the three divisions of that activity which is consistently dedicated to sustainability and innovation in order to address today's challenges. Future projects for a world in constant development.





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For the annual report of 2019, the CFE Group opted for an integrated report, which includes financial, ethical, social and environmental aspects. This approach reflects the values and philosophy of the group, where these elements are intrinsically linked. Examples also illustrate the vision of the group. To facilitate reading, both the strategy and the methodology and KPIs of the financial and sustainability elements are detailed in the annex.

The making of this annual report was completed in early March. Between this date and the publication of the report, the Covid-19 crisis (see page 85) took place. It is already clear that the negative impact on the activity, cash flows and results will be significant.



AT THE HEART: ONE VISION

IN OUR THREE DIVISIONS, SUSTAINABILITY IS THE DRIVER OF CHANGE AND INNOVATION, AND ALSO THE LEVER THAT MAKES OUR IMPACT A POSITIVE ONE. IT IS AT THE VERY HEART OF OUR ECONOMIC MODEL AND, COUPLED WITH OUR 140 YEARS OF EXPERIENCE, OUR MULTIDISCIPLINARY KNOW-HOW, OUR COLLABORATIVE APPROACH AND OUR VISION OF THE FUTURE, IT INSPIRES OUR VALUES AT EVERY LEVEL.

TOGETHER WE CAN SHAPE THE FUTURE

BUILDINGS, INFRASTRUCTURES AT SEA AND ON LAND, ENVIRONMENTAL PROJECTS, MOBILITY... THE CFE GROUP CAN BE FOUND AT THE HEART OF SOCIETY AS A WHOLE, WITH PROJECTS THAT VERY OFTEN TRANSFORM AND IMPROVE THE DAILY LIVES OF THOUSANDS OF PEOPLE. THIS ESSENTIAL ROLE CANNOT BE CONCEIVED WITHOUT A KEEN AWARENESS OF SOCIAL RESPONSIBILITY AND SUSTAINABILITY. THE DIFFERENT CEOS OF THE GROUP AND ITS DIVISIONS SKETCH THE OUTLINES AND LOOK BACK ON 2019 AS AN EVENTFUL AND INSTRUCTIVE YEAR.

‘2019 was a particularly interesting year in the three divisions of the CFE Group’, says Luc Bertrand, Chairman of the Board of Directors. ‘A strong momentum, which we owe above all to the commitment and talents of our employees. We confirmed our positions, consolidated our revenues and filled our order books. The progress that we made on these fronts give us the necessary stability to keep innovating and to affirm our sustainable model.’

‘Putting sustainability at the heart of our work is not a matter of opportunism but the result of careful thought’, stresses Piet Dejonghe, Managing Director of the CFE Group. ‘It is a strategy that fosters innovation, opens up business opportunities for us, strengthens our growth, and permits us to assume our social responsibility to the full. Among the 17 sustainable development goals defined by the United Nations Organization, we identified those which by the nature of our business activities offer the greatest opportunities for progress. Key Performance Indicators (KPIs) will

enable us in 2020 to measure that progress and to clearly assess their positive impact on the environment.’

THE FACTORY OF THE FUTURE

‘In a competitive market where there is often a downward pressure on prices, we must also keep up our margins. This is achieved by an effective risk management, which involves a careful choice of projects as well as a reduction of losses and wastage through proactive measures in all the areas where we operate. Operational excellence is our credo from the selection to the delivery of projects. It also guarantees the working conditions of our employees. Thoroughness in the development and management of projects reduces the mental stress and guarantees the safety and well-being of our co-workers. The ambition of the CFE Group, far from restricting itself to profit, is to preserve and to last, so that we can all together invent, imagine and build the future.’

THREE DIVISIONS, ONE COMMON VISION

The CFE Group builds that future on

the foundations of its three divisions: BPI (real estate development), CFE Contracting (construction, multitechnics, rail infra & utilities) and DEME (dredging, environment, offshore and infra). Three entities with clearly defined activities that have their own philosophies but share a common vision of social values and excellence. A combination of talents personified by their three leaders, Jacques Lefèvre (BPI Real Estate), Raymund Trost (CFE Contracting) and Luc Vandenbulcke (DEME).

DRIVERS OF COMMUNITY LIVING

For BPI Real Estate (BPI), 2019 closed in a highly satisfactory way and with confirmation of a solid strategic positioning that saw the completion of several large-scale mixed-use urban projects. ‘We are witnessing the emergence of new forms of community living at all levels of society’, Jacques Lefèvre explains. ‘These projects that centre around mixed use, with a qualitative rather than quantitative approach, respond to real needs. As developers we fully assume our social responsibility



**LUC BERTRAND
& PIET DEJONGHE**
CHAIRMAN OF THE BOARD
OF DIRECTORS & MANAGING
DIRECTOR

in that respect. We should not remain stuck in concepts that all too soon become obsolete. The way we conceive co-living, for instance, is being revolutionized and will very likely look very different in five years' time. Flexibility and adaptability are essential. By opening up a wide range of possibilities, BPI is committed to designing, thinking up and promoting adaptable buildings. It is a commitment to long-term sustainability in a real sense. We are drivers of change: we provide meaning, create links, connections, mobility, etc.

A vision of sustainability shared by CFE Contracting, as Raymund Trost confirms: 'We are part of an ecosystem. We are key players in the transformation of our cities and communities, and for that reason we must imagine the future. Will we still be owners in the same way tomorrow? Will we use buildings in the same way? To answer those questions, we must build differently. Our credo 'Together shaping tomorrow's world' is not an empty promise. CFE Contracting is reinventing itself today to become a driver of change and to put into practice the inevitable trend towards sustainable building. The construction industry accounts for approximately 40% of emissions and waste worldwide. Reducing that carbon footprint will involve a revolution in our way of thinking and approaching the business. The design, use of materials, construction, the impact on the neighbourhood and on the workforce: these are all factors on which CFE Contracting is working, with emphasis on collaborative approaches, in order to bring about a paradigm shift towards a new generation of buildings.'

INVENTING TOMORROW'S WORLD

Group synergies greatly help to achieve those goals. As Raymund Trost recalls, 'The CFE Group is ideally placed. Our size enables us to have a significant impact while remaining close to the field and staying relevant. Our diversity of expertise is also a strength. We have the



LUC VANDENBULCKE
(DEME)

necessary skills every step of the way, from design to sale and the use of technical solutions.' Wood Shapers, an entity specializing in timber construction that combines the expertise of BPI and CFE Contracting, is a perfect example of those synergies. 'Our know-how and wide range of skills in design, development and construction are invaluable and put us at the forefront', Jacques Lefèvre adds. 'Our strategic vision of wood, a sustainable material that allows us to reduce the environmental impact of our projects as well as the inconvenience to the neighbourhood and the duration of the works, shows our ability to anticipate the challenges of tomorrow.'

DEME likewise affirms its proactive vision of sustainability and innovation. 'We are looking beyond the short term', Luc Vandenbulcke points out. 'We are

building on the developments in our world. Climate change, population growth, rising sea levels, pollution, deep drilling, renewable energy: these are the challenges that lie ahead, and we are actively present in those fields, thanks in particular to the very substantial investments we have made in our fleet. Our new vessels not only meet the technological challenges, with unique performances and capacities that made us leaders in many specialist fields, but also enable us to offer even more sustainable solutions and to consistently reduce the environmental impact. Our four activity lines - offshore, dredging, environment and infrastructure - all play an essential role for the community and for the future of our planet. We have a social responsibility in the strict sense here which we are assuming to the full.'



JACQUES LEFÈVRE
(BPI)



RAYMUND TROST
(CFE CONTRACTING)

KEEPING UP WITH CHANGES

DEME reported some great successes in offshore and environment in 2019, as well as three mega projects in infrastructure. 'Our aim is to reaffirm our position as a global company and to become even more present on the international scene', Luc Vandenbulcke continues. 'Today we are very strong in Europe and we need to expand our geographical presence in order to consolidate our position. Another important goal is the digital transition. In order to accomplish this both internally and in our relations with customers, we have appointed a

digital growth officer, who proposes initiatives and digital adaptations connected with BIM, Artificial Intelligence and the Internet of Things.'

For CFE Contracting and BPI, digitalization is on the agenda too. 'The unremitting and rapid development of digital and new technologies obliges us to adapt', Jacques Lefèvre explains. 'It is a new language, and we need to master it. BPI Polska sets an example that we will all follow.' Raymund Trost agrees and adds: 'Reskilling and change management are our greatest challenges. How

do we coach our employees and help them to go digital? To this end we have set up an internal training programme.'

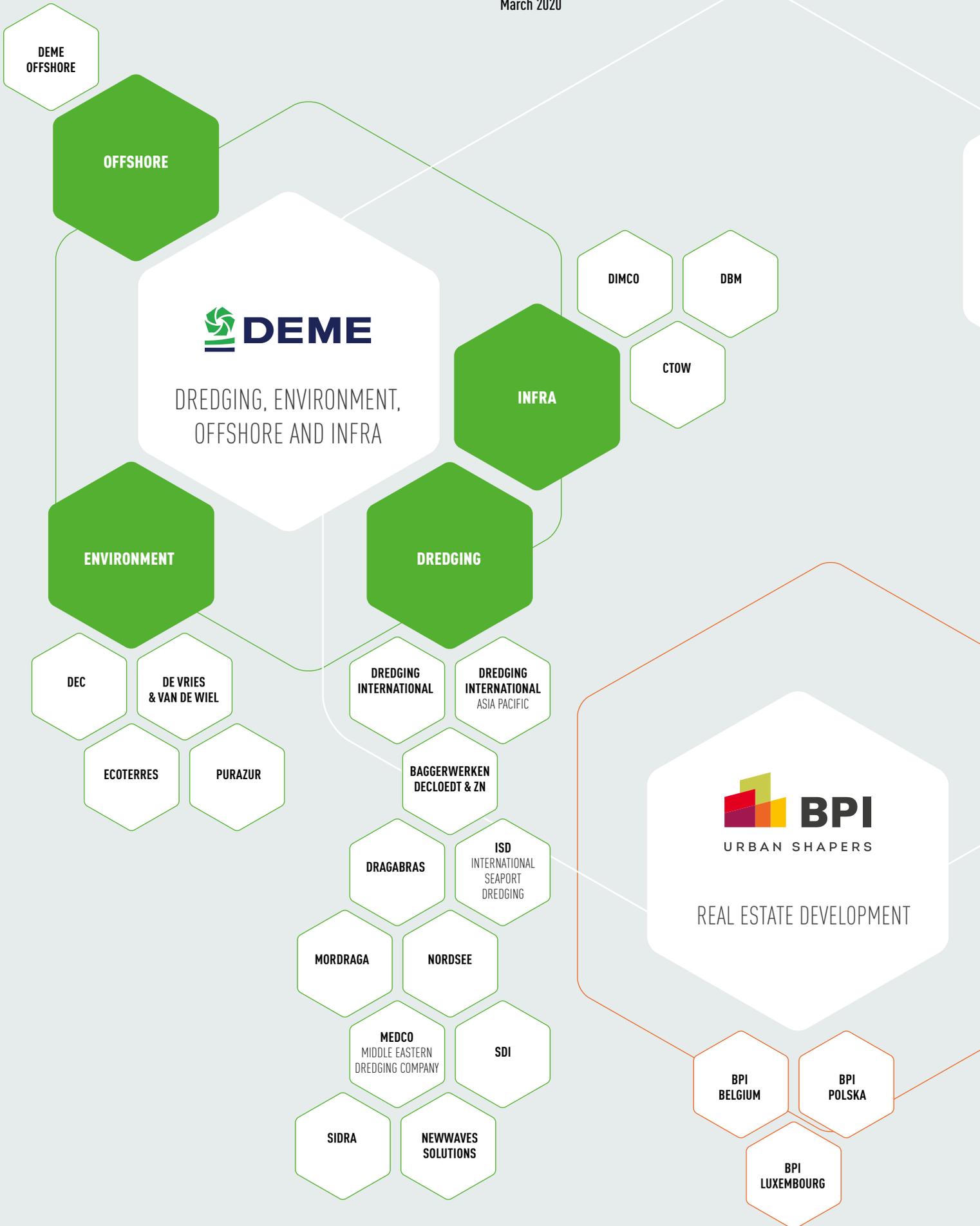
THE STRENGTH OF UNITY

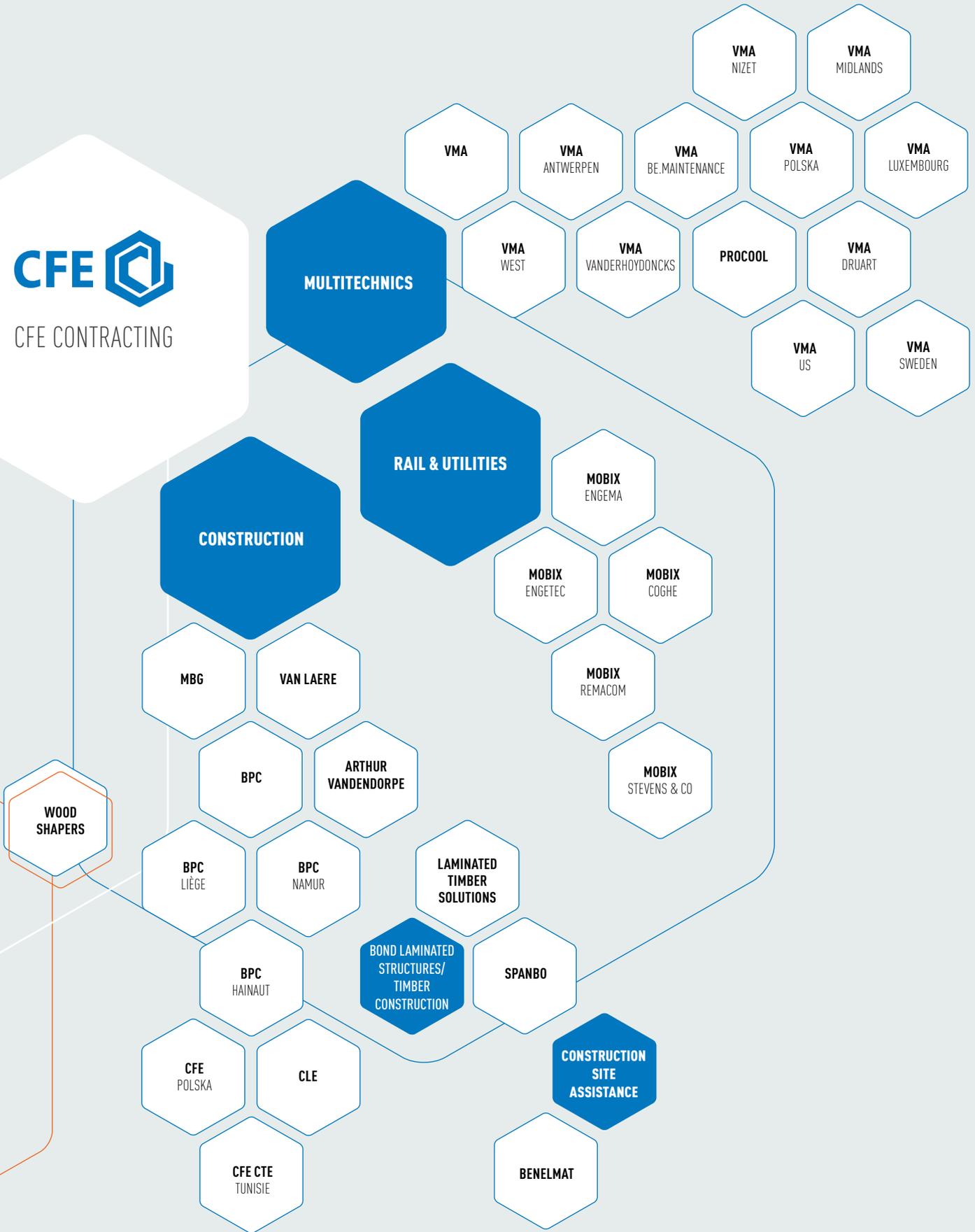
The human factor remains the central focus in the three divisions of the CFE Group. 'The complexity and the technical nature of our activities compel us to find and retain talents', Luc Vandenbulcke explains. 'We endeavour to create the best possible working conditions and to reduce the pressure that can weigh on those often difficult jobs. Safety is of course our prime concern. We are the top performers in Belgium in that area, but still we always want to keep improving. We have made major efforts in reporting and analysis this year.'

Raymund Trost voices the same concerns for CFE Contracting: 'Our human capital is our main asset. We make every effort to guarantee the safety of all and to ensure an effective governance by managing both the economic and human factors. By carefully choosing our projects and sites, we make sure not to put our people in impossible situations and at the same time assure our financial sustainability. Sustainability also means economic viability!'

OPERATIONAL ORGANIGRAM

March 2020







THE FOUNDATIONS OF THE MOBILITY OF TOMORROW

The CFE Group, together with Mobix (Rail & Utilities division), is one of the major players in the LuWa consortium. This modernisation project, consisting of structuring public lighting within the road network of the Walloon Region, will not only facilitate travel to and in the south of the country, but will also greatly improve road safety. 2,700 kilometres of motorways and equipped national roads, the replacement of sodium lamps by LEDs linked to a system that can regulate their brightness, which, in the long term, can save 76% energy, with ultimately 166,000 tonnes less CO₂ emissions and a significant reduction of light pollution, without forgetting the implementation of new technologies that enable 'smart driving', as well as the traffic that is made up of self-driving vehicles on what will become the first intelligent and connected highway in Europe.

IMPACT

The shape of (y)our world



THE YEAR AT A GLANCE

ORDER BOOK

5,182.9 MLN.

DEME	CONTRACTING
3,750.0	1,385.5

* BPI, Holding and other segments 47.4

EBITDA

451.2 MLN.

DEME	CONTRACTING	BPI
437.0	33.1	0.1

* Holding and other segments -19.0

NET FINANCIAL DEBT

798.1 MLN.

DEME	CONTRACTING	BPI	HOLDING	and other segments
708.5	-106.1	66.4	129.3	

Besides being profitable, our activities must also be socially and ecologically sustainable.

PIET DEJONGHE



CO₂ EMISSIONS

DEME	CONTRACTING & BPI
155,569 BE & NL Tonnes CO ₂	17,817 Tonnes CO ₂

HOURS OF TRAINING PER EMPLOYEE

2018	2019
17.90	23.85



A SOLID FINANCIAL STRUCTURE

Revenue in 2019 remained at a high level of more than € 3.6 billion. Nevertheless, a few non-recurring elements led to a decrease in the results.

Despite a moderate increase in the net financial debt (excluding the impact of IFRS 16), the financial structure of the group remains very strong. The solvency ratio amounted to 53%*, while the available cash and the unused portion of the confirmed credit lines totalled € 863.2 million.

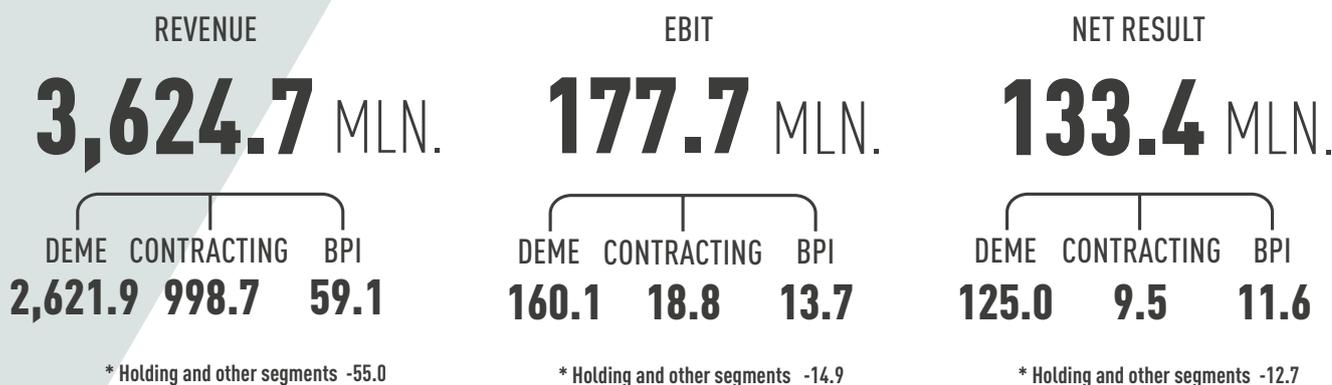
As far as the three divisions are concerned, DEME consolidated its position, more particularly in off-shore wind energy, and continued its ambitious fleet

modernization and investment programme, which will open up many opportunities in the future.

In Contracting, the VMA and Mobix clusters confirmed their potential as fast-growing segments, while the construction activities in Poland, Luxembourg and Flanders reported a good year.

Real Estate Development experienced a successful year in 2019 with a good level of sales of its residential projects.

Fabien De Jonge
Chief Financial Officer CFE



KEY FIGURES

in million €	2014	2015	2016	2017	2018	2019
Revenue	3.510,5	3.239,4	2.797,1	3.066,5	3.640,6	3.624,7
EBITDA	479,5	504,9	465,9	500,7	488,0	451,2
EBIT	240,5	265,7	226,8	249,4	227,2	177,7
Net income share of the group	159,9	175,0	168,4	180,4	171,5	133,4
Equity	1.313,6	1.423,3	1.521,6	1.641,9	1.720,9	1.748,7
Net financial debt	188,1	322,7	213,1	351,9	648,3	798,1

*note 25.5 in the Financial statements



CLEAR ENVIRONMENTAL GOALS

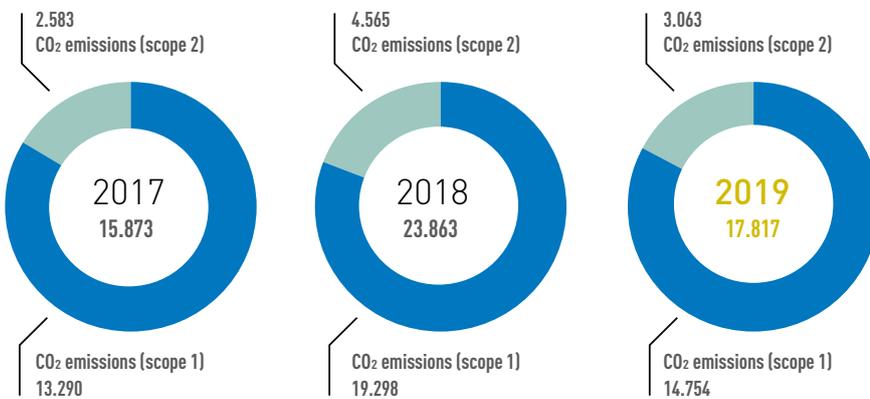
Reducing CO₂ emissions is a major global issue. This is all the more true in the construction industry, which accounts for one of the highest emission levels. DEME, BPI Real Estate and CFE Contracting have spent a lot of time and energy finding ways to reduce their environmental impact in that respect, more particularly when it comes to the transportation of personnel and materials for CFE Contracting and DEME's

fleet of vessels. We have a KPI for our global CO₂ emissions, which is a basis for reflection, but is not yet sufficiently detailed. One of our priorities for 2020 is to define more precise environmental KPIs and to use those in order to find the means to further reduce our carbon footprint.

Isabelle De Bruyne
Sustainability Officer

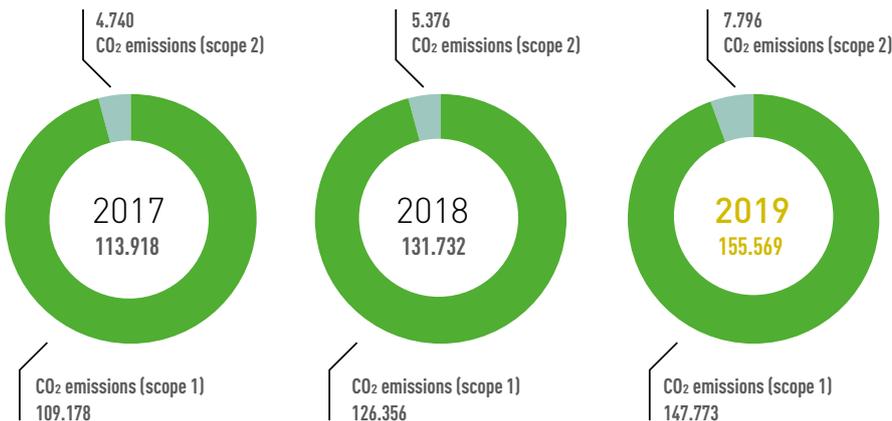
CONTRACTING & BPI

TONNES CO₂



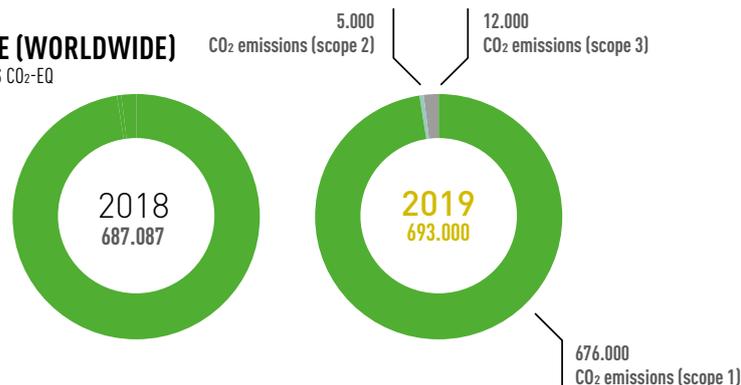
DEME (BELGIUM + THE NETHERLANDS)

TONNES CO₂



DEME (WORLDWIDE)

TONNES CO₂-EQ



With 8,400 people working on more than 1,000 construction sites, the CFE Group experienced a very positive momentum in 2019.

PIET DEJONGHE



OUR PRIORITY: INVESTING IN PEOPLE

Training is one of the most important goals of the CFE Group. In 2019, we provided 46,261 more hours of training than in 2018 in all areas: safety, techniques, management, languages, IT, diversity, etc. With this major effort we meet two needs: firstly, supporting our people and giving them the best tools to develop professionally, and secondly, strengthening our position in what is known as the ‘war for talent’, recruiting qualified profiles that are much in demand in our business. Our present or future employees can develop their career with real prospects thanks to our training programmes that support them throughout their career.

Valérie Van Brabant
Chief Human Resources Officer

NUMBER OF EMPLOYEES BY DIVISION	CFE	DEME	TOTAL
2017	3,982	4,707	8,689
2018	3,524	5,074	8,598
2019	3,276	5,134	8,410

TRAINING			
Number of hours	2017	2018	2019
Techniques	44,029	56,785	68,119
Health and safety	55,325	41,912	60,580
Environment	1,581	1,062	907
Management	12,235	16,192	17,129
IT	6,899	10,850	17,656
Admin/Accounting/Management/Legal	13,029	13,499	14,039
Languages	3,484	6,289	8,598
Diversity	64	326	310
Other	6,808	7,409	13,247
Total hours of training	143,454	154,324	200,585
Total hours of training per employee	16.5	17.9	23.85

IMPACT

The shape of (y)our world



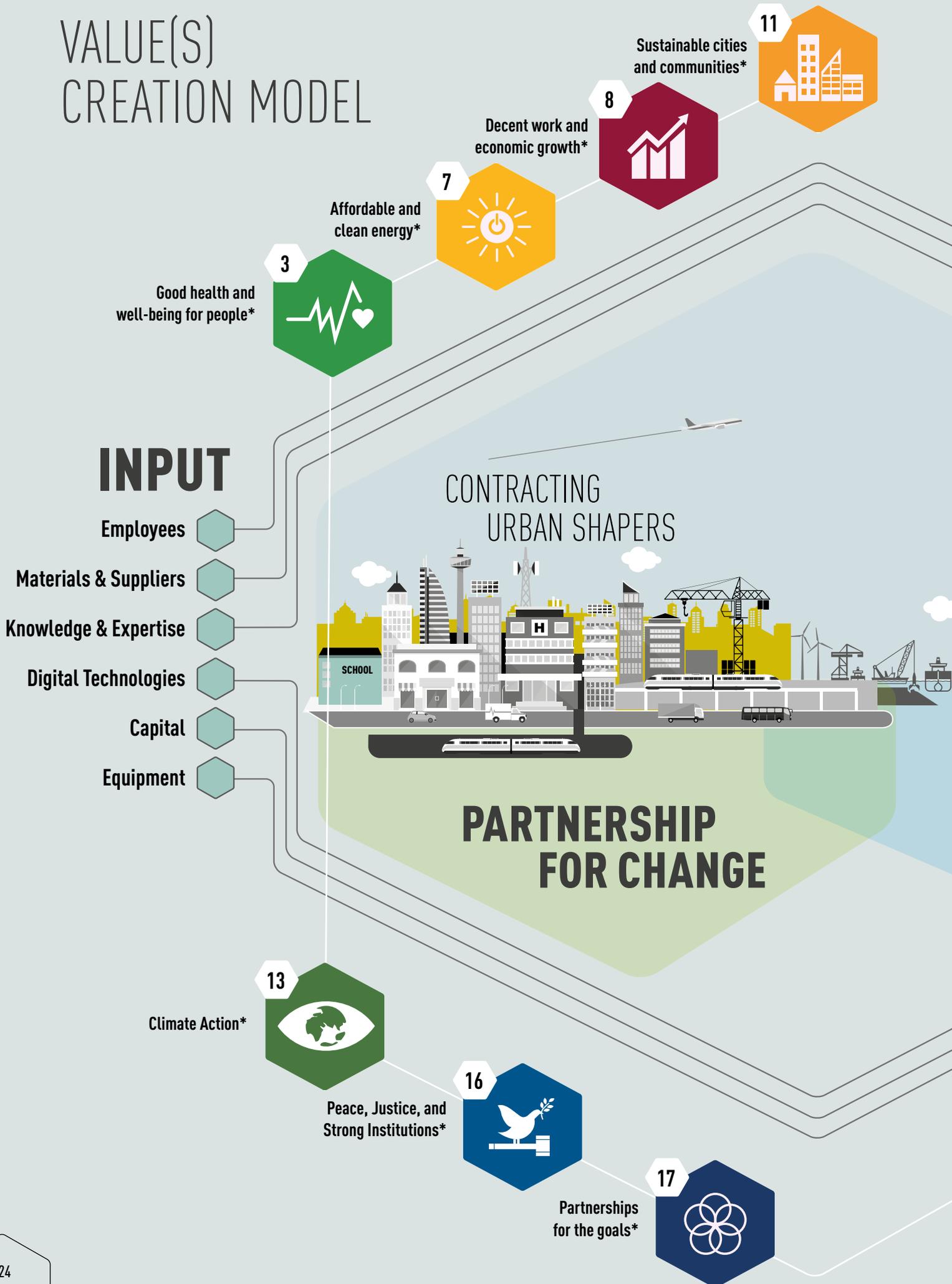


ACCELERATING THE ENERGY TRANSITION

The provision of sustainable and renewable electricity to 485,000 families and making a contribution to the significant reduction of CO₂ emissions, etc. With 58 wind turbines and a production capacity of 487 MW, the SeaMade offshore wind farm will be the most powerful of its kind in Belgium, and will represent a major step forward in the country's energy transition. The foundation for the wind turbines and the two substations were completed in 2019, with the wind farm becoming operational in 2020. DEME contributes to the realisation of this major project at various levels, and in particular with its vessels, Apollo, Living Stone and Innovation, which carried out the work of installing the masts, transporting the turbines and laying the cables.

HOW WE CONTINUOUSLY SHAPE THE WORLD

VALUE(S) CREATION MODEL



IMPACT

We create sustainable shareholder value

We build for the future

We are a great place to work

We offer innovative solutions

We drive the energy transition towards climate neutrality

MARINE ENGINEERING



VALUES AND SOCIAL CONTRIBUTION

Real estate development, dredging and marine engineering, construction, technical installations and rail & utilities: the CFE Group is active in three distinct major areas that have in common a major impact on society. An analytical method was developed to measure the size of this impact on society in detail. It is based on the 17 Sustainable Development Goals defined by the United Nations Organization which the CFE Group as a whole wishes to help achieve.

METHODOLOGY, ACTIONS AND EXAMPLES

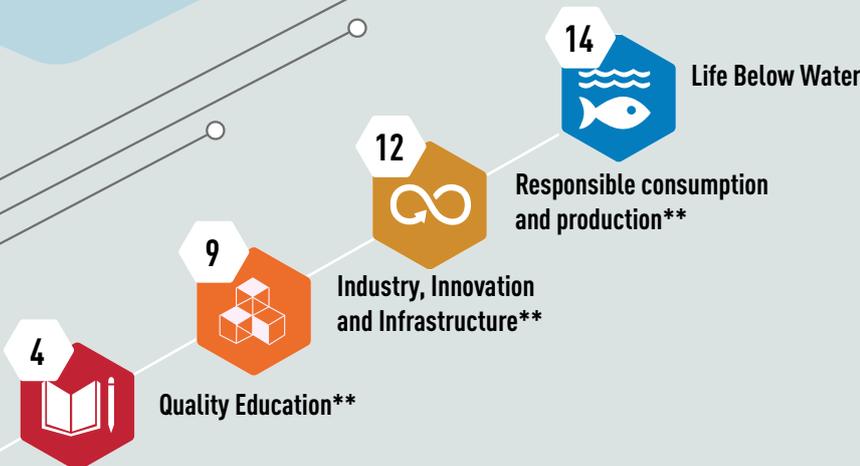
The details of the analysis method are set out in annex (pages 169 - 179). The results made it possible to identify five priority areas in terms of their social impact and their economic relevance, on the basis of which concrete actions have already been implemented. Those actions are also described in annex (pages 180 - 181), and a number of clear examples illustrate the thematic chapters of this annual report.

SUSTAINABLE PARTNERSHIPS

The CFE Group is active in different industrial sectors and in different geographical areas around the world. Its ability to stay in tune and maintain real partnerships with all stakeholders is one of the key factors in its success and its capacity to achieve its sustainable ambitions.

* these SDGs are DEME & CFE Contracting and BPI related; more info in the annexes

** these SDGs are DEME or CFE Contracting and BPI related; more info in the annexes





WHY IT MATTERS

WITH THE CONSERVATION OF NATURAL RESOURCES, RECYCLING WASTE AND THINKING OUT NEW BUILDING FORMS, WE ASSURE THE FUTURE OF ALL.



The Wooden project in Leudelange (Luxembourg).

CREATING VALUES BUILD FOR THE FUTURE

IN ITS FIFTH ASSESSMENT REPORT, THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC) DESIGNATES THE CONSTRUCTION INDUSTRY AS THAT WHICH IS BEST ABLE TO CONTRIBUTE TO THE REDUCTION OF GREENHOUSE GASES OVER THE COMING YEARS. THE CFE GROUP PLAYS AN ACTIVE ROLE IN THE AREA AND AT ALL LEVELS, WITH A VERY LONG-TERM VISION AND A CLEAR WILLINGNESS TO HELP BUILD A SUSTAINABLE FUTURE FOR OUR PLANET AND FOR THE NEXT GENERATIONS.

Environmental concerns have come to join those of living together and societal challenges. By thinking about tomorrow's housing today, we affirm our pioneering role and our commitment to sustainability.

VIRTUOUS CIRCLES

The principles of the circular economy allow several entities of the CFE Group to obtain good results in the area of reduction of waste and packaging through recycling or reuse of materials. These different ways of recycling building site residues present a double economic and environmental interest that makes them all the more relevant. This is also the case for the sound management of water, a resource that is becoming exponentially scarcer in Belgium according to the conclusions of a report by the World Resources Institute (WRI) published in

August 2019. The CFE Group clearly adopts a proactive position towards climate change and the demographic challenges that are emerging. The choice of sustainable materials is further proof of that position, especially wood, which perfectly meets the requirements of present-day construction that preserves the ecological balances and the local environments.

HEEDING THE ENVIRONMENT

There are two key concerns that inform DEME's decisions in all its operations: protecting biodiversity and avoiding disturbance of the marine environment. To guarantee those principles in a general and consistent manner, a QHSE (Quality, Health, Safety and Environment) risk management system is implemented at all sites and in all operations. A Key Performance Indicator (KPI) is linked

to the system. According to the rating, it initiates responses in the form of 'green initiatives', namely one or several modifications to processes, equipment or installations in order to reduce the environmental impact of the project. The KPI raises the awareness of the team members concerned in a very specific way. They are better able to identify the environmental effects and to formulate creative ways to reduce those effects. A recent initiative was to replace the oil and grease used on the hydraulic and lubrication systems of the floating equipment with biodegradable alternatives.

REACHING OUT

DEME contributes to building a better future not only through its traditional activities, but also by sponsoring Mercy Ships, both financially and by sending volunteers. The mission of this NGO



is to improve access to health care in developing countries with its hospital ships. DEME sponsors the vessel **'Africa Mercy'**, which sails along the African coasts, and participated in the construction of the new 'Global Mercy', which will be the largest private hospital ship with 199 beds and six operating theatres.

GOOD PRACTICES REWARDED

Like the Arts19H and Val Benoit Ernest 11 projects, the **Jardins de la Chasse** project received a BREEAM certification. This label to assess the environmental quality of a building, of which the acronym stands for BRE Environmental Assessment Method, is awarded by the British Building Research Establishment. It validates good environmental practices in the design, construction and function-

ing of buildings. A fine achievement that testifies to the development of BPC's skills and know-how.

MATERIAL OF THE FUTURE

The 19th century was the century of steel, the 20th century was that of concrete, and the 21st century will doubtlessly be that of wood. The building industry has a considerable environmental impact. Nowadays, entrepreneurs should focus on and take into account the life cycle of materials and better integrate the way they function, their convenience, the way they are produced, their durability and their cost-effectiveness. Wood meets those objectives and also permits the use of digital building techniques that reduce the ecological footprint of building sites and provide real opportunities for reuse.

FIRE OF ALL WOODS

Several projects illustrate this great upswing of wood. Two of those are worth mentioning, developed by BPI in the Grand Duchy of Luxembourg. First there are the timber-framed residential units of the **Domaine des Vignes** project in Mertert which qualify for the Luxembourg LENOZ label, which guarantees the energy-passive character of a building. Secondly, there is the **Wooden project in Leudelange**, developed in partnership with Wood Shapers, the new entity of the CFE Group specializing in wood design and construction. The aim of this project is to obtain a BREEAM Excellent certificate and a WELL Gold certificate, which rates performance in terms of well-being of occupants.

IN PRAISE OF ECONOMY

In 2019, Benelmat recycled its wood waste in collaboration with the 'Fermes nos Pilifs' carpentry workshop. VMA dedicated itself to the work of ViMAT and its monitoring tools through the Business Unit 'Building Energy Solutions' in order to offer its customers high-level energy performance contracts. Maintenance also benefited from the algorithms and Building Management System of ViMAT to implement a predictive maintenance that is more efficient and more economical in terms of travel time and therefore also of energy. CFE's Sustainability task force has aggregated even more ideas and initiatives, once more asserting that every action counts. Switching to recycled paper, digitaliza-



BPC



VAN LAERE

tion of administrative documents, elimination of plastic cups: every entity of the CFE Group did its bit in 2019 to build a better future.

SAVING WATER

At a time when water stress is set to become one of the main geopolitical challenges of the coming years, water is increasingly becoming a key issue. Van Laere conducted a pilot project on the **Tours & Taxis site in Brussels** to supply pumped-up water to the municipal services, which used it to water the plants and clean the streets. MBG did the same thing in Bruges with equal success. There, too, the pumped-up water was given a second life for the benefit of the community. A virtuous cycle where the old feeds the new. An ideal metaphor for sustainability.

WOOD, MATERIAL OF THE FUTURE

Cross Laminated Timber (CLT) is a building material made of strips of laminated wood crossed at 90° and glued together. Resistant and ecological, it can be cut to size beforehand using special IT tools. In this way, the whole structure of a building can be prepared as a puzzle that can simply be put together on site. There are numerous advantages. Construction time is considerably shorter and there is less inconvenience for neighbouring residents. The environmental impact is also smaller (less pollution from the building site, use of sustainable timber, no materials with large carbon footprint). The CFE Group is one of the pioneers of this method in Belgium with the establishment of Wood Shapers, an entity specializing in timber.

WASTE RECYCLING

At BPC, sustainability starts with the application of the principles of the circular economy. The Jardins de la Chasse pilot project in Etterbeek was the occasion for an in vivo experiment in the recycling of building waste. Completed in 2019, it was an opportunity to establish contacts with several recycling facilities and taught many valuable lessons that will serve as a working basis for the future. Furthermore, a partnership was already set up with a small construction company for the reuse of building waste. A dozen or so cubic metres of waste was transferred from BPC's containers to the company in question. This successful experience will be repeated when conditions allow it.

The **Tivoli Green City site in Brussels** – a construction project for an eco-friendly neighbourhood with eleven buildings – was also a forerunner of the circular economy, establishing several innovative practices, namely the on-site dismantling and reuse of materials, the recycling of wooden formwork or the specific sorting of numerous materials (wood, polystyrene foam, plastic packaging, gypsum and plaster, rock wool, tarmac, etc.).

In order to raise awareness among all its employees, CFE took part in the 'European Waste Reduction Week'. Various information campaigns were set up, with sharing of numerous practical recommendations as well as a waste collection session in the woods, and a lunch organized in a 'zero waste' perspective.



WS



WHY IT MATTERS

BY ENSURING THE WELFARE AND SAFETY OF ALL OUR EMPLOYEES AND BY OFFERING THEM CAREER OPPORTUNITIES, WE CREATE A STRONG BOND BETWEEN US.

CREATING VALUES BE A GREAT PLACE TO WORK

THE STRENGTH OF THE CFE GROUP IS DIRECTLY LINKED TO THE TALENTS OF ITS TEAMS. THOSE HUMAN 'RESOURCES' ARE FAR MORE THAN AN ANONYMOUS RESERVOIR OF WORKERS. IN ALL SECTORS, OUR ACTIVITY RESTS ON HIGHLY SPECIFIC KNOW-HOW AND SKILLS. FOR THAT REASON, WE ATTACH GREAT IMPORTANCE TO A LARGE NUMBER OF BASIC HUMAN VALUES: WELL-BEING IN THE WORKPLACE, HEALTH, SAFETY, ENHANCEMENT OF SKILLS, TRAINING: ALL THESE ELEMENTS TODAY MAKE THE CFE GROUP A 'GREAT PLACE TO WORK'.

The group also invests a lot of energy in recruitment and needs specific and highly qualified profiles. To attract people with those profiles, we must offer them a professional context that motivates them and makes them want to thoroughly commit themselves and stay in the company for a long time.

STAYING THE COURSE

This global vision cannot exist without a solid and responsible corporate governance. In that respect, too, the CFE Group proved in 2019 its ability to set up efficient processes to manage the relations between the different stakeholders by creating real ecosystems in which employees play an essential role and can develop fully. The cornerstone of that commitment is obviously safety. All the entities of the group strive for zero accidents and develop highly specific awareness and information strategies.

HEALTH AND SAFETY FIRST

With more than 7,000 cases involving temporary incapacity and more than ten fatalities per year, according to figures of the Federal Agency for Occupational Risks (FEDRIS), there are still far too many work accidents in the Belgian construction industry as a whole. Nevertheless, the CFE Group has been able to reduce that number thanks to a particularly proactive health and safety policy. The 5S method is widely applied across all the entities. It underlines the importance of simple actions to avoid accidents and at the same time create a more pleasant work environment and limit losses of materials. This dovetails perfectly with another equally effective technique, the Last Minute Risk Assessment (LMRA), that consists of stepping back for 30 seconds before embarking on any task in order to make sure that all safety conditions are met.

LIFE-SAVING INDICATORS

At VMA, the fact that be.Maintenance obtained a VCA certification demonstrates its compliance with a list of health, safety and environmental criteria. The KPIs are used throughout the VMA cluster to stimulate the teams to scrupulously observe the safety procedures. The KPIs also have a direct impact on the annual bonuses. A safety matrix shows the accident and incident figures and records the degree of commitment to safety by reporting the number of alerts, suggestions for improvement or successful site inspections.

WAKE-UP CALLS

In Poland, CFE Polska reported one fatal accident, but stepped up its health and safety efforts through special meetings. At those toolbox meetings, the site managers remind all the teams on site of the safety rules and procedures, such as the use of scaffolding, inspection of



electrical appliances and equipment, and the compulsory wearing of personal protective equipment. At the Safety Day - a common theme of all the entities of CFE Contracting - 800 employees and subcontractors had the opportunity to take part in first-aid exercises and attend a demonstration of real-life situations, for example to learn how to rescue a colleague who is stuck at a height or how to use a portable defibrillator.

POSITIVE ENERGY

Well-being at work, which is just as important as safety, is also a central concern of the CFE Group. BPC set the example in this area by rolling out its plan 'Energy – Be well, Build well'. In a series of workshops (Building the energy of my team, Me and my energy, Building and developing my energy), the employees learned to develop the right reflexes in order to better manage their daily work and to improve their interactions with their colleagues. The BPC Academy took off as well. Its aim is continuous training with emphasis on exchanging and sharing. More specifically, quarterly meetings organized in turn

for project managers, project engineers and site supervisors each dealt with a particular topic according to the specifics of each job. At DEME, training is enshrined in the Basic4starters programme as well as in the development of the senior management programme DEME 2030.

ATTRACTING TALENT

Training, another key element in the perspective of fostering well-being at work, is also a central concern of the CFE Group. Through training, the employees develop their skills throughout their career. They gain confidence, proficiency, efficiency and, ultimately, become even more successful. This long-term vision is one of the key arguments to attract tomorrow's talents to the CFE Group. In this area, all the entities are stepping up their efforts to entice the best of the best in know-how. In Luxembourg, for example, CLE visits the campuses to advertise the qualities of the CFE Group, with 'speed dating' and promotion campaigns in the schools well beyond the borders of the Grand Duchy. Mobix is also active

in this area and works closely together with the VDAB (Flemish Employment Agency) to position itself ahead of the most attractive companies. The railway infrastructure specialist has also set up a recruitment programme called 'Rising You', and is finalizing a Training Center that will open in 2020.

TAKING OFF

The constant improvement of safety and of working conditions and environments makes CFE as a whole an even more attractive employer on the labour market. It also participates in good corporate governance by assuring the continuity and sustainability of everyone's living environment. A workplace where each person can flourish, feel at ease, develop in peace and thereby fully contribute his or her potential to build tomorrow's world.

THE THOUSAND-AND-ONE FACETS OF WELL-BEING

Well-being at work, but also beyond, is a major concern of the CFE Group. Recent studies show that improving this well-being will translate into better motivation and greater employee contribution. A winning approach on all fronts, which Van Laere has applied creatively with a specific programme focused on vitality. Communication and concrete actions to help employees find their balance and improve their health check, with an emphasis on ergonomics.



WORKING SAFELY

Safety is an important issue for construction companies. The CFE Group is one of the best students of the class in Belgium, but continues to evolve towards the zero accident target. Raising awareness and communication in this regard are key elements. In the three poles, the 'safety days' are an excellent opportunity to remember the basic principles. In 2019, like every year, they raised awareness once again and discussed the positive evolution of the past year.

TRAINING AT EVERY LEVEL

A company cannot grow without responsible, competent and efficient leaders. The Group has understood this and decided to set up, in partnership with Vlerick Business School, a specific management training programme. In four modules, the employees concerned develop their own strategic competences and acquire a global vision that enables them to improve their decision-making skills. A focus on the human aspect with the aim not only of strengthening the teams, but above all of offering opportunities for professional growth and development at all levels in the organization, as well as affirming that CFE is indeed 'A great place to work'.



DIVERSITY AND INCLUSION

The diversity and inclusion policy of the CFE Group is based on concrete actions within all entities, but also translates into support for large-scale initiatives. This is the case, for example, with the collaboration that has been entered into with Youth Start. This association promotes talents and supports entrepreneurship by offering training to young people who do not have diplomas or are unemployed. In addition to Youth Start, CFE has also committed itself to enable them to create their future. The same vision applies to the collaboration with TADA (Workshops of the Future/ Ateliers du Future). This non-profit association in Brussels offers children in uncertain situations the opportunity to discover professional careers with the help of specialists. Several BPC colleagues have spent their Saturday afternoons sharing their passion and experience in this area.

5S FOR SAFETY

Originating in Japan and inspired by the work of industrial engineer Taiichi Ono, the 5S method is one of the elements of Just In Time Manufacturing. Today it has far outgrown its industrial beginnings and underlies the work organization in every sector of the economy. The 5S stand for the initials of five Japanese words (Seiri – Seiton – Seiso – Seiketsu – Shitsuke), which generally translate as: Sort - Set in order - Shine - Standardize - Sustain. Those precepts, applied to the specific tasks of the activity in question, standardize the procedures and give responsibility to each employee, with the aim of improving the efficiency and safety of all. The CFE Group advocates this approach and implements it in numerous situations.



WELCOME HOME

200 new staff members of the Contracting and Real Estate Development divisions met for a fun as well as instructive day: this is CFE's formula of the Welcome Day that took place twice in 2019. It is a way to make newcomers to the company feel more welcome, to make them feel the family atmosphere that prevails there, and to encourage future synergies and partnerships. A positive and successful initiative that demonstrates how the employees of the CFE Group are committed to shared values and goals.



WHY IT MATTERS

BY OFFERING INNOVATION THROUGH OUR CONSTRUCTIONS AND OUR CONSTRUCTION SITES, WE MAKE THEM LESS ENERGY CONSUMING, MORE EFFICIENT AND MORE ENVIRONMENTALLY-FRIENDLY.

The Gare Maritime project in Brussels.

CREATING VALUES OFFER INNOVATIVE SOLUTIONS

THE SUCCESSES ACHIEVED BY THE CFE GROUP OWE MUCH TO THE IMPLEMENTATION OF EFFICIENT PROCESSES AND THE USE OF PURPOSE-BUILT TECHNOLOGIES. TO QUOTE CONVENTIONAL WISDOM, A GOOD WORKER HAS THE RIGHT TOOLS. THE OPERATIONAL EXCELLENCE OF ALL THE ENTITIES IS FOUNDED ON A CONSTANT SEARCH FOR INNOVATIVE SOLUTIONS NOT ONLY IN THE MANAGEMENT OF DAILY TASKS AND IN THE ADMINISTRATIVE PROCEDURES OR THE RELATIONS WITH THE DIFFERENT PARTNERS, BUT ALSO IN THE DEVELOPMENT OF TECHNOLOGIES CAPABLE OF BRINGING ABOUT A THOROUGHGOING TRANSFORMATION OF OUR WAY OF LIFE.

PRODUCT AS A SERVICE

It goes without saying that digitalization lies at the heart of this philosophy: computer aided systems, connected tools, dedicated applications, virtual reality, Internet of Things, digital modelling: all those solutions, which now form part of the CFE Group's DNA, serve to exponentially increase efficiency and productivity while at the same time opening up many perspectives. The direct corollary of the digitalization is the emergence of the 'product as a service', an economic model in which the business relationship with the customer is not limited to the simple delivery of a product or a building, but also extends to the long-term provision of services. With its rich store of know-how, the CFE Group has all that is needed for this model. The

development of synergies between the entities, facilitated by the digitalization, is an additional asset for the future.

FACILITATING INTERACTIONS

The simplification of administrative procedures and the processes of approval by the different actors in every stage of a project is to a large extent driven by digital solutions. BPC has developed a platform to create digital forms that simplifies the administrative process and allows a better monitoring of targets. Cooperlink, a tool for the automation and optimization of information and approval sharing with the partners has also been put in place, as well as Connective, a software program that facilitates the flow of legal signatures by digitalizing them.

TOOLS FOR EXCELLENCE

Greater transparency of project monitoring and financial follow-up is another benefit of digitalization. At Mobix, the implementation of a new ERP system strengthened this aspect, while at Van Laere a CRM platform was set up that visualizes and accesses the entire business chain until the signing of the contract, and at the same time allows the performance of analyses and risk assessments. In the VMA cluster, the use of innovative technological solutions paved the way for a large number of applications to improve customer service and the efficiency of their application: FiSQ certification of fire alarm systems, development of the Internet of Things, 3D presentation of technical installations, etc.



LESS IS MORE

Originating in the United States in the early 1990s and inspired by Japanese organizational models, LEAN thinking is applied nowadays to management as well as to industrial production or the construction industry. As its name suggests, it is based on the principles of reduction of waste - of time, energy or materials - with the aim of increasing efficiency and productivity. This philosophy of doing more with less by optimizing resources is applied throughout the CFE Group. For example, it can be found at Van Laere where a new position has been created, 'LEAN and Innovation Manager'. LEAN is now implemented on all projects, and architectural firms and customers are being offered LEAN training sessions to implement those principles right from the design stage of projects.

FROM LEAN TO BIM

The LEAN approach also opens the door to the implementation of other processes. An example was given in 2019 by CLE which, after having implemented the LEAN approach on its projects for more than three years, formalized its use in the production depart-

ment and started its first Building Information Modelling (BIM) projects. BIM is a solution for the digital modelling of building information. It allows the use of a shared digital representation of the building in question. All the information can be accessed and any changes appear in real time. Full 3D visualization gives an accurate picture of the project and all the infrastructural elements. It is a highly efficient tool for making decisions in connection with both the construction and the operation of the building.

BUILDINGS 2.0

The BIM awards are presented each year to the best BIM projects in the Benelux area. Two MBG projects were nominated in the 2019 edition: BlueChem (Antwerp) in the category 'Public Projects' and Gare Maritime (Brussels) in the category 'Industrial, Tertiary and Residential Projects'. This nomination earned **Gare Maritime** a prize. The monumental project of the Tour & Taxis site in the capital transforms the former Art Nouveau freight station into a modern building with improved energy performance by the use of geothermal energy for heating and air conditioning, solar panels on the

roof and on the southern façade, a rain-water collection system and dynamic glazing that adapts to the sunlight.

SMART BUILDING SITES

Digitalization on the building sites is a reality at different levels in all the entities. To implement its KISS (Keep It Simple and Standardized) strategy, CFE Polska decided to digitalize the entire logistical process on its building sites by enlisting the services of the Belgian start-up Propergate. The mobile application Karolina is used to oversee and monitor safety and environmental aspects (non-conformities, near-accidents, incidents, various impacts and good practices). It calculates and visualizes the indicators and statistics, which are then brought together in a single database to facilitate analyses. The tool is already indispensable in the improvement of all processes.

ASSISTED MAINTENANCE

The maintenance services also make use of high-tech tools to improve their performance and offer our customers new types of services in keeping with the concept of 'product as a service'. Computerized Maintenance Manage-



BLUECHEM AT THE FOREFRONT

BlueChem is the first Belgian start-up incubator dedicated to sustainable chemistry. The project is an example of climate-neutral construction as well as of innovation in its development and execution phase. MBG used the latest modelling technologies on this project, in particular BIM.

ment System (CMMS) is one of those solutions of the future. A dedicated software package supports all operations both on site and upstream. be.Maintenance has shown its relevance this year. It all begins with a tablet that is supplied to every maintenance engineer in addition to his smartphone. The engineer receives work orders on his tablet for scheduled maintenance jobs as well as for emergency calls that appear as pop-up alerts to take action on a particular site as quickly as possible.

MODEL OF EFFICIENCY

The tablet is connected to the CMMS which manages all the details of every be.Maintenance contract. The customer can follow every detail of the maintenance jobs and retrace their history on a web platform. At the customer's request, whatever the mode of communication, action is taken immediately and the CMMS dispatches the job without delay according to the degree of urgency. All aspects are automated. The engineer receives a digital work order on his tablet that contains all the information necessary for his maintenance job. Finally, all the modules of the CMMS have specific reporting that allows analysis of each job.

WOOD SHAPERS: STRENGTH IN UNITY

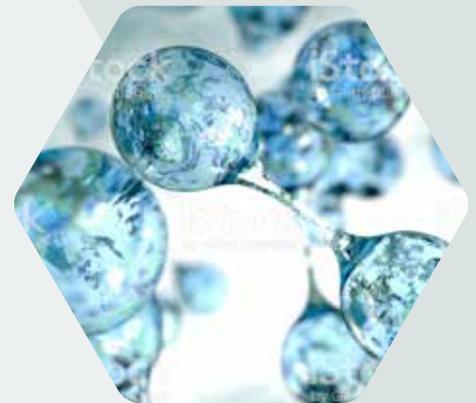
Timber construction has many advantages. The basic material is less polluting, it is renewable, and even absorbs CO₂ during its life cycle. It is lightweight and can be used for large buildings. It is also easy to cut and prefabricate into elements that can be put together like a puzzle; this makes for shorter construction time and reduces the impact on the environment and the neighbourhood. Bearing in mind those convincing arguments, the CFE Group set up a new entity in the form of a joint venture between BPI Real Estate and CFE Contracting, called Wood Shapers. It brings together two sources of know-how and paves the way for sustainable and cross-cutting projects, with a service package comprising design, prefabrication, construction and development.

VEMAS

VMA Energy Solutions. That is the full name of VMA's new operational entity, abbreviated to VeMAs. Its aim is to offer guaranteed energy performance to customers who are looking for this. An analysis of the requirements and consumption levels of a building, both upstream of the building site in the case of new-build and on site for renovation projects will make it possible to identify any shortcomings and to develop appropriate solutions. A proactive service that extends well beyond conventional turnkey construction and already lays the foundations for tomorrow's buildings.

FUTURE WITH A CAPITAL H

Hydrogen is the most common chemical element in the universe. Nevertheless, it rarely occurs in its natural state on earth, but can be extracted from water by different processes. Even if, strictly speaking, it is not a source of energy, it is nevertheless an excellent energy carrier, like electricity, and does not produce greenhouse gases or pollutants. This makes it an energy solution for the future. In November 2019, DEME, ENGIE, Exmar, Fluxys, Port of Antwerp, Port of Zeebrugge and WaterstofNet signed a partnership agreement to combine their expertise and to put in place the conditions for a transition to a hydrogen-based economy in Belgium. The first stage is to explore the possibilities for hydrogen transport by considering the financial, technical and regulatory aspects of the requisite supply chain.



CREE

The CREE system, developed by the Austrian company of the same name, is a digital platform that allows architects, investors and construction companies to plan and design their projects with major advantages in terms of speed, reliability and cost. CREE is largely based on wood and is entirely in keeping with the strategy of the CFE Group, which is now the first Belgian company to set up such a partnership and gain exclusive access to this international platform.



The multifunctional cable-laying vessel Living Stone is the first in the industry to run on LNG.

WHY IT MATTERS

BY IMPROVING OUR PROCESSES AND OUR MATERIAL, WE ANSWER THE CLIMATE CHALLENGES AND REDUCE CO₂ EMISSIONS WITH ONE GOAL: TO BE CLIMATE NEUTRAL BY 2050

CREATING VALUES TOWARDS CLIMATE NEUTRALITY

IN DECEMBER 2019, THE EUROPEAN COUNCIL, WHICH IS COMPOSED OF THE HEADS OF STATE AND GOVERNMENT OF THE EUROPEAN UNION MEMBER STATES, OFFICIALLY ADOPTED THE UNION'S GOAL TO ACHIEVE CLIMATE NEUTRALITY BY 2050. THIS POLITICAL BREAKTHROUGH TESTIFIES TO THE GROWING IMPORTANCE OF THE ENVIRONMENTAL CHALLENGES AT ALL LEVELS OF SOCIETY. THE CFE GROUP SHARES THIS COMMITMENT AND IS ALREADY IMPLEMENTING SEVERAL SETS OF MEASURES TO ACHIEVE CLIMATE NEUTRALITY IN THE LONG TERM.

TRANSPORT IN THE SPOTLIGHT

In the construction sector, the issue of transport of materials and waste is crucial. The optimization of this transport is the first tool that the CFE Group employs to reduce the carbon footprint of its projects. The synergies between entities and the use of cutting-edge planning tools make it possible to reduce the number of transport runs and thereby reduce emissions. The gradual transition to less polluting vehicles across the whole fleet, including private cars, is the second measure. A positive evolution can be seen in that direction. The third element is the promotion of alternative means of transport by stimulating employees to choose less polluting means of transport for business travel or for commuting. Public transport and soft mobility are the keys to building a common future.

CLEAN ENERGY

When possible, the consistent choice of green or renewable energy on the building sites and in the offices is a matter of course for all the entities of the CFE Group. Projects in this area are proliferating and in some cases even serve as showpieces to convince our customers of the added value of that type of solutions. Improving the energy performance of buildings is a major issue in the pursuit of climate neutrality; the CFE Group is perfectly aware of this and clearly positions itself as a major player in this field.

FLEET OF THE FUTURE

'Fleet of the future' is the name of the investment programme initiated by DEME to achieve climate neutrality by 2050. 90% of the greenhouse gases emitted by the company are directly linked to its equipment and the fuels it

uses. Setting out from this premise, the programme finances the installation of new technologies on the vessels of the fleet, more particularly Dual Fuel (DF) engines that can run on liquefied natural gas (LNG). Those engines are able to reduce carbon dioxide emissions and almost entirely eliminate sulphur oxide, nitrogen oxide and particulate emissions. This makes DEME's fleet the most modernized and technologically advanced in the industry today. The latest vessels - the trailing suction hopper dredgers 'Minerva' and 'Scheldt River' and **the cable-laying ship 'Living Stone'** - are the first in the sector to run on LNG. They also carry a Green Passport and a Clean Design Notation.

A QUESTION OF MOBILITY

Making its - vehicle - fleet less polluting is also the aim of VMA, whose engi-



neers, particularly those entrusted with maintenance, are frequently called out to a site. Planning those trips can prove a complex matter, but optimizing them and grouping them together can help to substantially reduce CO₂ emissions and the carbon footprint. VMA has therefore decided in 2019 to implement a special IT tool – **Computerized Maintenance Management System (CMMS)** – to manage the mobility flows of the be.Maintenance engineers. Throughout the VMA cluster, special attention has been paid to mobility. New local branches were opened to reduce the distances that employees travel each day to their place of work. Distance is now also a selection criterion in the acceptance of new customers. Accessibility and mileage are taken into consideration and directly influence the decision. It is a splendid example of the intelligent integration of carbon neutrality in business thinking and the consideration of both its ecological and economic benefits.

MODULAR SOLUTION

The crucial issue of mobility is also clearly illustrated at BPC with the provision of electric bikes for short trips from the head office. The Monitor survey, presented in December 2019 by the FPS Mobility and the Vias Institute, revealed that one in five car trips in Belgium cover a distance of less than five kilometres. The electric bike is a perfectly acceptable alternative for those short trips which helps to reduce CO₂ emissions at small cost. At Van Laere, the fleet of more than sixty electric bikes made available to the employees free of charge - the only condition being that they must use them at least twice a week - covered a total of more than 40,000 kilometres during the year. That amounts to a trip around the world in a straight line along the equator!

EVERY ACTION COUNTS

Certain actions may at first glance seem insignificant when taken individually, but when adopted on a company-wide

scale they become significant and end up by having a real impact on climate neutrality. At BPC, the decision to ban disposable cups on the building sites and replace them with individual returnable cups is a prime example. In general, waste reduction is a key concern for all the entities of the CFE Group, as is the search for less polluting energy sources. Benelmat took action on both fronts in 2019. On the one hand, **it installed 158 solar panels on the roof of its headquarters** and built a container with autonomous energy supply, also by solar panels. On the other hand, it installed dry toilets on the building sites and eliminated beverage waste by distributing flasks and mugs and by installing water fountains.

GREEN SOURCE

In order to reduce its carbon footprint, Van Laere changed electricity supplier and switched to a company offering 'green' contracts. Like DEME, the Antwerp-based construction entity saw its



A SYMBOLIC WEEK

The Mobility Week in September gave the different entities of the CFE Group the opportunity to show their commitment to soft mobility and a reduction of their carbon footprint. On 19 September, more than one in five employees of MBG swapped their car for an alternative means of transport and were treated to a hearty breakfast. At CFE headquarters, enthusiasts of carpooling and sustainable solutions had the opportunity to post photos of their trips in the Yammer group Green Inspiration. Prizes were awarded to the most dedicated colleagues, and on 17 September everyone was invited to travel to work by bike.

efforts in climate neutrality rewarded in 2019 with a Level 3 on the CO₂ Performance Ladder. This tool to assess the carbon performance of companies has been used in the Netherlands for a decade now. Last spring, the Walloon and Flemish regional governments together decided to use this assessment tool for a whole series of projects.

ALL WINNERS

The sharing of good practices is also essential from the perspective of climate neutrality. This holds true internally between the different entities of the CFE Group, but is also true as far as our customers are concerned. Working in partnership with our customers and showing them technological developments that improve the environment allows genuine progress to be made on a win-win basis. At VMA, the new Business Unit 'Building Energy Solutions' offers energy performance contracts in which it undertakes to keep the energy bill for the customer within a long-term

predefined range. Such a commitment is made possible by the active support of ViMAT, whose algorithms and sensor systems ensure the monitoring that is necessary for an optimal control of the energy consumption. The technical expertise of innovative solutions such as cogeneration, thermal and photovoltaic panels, heat pumps and condensing boilers places the final stone in that edifice.

ON ALL TABLES

In 2019 the CFE Group affirmed its intention to make climate neutrality a pillar of its development. This position is adopted with positive results in terms of social responsibility, sustainability and respect for the environment, as well as in terms of purely economic results and corporate governance.



JUST IN TIME

The optimisation of the transportation of waste and materials is one of the pillars of the CFE Group's strategy to become climate neutral. Several pilot projects were launched to pursue this objective. On the construction site of Park West in Brussels, BPC called on the BCCC (Brussels Consolidation Construction Centre). This is a logistics platform that can optimise the transport of materials. These are first consolidated in a large storage area before being delivered to the site according to a schedule drawn up by the site manager. Delivery by barge makes it possible to transport large quantities of materials, and reduces the impact on road traffic and the environment. CLE followed the same approach by establishing the country's first logistics consolidation centre at the Aurea construction site in Luxembourg.



WHY IT MATTERS

98% OF THE BELGIAN POPULATION LIVES IN AN URBAN AREA. BY TRANSFORMING THE CITY, THINKING OUT NEW WAYS OF CO-LIVING AND BUILDING THE INFRASTRUCTURE OF TOMORROW, WE CHANGE THE WAY OF LIFE.

The new hospital of the ZNA consortium in Antwerp.

CREATING VALUES PARTNER FOR CHANGE

WE LIVE IN A WORLD IN CONSTANT CHANGE. EVERY DAY, THE NEEDS AND REQUIREMENTS OF SOCIETY COMBINE WITH CLIMATIC AND DEMOGRAPHIC CHALLENGES TO GIVE RISE TO EVER FASTER CHANGES IN OUR WAY OF LIFE. CONCEIVING, INVENTING AND BUILDING A BETTER FUTURE FOR ALL: THE CFE GROUP IS READY TO MEET THOSE CHALLENGES AND UNDERTAKES TO BE A DRIVER OF CHANGE.

AT THE HEART OF CHANGES

By developing projects that help to strengthen the social fabric, by integrating environmental considerations in our way of thinking, by seeking positive impacts on the communities concerned and by fully taking up our missions in connection with the infrastructures, we want to improve the living environment and give our customers the means to give shape to their vision of change. Energy, transport, hospitals, housing: the accomplishments of the CFE Group are profoundly transforming our society and making it evolve in a positive way in many respects. As partners of businesses and public institutions, we provide know-how and skills that go far beyond their expectations. We proactively explore avenues of innovation and are

forerunners in the field of sustainable construction.

LIVING TOGETHER

In Belgium, 98% of the population lives in an urban area and nearly one in five people is over 65 years of age. The development in the cities of solutions that bring together different generations as well as leisure, work, housing and services is becoming a priority. In Anderlecht, the new City Dox district, built by BPC, meets those needs. It contains housing for all generations, with new apartments, assisted living facilities and a nursing home, grouped around convenience stores, a school, service outlets, landscaped gardens and parks. The Tivoli district project in Laken, where social mix and sustainable development

inspired the design of a complex of 397 entirely revolutionary housing units, also embodies this new vision of more connected and more diversified urban living areas.

TAKING CARE

The hospitals of the 21st century are changing. Closer by and more modular, they are becoming real healthcare hubs, adding paramedical services to their offering and using digital technologies to shorten hospital stays. New buildings are needed to give concrete shape to this development. With its ocean liner look, **the new hospital of the ZNA consortium in Antwerp**, designed by the famous architectural firm Robbrecht & Daem, is the latest example of this. MBG was one of the main parties



VAN LAERE

BPI
URBAN SHAPERS

VMA
VIRTUUS
DE INNOVATION

BPC

involved in this project, as was VMA, which also contributed to the success of the AZ Delta project in West Flanders. BPC was involved in several major hospital projects: Erasme and Bordet in Brussels, and the impressive **MontLégia** in Liège.

FORMING TIES

Liège: student town, fiery city, pole of attraction for talent and energy. The former capital of the prince-bishops has been reinventing itself and regaining its dynamism over the past few years. The CFE Group lends its support to this process with amongst others two innovative projects: 'Grand Poste' and 'Pôle des Savoirs'. The first brings together BPI and BPC in a renovation project of an iconic Gothic Revival post office building, transformed into a place for meeting and exchange where a talent incubator, co-working space, microbrewery, food market with local produce and the communication service of the University of Liège sit side by side. It is a summing up of synergies and cross-pollination between young entrepreneurs that are already shaping tomorrow's world. This spirit can also be found at the 'Pôle des Savoirs', on a site that had been abandoned for 30 years and which will soon accommodate - on five floors - a

library, a business incubator, forums for public participation that can host performances and events, catering businesses: a place where culture, the digital world and the arts meet, epitomizing a revival in progress.

REINVENTING THE CITY

A stone's throw from the Brussels ring road, the **Zen Factory** project developed by BPI testifies to the commitment to create resolutely modern living spaces while preserving the aesthetic quality and the urban living environment. The conversion of a former cotton mill into an apartment complex in the middle of an oasis of greenery also involved a partnership with one of the most prominent contemporary Belgian artists, Philip Aguirre. The Flemish sculptor created a unique work of art that sits on top of the 19th century brick smokestack, as if to indicate the link across the ages, weaving the thread of urban continuity embedded in its history and looking to its future.

THE BENEFITS OF WOOD

Timber construction has many environmental advantages, and also limits the inconvenience to neighbouring residents during the works. LTS (Laminated Timber Solutions) has demonstrated the

relevance of its approach and the use of wood on many projects. The collaboration with other entities of the CFE Group, in particular with BPI on the Wooden and Domaine des Vignes projects, was a success. The technique of cross laminated timber in combination with a digital assembly plan worked miracles. One example is the construction in four days of the entire structure of a grow home project in the Borgerhout district in Antwerp. The timber elements are produced in advance and simply have to be put together like a puzzle, with minimum impact on the neighbourhood and maximum efficiency.

AN XXL SEA LOCK

427 metres long, 55 metres wide and 16.44 metres deep. **The new Terneuzen sea lock**, similar in size to the locks on the Panama Canal, is a structure that is both impressive and practical. It completes and renovates the lock complex linking the Terneuzen-Ghent canal to the Western Scheldt, the oldest part of which dates back to the 19th century. Ships with a draught of up to fifteen metres can now reach the port of Ghent by this maritime communication channel. Van Laere and DEME worked together on this project with its many benefits in commercial and human terms.





CONNECTING

Facilitating communication and transport is part of the CFE Group's DNA. In 2019, Mobix, our rail and infrastructure specialist, made its mark in this area with the renewal of the lighting of piers B and C and the tarmac at Zaventem airport, refurbishment of the concrete slab track and tracks in the Sous Martin tunnel in Liège, increasing the capacity of the high-voltage line Horta-Avelin between France and Belgium, contract for the replacement of the catenaries on several railway lines in the Antwerp area: all are connections that are invisible yet indispensable to the daily operation of our industries and transportation.

BLUE ECONOMY

The term 'Blue Economy' was first used in 2010 by the Belgian industrialist Gunter Pauli to describe a sustainable and virtuous economic model of which he has since provided numerous exam-

ples and applications. This approach has been adopted by the World Bank, the United Nations Organization and the European Union, which apply it more specifically to the maritime sector. In this approach, the Blue Economy relates to all economic aspects connected with sustainable exploitation and the conservation of the seas and oceans. Naturally, DEME is actively involved in this area and plays a leading role in the 'Blauwe Cluster', the non-profit organization that supports and brings together Flemish companies that are concerned about their impact on the marine environment, and which uses the Blue Economy as a driver of sustainable development.

RISING TIDE

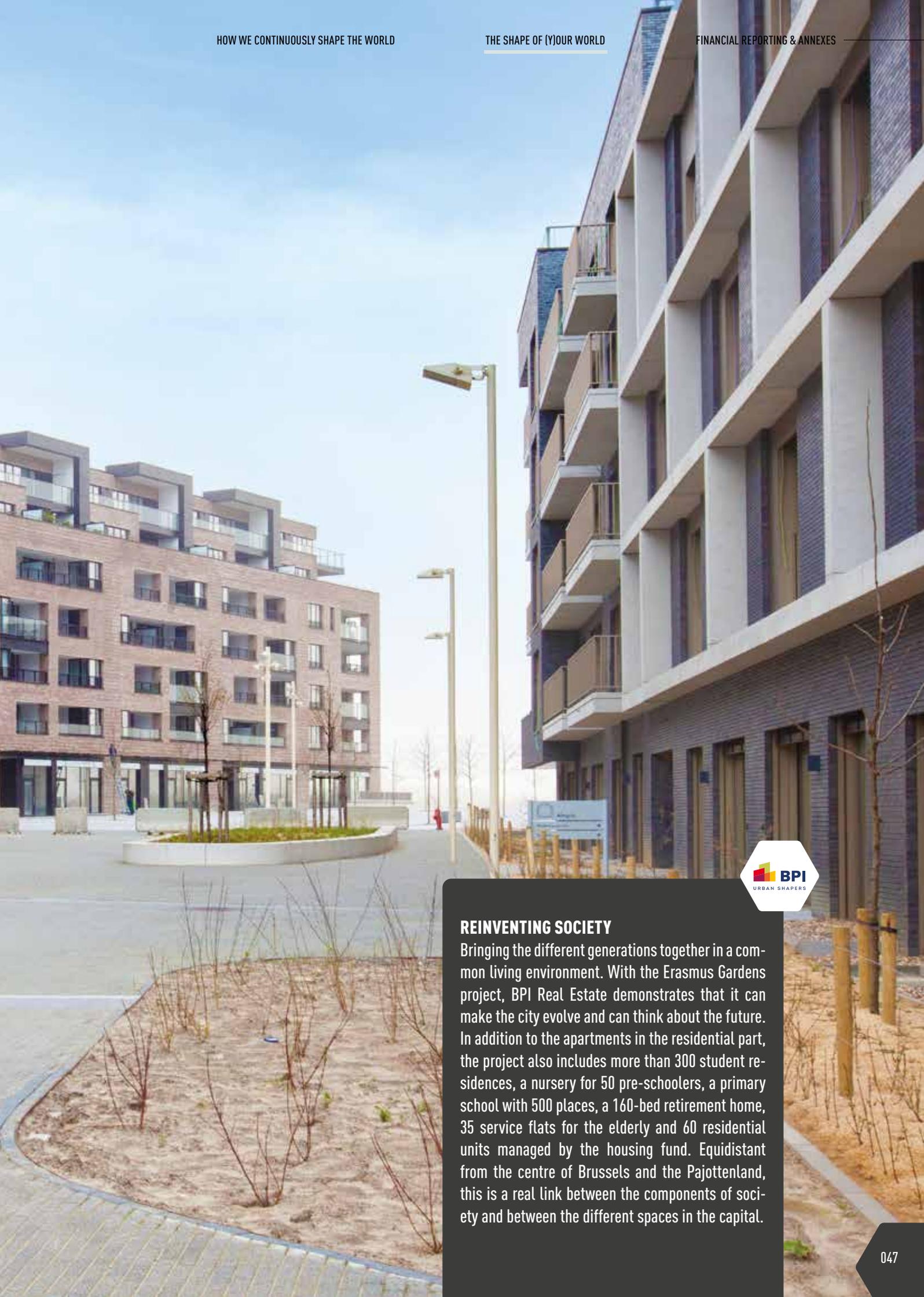
In association with the University of Ghent and five other partners, DEME launched the BlueMarine3.com project. Its aim is to determine the technical, biological and economic conditions for

the creation of a local multi-species hatchery (molluscs, crustaceans, algae) in Flanders. This hatchery will eventually serve as an incubator of innovations and an accelerator for large-scale fish farming and the development of aquaculture. Another avenue of research in the Blue Economy is being followed by DEME in the context of a business consortium that is also supported by the Flanders Innovation & Entrepreneurship Agency (VLAIO). Its aim is to study and assess new concepts of floating photovoltaic solutions (Marine Floating Photovoltaic or MFPV) in order to develop MPVAqua, the first project for the installation of offshore photovoltaic parks – coupled with offshore wind farms and aquaculture farms – in the North Sea.

IMPACT

The shape of (y)our world





REINVENTING SOCIETY

Bringing the different generations together in a common living environment. With the Erasmus Gardens project, BPI Real Estate demonstrates that it can make the city evolve and can think about the future. In addition to the apartments in the residential part, the project also includes more than 300 student residences, a nursery for 50 pre-schoolers, a primary school with 500 places, a 160-bed retirement home, 35 service flats for the elderly and 60 residential units managed by the housing fund. Equidistant from the centre of Brussels and the Pajottenland, this is a real link between the components of society and between the different spaces in the capital.

MANAGEMENT REPORT OF THE BOARD OF DIRECTORS

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A. REPORT ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR

CFE's board of directors met on 26 March 2020 to finalise the financial statements for the year ended 31 December 2019, which will be submitted to the forthcoming general meeting of shareholders on 7 May 2020.

1. KEY FIGURES 2019

In million €	2019	2018	Change 2019/2018
Revenue	3,624.7	3,640.6	-0.4%
Self-financing capacity (EBITDA) (*)	451.2	488.0	-7.5%
% of revenue	12.4%	13.4%	
Operating income (EBIT) (*)	177.7	227.2	-21.8%
% of revenue	4.9%	6.2%	
Net income share of the group	133.4	171.5	-22.2%
% of revenue	3.7%	4.7%	
Earnings per share (in euro)	5.27	6.78	-22.3%
Gross dividend per share (in euro)	0.00	2.40	-100.0%

In million €	2019	2018	Change 2019/2018
Equity – share of the group	1,748.7	1,720.9	+1.6%
Net financial debt (*)	798.1	648.3	+23.1%
Order book (*)	5,182.9	5,385.9	-3.8%

General remark: the 2018 figures have not been restated following the implementation of IFRS 16. The impact of this change in the accounting rules on the 2019 financial statements is detailed in section 3.A.8

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

GENERAL INTRODUCTION

The revenue of the CFE Group amounted to € 3,624.7 million, compared to € 3,640.6 million in 2018. While revenue increased in CFE Contracting, DEME reported a very slight decrease.

The operating income (EBIT) amounted to € 177.7 million, down 21.8%. The decrease in EBIT concerns both DEME and CFE Contracting, whereas BPI improved its operational performance. The lower EBIT is primarily due to:

- non-recurring charges at DEME;
- pressure on the margins of the Offshore segment;
- the impairment loss of the remaining outstanding receivables on the Chadian government.

The net result came to € 133.4 million.

The equity, share of the group, amounted to € 1,748.7 million, which is slightly up compared to 31 December 2018.

The net financial debt amounted to € 798.1 million. Adjusted for the impact of IFRS 16 (€ 103.2 million at 31 December 2019), the increase is limited to € 46.6 million compared to 31 December 2018.

The cash flows from operational activities increased by 97.8% from € 224.5 million to € 444.0 million in 2019.

2. ANALYSIS BY DIVISION

DREDGING, ENVIRONMENT, OFFSHORE AND INFRA DIVISION

KEY FIGURES

In million €	2019			2018			Change 2019/2018
	DEME	Restatements DEME (*)	Total	DEME	Restatements DEME (*)	Total	
Revenue	2,622.0	0.0	2,622.0	2,645.8	0.0	2,645.8	-0.9%
EBITDA (**)	437.0	0.0	437.0	458.9	0.0	458.9	-4.8%
Operating income (EBIT) (**)	160.1	-5.3	154.8	202.9	-5.3	197.6	-21.7%
Net income share of the group	125.0	-3.6	121.4	155.6	-2.0	153.6	-21.0%
Net financial debt (**)	708.5	0.0	708.5	555.8	0.2	556.0	+27.4%
Order book (**)	3,750.0	0.0	3,750.0	4,010.0	0.0	4,010.0	-6.5%

(*) 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

DEME reported € 2,622 million revenue in 2019, which is down 0.9% compared to the previous year.

The Dredging segment reported a higher volume of business than in 2018, particularly in Western Europe where DEME was engaged on major projects in Belgium (maintenance dredging on the river Scheldt and on the Belgian coast), Germany (widening and deepening of the Elbe) and the Netherlands, in support of Dimco (Infra segment). In Singapore, the TTP1 project is almost completed, while activity was buoyant in India, Russia, Qatar and Africa.

DEME Offshore realized € 1,141.1 million revenue in 2019, which includes a substantial volume of procurement.

In Belgium, the installation of the MOG (Modular Offshore Grid) and the monopile foundations of the offshore wind farm SeaMade was finalized. In the United Kingdom, 102 of the 103 foundations for the Moray East offshore wind farm were installed, while the Hornsea One project was fully completed.

The Infra segment reported a strong growth of activity, driven by the three major projects carried out in the Netherlands (Terneuzen lock, RijnlandRoute and the Blankenburg connection).

EVOLUTION OF ACTIVITY BY BUSINESS AREA

In %	2019	2018
Capital dredging	31%	26%
Maintenance dredging	10%	11%
Offshore	44%	51%
Environment	6%	5%
Infra	7%	5%
Others	2%	2%

EVOLUTION OF ACTIVITY BY GEOGRAPHICAL AREA

In %	2019	2018
Europe (EU)	69%	67%
Europe (non EU)	4%	2%
Africa	9%	10%
Americas	3%	4%
Asia-Pacific	9%	13%
Middle East	3%	2%
India and Pakistan	3%	2%

EBITDA AND OPERATING INCOME (EXCLUDING RESTATEMENTS)

The EBITDA amounted to € 437 million (16.7% of revenue). The operating income (EBIT), which includes the results of the equity-accounted companies, amounted to € 160.1 million, which is down € 42.8 million compared to 2018.

In addition to the changing revenue mix, the margin evolution was also influenced by various other elements:

- several months of downtime of the vessel 'Innovation' in the second and third quarters of 2019;
- impairment loss on the receivables on Senvion (€ 10.8 million);
- development costs of prototypes and campaigns for the harvesting of polymetallic nodules (€13.2 million);
- the negative result of a technically challenging dredging project in India that is nearing completion;
- pressure on the margins in the Offshore segment.

NET RESULT

DEME's net result amounted to € 125 million.

ORDER BOOK

The order book remains well filled (€ 3.75 billion as of 31 December 2019).

During the year, DEME won several major contracts, such as:

- the extension of the dredging contract in Papua New Guinea (Lower Ok Tedi River project);
- the contract for the widening and deepening of the Elbe over a length of 116 km between Cuxhaven and Hamburg in Germany;
- the contract for the transport and installation of the 165 monopiles, transition pieces and wind turbines for the Hornsea Two offshore wind farm in the United Kingdom. Work is expected to begin in the first quarter of 2021;

- extension for two years (2020-2021) of the maintenance dredging contract for the river Scheldt and the Belgian coast;
- the EPCI contract for the design, procurement and installation of 80 steel monopile foundations for the Saint-Nazaire offshore wind farm in France, in joint venture with Eiffage.

In Taiwan, DEME Offshore and its partner CSBC landed two major commercial successes in October and November 2019:

- Preferred Bidder Agreement (PBA) for the construction of the Hai Long 2 and Hai Long 3 wind farms situated off the east coast of Taiwan. It is a BoP (Balance of Plant) type contract that encompasses the design, procurement, transport and installation of the foundations, the transport and installation of the wind turbines, and the installation of the inter-array cables and the export cable. The works are scheduled for 2023;
- signing of two contracts with China Steel Corporation for the offshore wind farm project Zhong Neng with a capacity of 300 MW, due for completion in 2024. The first contract covers the transport and installation of the foundations, while the second contract formalizes the Preferred Bidder Agreement (PBA) for the transport and installation of the wind turbines.

In Scotland, DEME won a major EPCI contract for the installation of submarine power cables for the Neart Na Gaoithe offshore wind farm with a capacity of 450 MW. The contract is conditional upon the financial close. As for the Fehmarnbelt link between Denmark and Germany (€ 700 million), these three contracts will be included in the order book once the instruction to start the works will be obtained.

INVESTMENTS

Investments amounted to € 434.7 million, which is stable compared to 2018.

In June 2019, DEME took delivery of the trailing suction hopper dredger 'Bonny River'. With a capacity of 15,000 m³, this vessel is capable of dredging very hard soil at great depths (more than 100 metres).

Delays in the construction of several vessels have led to the postponement to 2020 of several down payments that were scheduled in 2019. While those delays are relatively minor in the case of the vessels 'Orion', 'Meuse River' and 'River Thames' (those three vessels will be delivered during the first half of 2020), the delivery date of the 'Spartacus' has been postponed once more, and is now scheduled for the third quarter of 2020.

As far as new investments are concerned, DEME has commissioned an SOV (Service Operation Vessel). This is a catamaran type vessel, designed for the maintenance of the offshore wind farms and capable of carrying and accommodating up to 24 technicians at sea. This vessel, which is scheduled for delivery in 2021, will be chartered by Siemens Gamesa Renewable Energy as part of a long-term maintenance contract for the Rentel and SeaMade offshore wind farms.

CONTRACTING DIVISION

KEY FIGURES

In million €	2019	2018	Change 2019/2018
Revenue	998.7	934.6	+6.9%
Operating income (EBIT) (*)	18.8	22.7	-17.2%
Net income share of the group	9.5	15.2	-37.5%
Net financial surplus (*)	106.1	102.4	+3.6%
Order book (*)	1,385.5	1,320.3	+4.9%

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

REVENUE

Revenue for CFE Contracting increased by 6.9% to € 998.7 million.

The Construction segment in Belgium showed a contrasting picture, with a substantial growth of business for the Flanders-based entities, but with a marked downturn in Brussels and Wallonia. The main projects in progress are the construction of the interior modules of the Gare Maritime on the Tour & Taxis site, the residential complex Riva in Brussels, the ZNA hospital in Antwerp, and the new underground depot for the Brussels metro trains.

International construction revenue increased by 8.1%, driven by exceptionally buoyant activity in Poland, where CFE was able to win and successfully complete several major logistics contracts.

NET FINANCIAL DEBT

The net financial debt amounted to € 708.5 million. Adjusted for the impact of IFRS 16 (€ 86.1 million at 31 December 2019), it increased by € 66.6 million compared to 31 December 2018, but it has decreased by more than € 100 million compared to 30 June 2019.

During the second half of the year, besides a slight improvement in working capital requirement, DEME benefited from partial repayments of subordinated loans granted to the companies Merkur Offshore and Rentel. Those repayments partly made up for the investments in the fleet.

MERKUR OFFSHORE

In December 2019, DEME and its partners concluded an agreement to sell 100% of their stake in Merkur Offshore GmbH, the company operating a wind farm of 396 MW situated 45 kilometres north of the German island of Bor-kum, in the North Sea. The transaction, which will earn DEME a net capital gain of more than € 50 million, is expected to be closed during the first half of 2020.

In million €	2019	2018	Change in %
Construction	733.5	692.5	+5.9%
Belgium	543.1	516.4	+5.2%
International	190.4	176.1	+8.1%
Multitechnics (VMA)	179.6	170.6	+5.3%
Rail & Utilities (Mobix)	85.6	71.5	+19.6%
Total Contracting	998.7	934.6	+6.9%

OPERATING INCOME

The operating income amounted to € 18.8 million, or € 3.9 million less than in the previous year.

Market conditions remain difficult for the Construction segment in Belgium, characterized by pressure on sale prices. The good results generated in Flanders could only partially make up for the losses reported by BPC and Thiran, two entities operating on the Brussels and Walloon markets. Part of this deterioration is subject of claims against customers, yet in accordance with accounting policies, the possible hoped-for compensation was not yet valued at 31 December 2019.

The other segments of the division reported an excellent performance, particularly in Poland where CFE is amongst the best performers in terms of profitability. In Tunisia, all projects are now finished, apart from a civil engineering project that will be delivered in 2021.

NET RESULT

The net result amounted to € 9.5 million.

ORDER BOOK

In million €	31 December 2019	31 December 2018	Change in %
Construction	1,016.8	1,069.1	-4.9%
Belgium	833.5	870.9	-4.3%
International	183.3	198.2	-7.5%
Multitechnics (VMA)	188.5	168.4	+11.9%
Rail & Utilities (Mobix)	180.2	82.8	+117.6%
Total Contracting	1,385.5	1,320.3	+4.9%

The order book grew to € 1,385.5 million at 31 December 2019, which is up to 4.9% compared to 31 December 2018.

In December 2019, following the granting of planning permission, CFE Contracting included in its order book the contract for the design, construction and maintenance of residential units for SHAPE (Wallonia), worth more than € 100 million.

The Construction segment is not pursuing revenue growth, but rather focuses on selecting projects with an acceptable level of profitability and risk.

In Multitechnics and in Rail & Utilities however, CFE Contracting does intend to grow the business which offers attractive potential and which is reflected in a high order intake. In the first half of 2019, CFE Contracting won the contract for the design, modernization, finance, management and 20-year maintenance of the public lighting of the Walloon region's main road network. The modernization works started in the fourth quarter of 2019.

NET FINANCIAL SURPLUS

The division had a net financial surplus of € 106.1 million. Adjusted for the negative impact of IFRS 16 (€ 14.7 million at 31 December 2019), the net cash position increased by 18% in 2019.

Despite considerable investments (in particular the construction of a new head office for the entity VMA Druart), the net cash position of CFE Contracting was strengthened thanks to a substantial improvement in working capital requirement at the year-end.

REAL ESTATE DEVELOPMENT DIVISION

KEY FIGURES

In million €	2019	2018	Change 2019/2018
Revenue	59.1	94.7	-37.6%
Operating income (EBIT) (*)	13.7	13.2	+3.8%
Net income share of the group	11.6	9.3	+24.7%
Net financial debt (*)	66.4	70.5	-5.8%

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

EVOLUTION OF THE CAPITAL EMPLOYED (*)

The capital employed amounted to € 143 million at 31 December 2019, which is slightly up on 2018.

The stock of unsold units post completion remained low. BPI is currently developing some forty real estate projects totalling 545,000 m² (BPI share), of which 103,000 m² are under construction.

BREAKDOWN BY STAGE OF PROJECT DEVELOPMENT

In million €	31 December 2019	31 December 2018
Unsold units post completion	4	4
Properties under construction	58	70
Properties in development	81	65
Total capital employed	143	139

BREAKDOWN BY COUNTRY

In million €	31 December 2019	31 December 2018
Belgium	97	89
Luxembourg	21	23
Poland	25	27
Total	143	139

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

NEW DEVELOPMENTS

In Belgium

In the Brussels area, BPI continued the construction and marketing of the Ernest The Park, Erasmus Gardens, Les Hauts Prés and Park West projects, while the Voltaire project was delivered to the satisfaction of the buyers. All those programmes show highly satisfactory take-up rates. Planning applications have been filed for the mixed-use projects Brouck'R and Key West.

In Liège, the second office building of the Renaissance project (Val Benoît) was sold off-plan to the Province. Delivery is due in March 2020. The first building, delivered at the end of 2019, was let to Forem in 2018. Planning permission has been obtained for the construction of 153 housing units on the Bavière site.

In Flanders, BPI delivered all the residential buildings of its Zen Factory project (Beersel) and acquired a building plot near the Spoor Noord park in Antwerp (Martin site) for the development, in joint venture, of 100 housing units with co-living spaces and 7,500 m² for crafts and creative activities.

In Luxembourg

BPI has successfully delivered the residential projects Domaine de l'Europe (Kirchberg) and Fussbann (Differdange). All the residential units have been sold prior to the end of the construction.

A similar positive result is realized at the Livingstone project where all apartments were sold prior to completion.

In 2019, BPI obtained planning permission for three projects under study:

- the Entrée de Ville project in Differdange, of which the apartments will be sold 'en bloc' to the municipality, while the co-living spaces are in the marketing phase;
- the Wooden project in Leudelange. This is an office development of 9,600 m², largely pre-let to the Bâloise insurance company;
- the Arlon 23 project (3,700 m² office space).

Construction work on these three projects will begin in the first half of 2020.

In Poland

The four residential projects under construction are progressing according to plan and will be delivered in the first half of 2020. Take-up is satisfactory.

On the outskirts of Gdynia in the north of Poland, BPI acquired a building plot for the development of approximately 9,400 m² of residential units, spread over 18 buildings with 6 luxury apartments.

NET FINANCIAL DEBT

The net financial debt decreased slightly to € 66.4 million at 31 December 2019. During the 2019 financial year, BPI made draw-downs on its commercial paper programme for the first time.

IFRS 16 has a very limited impact on BPI: € 1.2 million at 31 December 2019.

NET RESULT

Although no result was generated in Poland owing to the fact that the sales margin is recognized upon delivery of the apartments, the net result of the real estate division showed a marked increase to € 11.6 million. This result was essentially generated by the margins earned on the pre-sold residential units in Belgium and Luxembourg.

HOLDING, NON-TRANSFERRED ACTIVITIES AND INTER DIVISION ELIMINATIONS

In million €	2019	2018	Change 2019/2018
Revenue excluding eliminations between segments	12.4	27.1	-54.2%
Eliminations between segments	-67.4	-61.5	n.s.
Revenue including eliminations between segments	-55.0	-34.4	n.s.
Operating income (EBIT) (*)	-9.6	-6.4	+50.0%
Net income share of the group	-9.1	-6.5	+40.0%
Net financial debt (*)	129.4	124.4	+3.9%

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

REVENUE

The revenue, excluding inter-division eliminations, amounted to € 12.4 million, compared to € 27.1 million in 2018. Activity relates almost exclusively to the Brussels-South wastewater treatment plant project, of which delivery is scheduled for the first quarter of 2021.

OPERATING INCOME

The operating income was negatively impacted by the impairment loss of all outstanding receivables from the Chadian government not covered by Credendo, in accordance with IFRS 9.

Negotiations continue with both the Afrexim Bank and the Chadian government in order to collect these receivables. The impairment loss on the Chadian receivables was partly offset by, on the one hand, the reversal of provisions for risks that are no longer relevant, and on the other hand by the contribution of Green Offshore (50% CFE), minority shareholder of the Belgian offshore wind farms Rentel and SeaMade. While SeaMade is still under construction, Rentel has already generated power for its first full year.

RENT-A-PORT

In the second half of 2019, Rent-A-Port (50% CFE) sold its stake in the port of Duqm (Oman) to DEME Concessions. Furthermore, its other activities in the Middle East and Africa have ceased as the company now focuses exclusively on the development of its port concessions in Northern Vietnam through its 60%-owned subsidiary, Infra Asia Investment.

2019 was a year of transition for the activities in Vietnam: sales of industrial land were limited to 33 hectares. Nevertheless, the company expects a sharp increase in sales from 2020 onwards. It wants also to enter into strategic partnerships for the development of its two concessions in the province of Quang Ninh.

NET RESULT

Taking these different elements into account, the net result amounted to € -9.1 million.

NET FINANCIAL DEBT

The net financial debt amounted to € 129.4 million, which is up to 3.9% compared to 2018. The impact of IFRS 16 is limited to € 1.2 million.

WOOD SHAPERS

In the fourth quarter of 2019, CFE Contracting and BPI set up a new entity called Wood Shapers. The purpose of this entity is to realize Design & Build projects and real estate developments (< 5,000 m²) in wood and sustainable prefab materials. A first building plot was acquired in Luxembourg, and two Design & Build projects are under study. This new entity has been set up as part of the group's sustainable development strategy.

3. OVERVIEW OF THE FINANCIAL STATEMENTS

3.A.1 CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December In thousands €	2019	2018
Revenue	3,624,722	3,640,627
Revenue from auxiliary activities	81,042	123,018
Purchases	-2,120,359	-2,147,130
Remuneration and social security payments	-653,870	-633,090
Other operating expenses	-469,248	-497,748
Depreciation and amortisation	-318,672	-272,602
Income from operating activities	143,615	213,075
Earnings from associates and joint ventures	34,092	14,169
Operating income	177,707	227,244
Cost of financial debt	-2,602	-8,433
Other financial expenses and income	-5,120	-55
Net financial income/expense	-7,722	-8,488
Pre-tax income	169,985	218,756
Income tax expense	-38,619	-49,549
Net income for the period	131,366	169,207
Attributable to owners of non-controlling interests	2,058	2,323
Net income – share of the group	133,424	171,530

Year ended 31 December In thousands €	2019	2018
Net income for the period	131,366	169,207
Change in fair value related to hedging instruments	-36,479	-5,498
Currency translation differences	1,153	621
Deferred taxes	2,772	775
Other elements of the comprehensive income to be reclassified to profit or loss in subsequent period	-32,554	-4,102
Remeasurement on defined benefit and contribution plans	-15,444	-1,063
Deferred taxes	3,606	726
Other elements of the comprehensive income not to be reclassified to profit or loss in subsequent period	-11,838	-337
Total elements of the comprehensive income directly accounted in equity	-44,392	-4,439
Comprehensive income	86,974	164,768
- attributable to owners of the parent	89,231	167,279
- attributable to owners of non-controlling interests	-2,257	-2,511
Net income share of the group per share (€) (basic and diluted)	5.27	6.78
Comprehensive income attributable to the owners of the group per share (€) (basic and diluted)	3.53	6.61
ROE (*)	7.7%	10.6%

(*) 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 €	2019	2018
Intangible assets	90,261	89,588
Goodwill	177,127	177,127
Property, plant and equipment	2,615,164	2,390,236
Investments in associates and joint ventures	167,653	155,792
Other non-current financial assets	83,913	171,687
Non-current derivative instruments	0	9
Other non-current assets	16,630	5,501
Deferred tax assets	100,420	99,909
Total non-current assets	3,251,168	3,089,849
Inventories	162,612	128,889
Trade receivables and other operating receivables	996,436	1,261,298
Other operating current assets	72,681	67,561
Other non operating current assets	6,267	12,733
Current derivative instruments	751	275
Assets held for sale	10,511	0
Cash and cash equivalents	612,206	388,346
Total current assets	1,861,464	1,859,102
Total assets	5,112,632	4,948,951
Share capital	41,330	41,330
Share premium	800,008	800,008
Retained earnings	995,786	923,768
Defined benefits and contributions plans	-37,089	-25,521
Hedging reserves	-40,892	-7,153
Translation differences	-10,440	-11,554
Equity – part of the CFE Group	1,748,703	1,720,878
Non-controlling interests	11,607	13,973
Equity	1,760,310	1,734,851
Retirement benefit obligations and employee benefits	70,269	57,553
Provisions - non current	12,414	35,172
Other non-current liabilities	10,651	5,725
Bonds - non current	29,689	29,584
Financial debts - non current	1,110,212	656,788
Non-current derivative instruments	8,986	9,354
Deferred tax liabilities	104,907	119,386
Total non-current liabilities	1,347,128	913,562
Current provisions	46,223	65,505
Trade payables & other operating liabilities	1,221,466	1,410,944
Tax liability due for payment	44,078	44,543
Bonds - current	0	200,221
Current financial debts	270,366	150,075
Current derivative instruments	9,356	10,990
Other operating current liabilities	155,601	201,609
Other non operating current liabilities	258,104	216,651
Total current liabilities	2,005,194	2,300,538
Total equity and liabilities	5,112,632	4,948,951

3.A.3 CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December In thousands €	2019	2018
Operating activities		
Income from operating activities	143,615	213,075
Depreciation and amortisation of (in)tangible assets and investment property	318,672	272,602
Net provision expense	-30,587	1,265
Impairment on assets and other non-cash items	19,524	1,018
Income/(losses) from sales of property, plant & equipment	-6,100	-7,530
Dividends received from associates and joint ventures	8,140	4,935
Cash flow from operating activities before changes in working capital	453,264	485,365
Decrease/(increase) in trade receivables and other current and non-current receivables	238,441	-349,838
Decrease/(increase) in inventories	-37,020	6,142
Increase/(decrease) in trade payables and other current and non-current payables	-166,619	141,189
Income tax paid/received	-44,109	-58,375
Cash flow from operating activities	443,957	224,483
Investing activities		
Sales of non-current assets	13,834	15,833
Purchases of non-current assets	-451,258	-453,475
Acquisition of subsidiaries net of cash acquired	0	-35
Variation of the investment percentage in associates and joint ventures	-8,321	70,049
Capital increase of equity-accounted companies	-16,355	-8,660
Sales of subsidiaries	0	1,202
Reimbursement of borrowings / (New borrowings given)	71,659	-41,066
Cash flow from investing activities	-390,441	-416,152
Financing activities		
Interest paid	-24,529	-22,583
Interest received	14,280	13,697
Other financial expenses & income	-6,635	-2,734
Borrowings	709,361	422,808
Reimbursements of borrowings	-462,303	-294,122
Dividends paid	-60,755	-60,755
Cash flow from (used in) financing activities	169,419	56,311
Net increase/(decrease) in cash position	222,935	-135,358
Cash and cash equivalents at start of the year	388,346	523,018
Exchange rate effects	925	686
Cash and cash equivalents at end of period	612,206	388,346

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

The tangible assets amounted to € 2,615 million at 31 December 2019, up € 225 million, of which € 102.3 million results from the application of IFRS 16. DEME's investment programme continued in 2019 (primarily down payments on the vessels 'Bonny River', 'Orion' and 'Spartacus'), partly offset by the depreciation during the period.

Taking into account the payment of a dividend of € 60.8 million, the consolidated equity amounted to € 1,760.3 million at 31 December 2019. The equity was negatively impacted by the evolution of the pension obligations (€ -11.6 million) and of the fair value of the hedging derivatives (€ -33.7 million, of which primarily the IRS type interest rate hedges at Rentel and SeaMade). This evolution is attributable to the decrease in the medium and long-term interest rates in the euro zone in 2019.

The net financial debt breaks down into a short-term and long-term financial debt of € 270.4 million and € 1,139.9 million respectively, and a net cash position of € 612.2 million.

During the 2019 financial year, DEME successfully repaid its € 200 million bond. This was refinanced with bilateral loans on far more favourable terms.

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

The cash flows from operational activities increase by 97.8% from € 224.5 million to € 444.0 million in 2019. The cash flows from investing activities amount to € 390.4 million, a decrease of 6.2% compared to 2018 mainly as a result of the partial repayment of subordinated loans by Merkur Offshore and Rentel.

3.A.5 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS OF 31 DECEMBER 2019

In thousands €	Share Capital	Share premium	Retained earnings	Defined benefits and contributions plans	Reserve related to hedging instruments	Translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total
December 2018	41,330	800,008	923,768	-25,521	-7,153	-11,554	1,720,878	13,973	1,734,851
IFRS 16 amended							0		0
Comprehensive income for the period			133,424	-11,568	-33,739	1,114	89,231	-2,257	86,974
Dividends paid to shareholders			-60,755				-60,755		-60,755
Dividends paid to non-controlling interests								-920	-920
Change in consolidation scope and other movements			-651				-651	811	160
December 2019	41,330	800,008	995,786	-37,089	-40,892	-10,440	1,748,703	11,607	1,760,7310

3.A.6 KEY FIGURES PER SHARE

	31 December 2019	31 December 2018
Total number of shares	25,314,482	25,314,482
Net result part of the group per share (in €)	5.27	6.78
Equity part of the group per share (in €)	69.08	67.98

3.A.7 SEGMENT INFORMATION

CONSOLIDATED STATEMENT OF INCOME

For the period ended 31 December 2019 In thousands €	DEME	Restatements DEME	Contracting	Real Estate Development	Holding & non-transferred activities	Eliminations between segments	Total consolidated
Revenue	2,621,965		998,671	59,065	12,433	(67,412)	3,624,722
Income from operating activities	141,645	(4,589)	18,729	1,030	(13,281)	81	143,615
Operating income (EBIT)	160,094	(5,273)	18,806	13,686	(9,687)	81	177,707
% Revenue	6.11%		1.88%	23.17%			4.90%
Financial income	(6,749)	611	(833)	(1,338)	587	0	(7,722)
Taxes	(30,321)	1,059	(8,446)	(791)	(109)	(11)	(38,619)
Net income of the group	125,041	(3,603)	9,527	11,598	(9,209)	70	133,424
% Revenue	4.77%		0.95%	19.64%			3.68%
Non-cash items	295,366	4,589	14,393	(888)	(5,851)	0	307,609
EBITDA	437,011	0	33,122	142	(19,132)	81	451,224
% Revenue	16.67%		3.32%	0.24%			12.45%

For the period ended 31 December 2018 In thousands €	DEME	Restatements DEME	Contracting	Real Estate Development	Holding & non-transferred activities	Eliminations between segments	Total consolidated
Revenue	2,645,780		934,573	94,696	27,051	(61,473)	3,640,627
Income from operating activities	196,012	(4,589)	22,728	10,346	(10,865)	(557)	213,075
Operating income (EBIT)	202,940	(5,273)	22,728	13,209	(5,803)	(557)	227,244
% Revenue	7.67%		2.43%	13.95%			6.24%
Financial income	(6,391)	2,901	(2,073)	(2,832)	(93)	0	(8,488)
Taxes	(43,231)	384	(5,491)	(1,134)	(124)	47	(49,549)
Net income of the group	155,570	(1,988)	15,161	9,321	(6,024)	(510)	171,530
% Revenue	5.88%		1.62%	9.84%			4.71%
Non-cash items	262,889	4,589	12,686	(1,932)	(3,347)	0	274,885
EBITDA	458,901	0	35,414	8,414	(14,212)	(557)	487,960
% Revenue	17.34%		3.81%	8.87%			13.40%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019 In thousands €	DEME	Contracting	Real Estate Development	Holding & non-transferred activities	Eliminations between segments	Consolidated total
ASSETS						
Goodwill	155,567	21,560	0	0	0	177,127
Property, plant and equipment	2,529,919	81,173	1,742	2,330	0	2,615,164
Non-current loans to consolidated group companies	0	0	0	23,600	(23,600)	0
Other non-current financial assets	36,178	0	29,874	17,861	0	83,913
Other non-current assets	266,417	15,656	51,029	1,287,700	(1,245,838)	374,964
Inventories	13,152	15,720	130,837	4,528	(1,625)	162,612
Cash and cash equivalents	475,135	67,550	6,411	63,110	0	612,206
Internal cash position - cash pooling - assets	0	75,684	11,167	2,327	(89,178)	0
Other current assets	724,124	306,630	23,703	37,824	(5,635)	1,086,646
Total assets	4,200,492	583,973	254,763	1,439,280	(1,365,876)	5,112,632
EQUITY AND LIABILITIES						
Equity	1,675,537	83,670	76,296	1,172,271	(1,247,464)	1,760,310
Non-current borrowings from consoli- dated group companies	0	1,800	21,800	0	(23,600)	0
Bonds - non current	0	0	29,689	0	0	29,689
Non-current financial liabilities	947,798	23,174	13,378	125,862	0	1,110,212
Other non-current liabilities	175,248	15,880	14,514	1,585	0	207,227
Bonds - current	0	0	0	0	0	0
Current financial liabilities	235,791	9,857	14,382	10,336	0	270,366
Internal cash position - cash pooling - liabilities	0	2,327	4,698	82,153	(89,178)	0
Other current liabilities	1,166,118	447,265	80,006	47,073	(5,634)	1,734,828
Total liabilities	2,524,955	500,303	178,467	267,009	(118,412)	3,352,322
Total equity and liabilities	4,200,492	583,973	254,763	1,439,280	(1,365,876)	5,112,632

31 December 2019 In thousands €	DEME	Contracting	Real Estate Development	Holding & 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 consoli- dated group companies	0	0	20,000	0	(20,000)	0
Bonds - non current	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
Bonds current	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 CASH FLOWS

31 December 2019 In thousands €	DEME	Contracting	Real Estate	Holding & non-transferred activities	Consolidated total
Cash flow from operating activities before change in working capital	435,721	31,478	5,143	-19,078	453,264
Net cash flow from (used in) operating activities	388,813	48,832	10,261	-3,949	443,957
Cash flow from (used in) investing activities	-370,319	-13,417	-40	-6,665	-390,441
Cash flow from (used in) financing activities	168,619	-21,559	-13,053	35,412	169,419
Net increase/(decrease) in cash position	187,113	13,856	-2,832	24,798	222,935

31 December 2018 In thousands €	DEME	Contracting	Real Estate	Holding & non-transferred activities	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

3.A.8 IFRS 16

The implementation of the new IFRS 16 standard for leases as of 1 January 2019 was reflected in CFE's consolidated balance sheet by an increase in tangible assets and in the net financial debt of € 98.8 million (of which € 83.5 million at DEME).

At 31 December 2019, the impact of the implementation of the new standard on CFE's consolidated balance sheet and income statement can be summed up as follows:

In million €	DEME	Contracting	Others	Total
Balance sheet				
Property, plant and equipment	85.3	14.6	2.4	102.3
Financial debts	86.1	14.7	2.4	103.2
Income statement				
EBITDA	17.6	6.9	0.8	25.3
Operating income (EBIT)	0.6	0.3	0.0	0.9
Financial result	-1.4	-0.4	0.0	-1.8
Net result - share of the group	-0.8	-0.1	0.0	-0.9

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

In thousands €	2019	2018
Turnover	21,720	29,249
Operating income	75,803	-23,944
Net financial result excluding non-recurring financial income	68,573	62,771
Non-recurring financial income	60	63
Non-recurring financial charges	-97,292	-63
Result before taxes	47,143	38,827
Taxes	-110	-118
Result of the year	47,033	38,709

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

The liquidation of several international entities translates into a reversal of provisions in operating income and an equivalent non-recurring finance cost. Furthermore, certain provisions that are no longer relevant have been reversed and

non-recurring finance costs have been recognized as impairments loss on current accounts. Consequently, the current accounts and loans of CFE vis-à-vis entities based in Africa, Romania and Hungary have been fully provided for.

The financial income consists mainly of € 55.0 million, € 8.8 million and € 3.2 million worth of dividends received from DEME, CFE Contracting and BPI respectively.

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

In thousands €	2019	2018
Assets		
Fixed assets	1,336,844	1,338,202
Current assets	102,122	169,859
Total assets	1,438,966	1,508,061

In thousands €	2019	2018
Equity and liabilities		
Equity	1,188,337	1,141,304
Provisions	11,544	95,381
Non-current liabilities	125,248	130,248
Current liabilities	113,837	141,128
Total equity and liabilities	1,438,966	1,508,061

The fixed assets primarily consist of the stakes in DEME, CFE Contracting and BPI.

The long-term debts include € 90 million drawn down on the confirmed bilateral credit lines, and € 35 million

medium-term treasury notes. CFE also used its commercial paper programme for an amount of € 10 million.

4. DIVIDEND

In the evolving context of the Covid-19 pandemic, the Board of Directors of CFE has therefore decided to propose to the annual general meeting not to pay out a dividend for the financial year 2019.

B. CORPORATE GOVERNANCE STATEMENT

1. CORPORATE GOVERNANCE CHARTER

The Company'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 to bring it into conformity with the new Code of Companies and Associations and with the 2020 Belgian Corporate Governance Code.

The Company'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 at 31 December 2019, CFE's Board of Directors consisted of twelve 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
Philippe Delusinne	07.05.2009	2020
Christian Labeyrie	06.03.2002	2020
Ciska Servais SPRL, represented by Ciska Servais	03.05.2007	2023
Pas de Mots SPRL, represented by Leen Geirnaerd	07.10.2016	2020
Euro-Invest Management SA, represented by Martine Van den 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 mandates of Philippe Delusinne, Christian Labeyrie and Pas De Mots SPRL, represented by Leen Geirnaerd, for a period of four years, ending after the annual general meeting of May 2024.

2.1 CORPORATE OFFICES AND DUTIES OF BOARD MEMBERS

DIRECTORS

The tables below summarize the mandates and duties of the twelve Board members as at 31 December 2019.

<p>Luc Bertrand</p> <p>Ackermans & van Haaren Begijnvest, 113 B- 2000 Antwerp</p> <p>Member of the Appointments and Remuneration Committee</p> 	<p>Chairman of the Board of Directors</p> <p>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.</p> <p>Corporate offices:</p> <p>a- Listed companies:</p> <ul style="list-style-type: none"> Chairman of the Board of Directors of Ackermans & van Haaren Chairman of the Board of Directors, SIPEF <p>b- Non-listed companies:</p> <ul style="list-style-type: none"> Chairman of the Board of Directors, DEME Chairman of the Board of Directors, Dredging International Chairman of the Board of Directors, FinAx Director of Baarbeek Director of Bank J.Van Breda & C° Chairman of Belfimas Director of Delen Private Bank Director of DEME Coordination Center Director of JM Finn & Co (UK) Chairman of Scaldis Invest <p>c- Associations:</p> <ul style="list-style-type: none"> Chairman of the Belgian Institute of Directors - Guberna (Trustees) Chairman of the Board of Directors, Institut de Duve Chairman of Middelheim Promotors Director of Europalia Honorary Chairman of the Cercle de Lorraine, Brussels Member of the Board of Directors, Institute of Tropical Medicine Member of the Board of Directors, KU Leuven Regent of Mayer van den Bergh Museum Member of the General Council, Vlerick Leuven Gent School Chairman of the Advisory Board, Deloitte NV
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Piet Dejonghe

Managing Director

**Ackermans & van Haaren
Begijninvest, 113
B- 2000 Antwerp**



Piet Dejonghe was born in 1966 and has a degree in law (KU Leuven, 1989), a postgraduate degree in management (KU Leuven, 1990) and a 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 Insurance 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 MBG
Director of BPC
Director of CFE Contracting
Director of Mobix Engema
Director of CLE
Director of Extensa Group
Director of Green Offshore
Director of Van Laere
Director of Bio Cap Invest
Director of HDP Charleroi

c- Associations:

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

Renaud Bentégeat

Executive director

**CFE
Avenue Herrmann-Debroux, 40-42
B-1160 Brussels**



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 Bâtiment 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
Chairman of Infra Asia Investment

c- Associations:

Chairman of CCI France International
Vice-President of CCI France-Belgique
Foreign Trade Adviser for France

John-Eric Bertrand

Director

**Ackermans & van Haaren
Begijnvest, 113
B- 2000 Antwerp****Chairman of the Audit Committee**

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, Telemond Holding
Chairman of the Board of Directors, Baarbeek Immo
Director of DEME
Director of Sofinim
Director of Manuchar
Director of Axe Investments
Director of Oriental Quarries & Mines
Director of AvH Resources India
Director of Extensa Group
Director of Onco DNA
Director of VMA
Member of the Investment Committee of Inventures
Director of Profimolux
Director of Finasucre
Member of the Investment Committee of Healthquad

c- Associations:

Director of Belgian Finance Club

Jan Suykens

Director

**Ackermans & van Haaren
Begijnvest, 113
B- 2000 Antwerp**

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 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 JM Finn & Co (UK)
Director of Leasinvest Immo Lux SICAV-FIS
Director of Mediapore
Director of Mediahuis
Director of Mediahuis Partners
Director of Profimolux
Director of Rent-A-Port
Director of Sofinim

c- Associations:

Director of Antwerp Management School
Director of De Vrienden van het Rubenshuis
Member of the Advisory Board, ING Antwerp Branch

Koen Janssen

Director

**Ackermans & van Haaren
Begijnvest, 113
B- 2000 Antwerp**



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 Bedrijvent centrum Regio Mechelen

Director of DEME

Director of Dredging International

Director of NMC International

Director of Rent-A-Port

Director of Infra Asia Investment (IAI)

Director of RAP Green Energy

Director of Bioelectric

Director of Green Offshore

Director of Sofinim Lux

Director of Sofinim

Director of Groep Terryn

Director of Otary RS

Director of Otary Bis

Director of Rentel

Director of SeaMade

c- Associations:

Director of Belgian Offshore Platform (BOP) vzw, permanent representative for Green Offshore

Director of BVA (Belgian Venture Capital & Private Equity Association)

Philippe Delusinne

Independent Director

**RTL Belgium
Avenue Jacques Georgin 2
B-1030 Brussels**

**Member of the Appointments and
Remuneration Committee**

Member of the Audit Committee



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 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

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

Director

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

Member of the Audit Committee



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 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



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

Chair of the Remuneration Committee, MONTEA Comm. VA

b- Non-listed companies:

Astrea BV CVBA

SYMBIOSIS SON

Pas de Mots SPRL, represented by
Leen Geirnaerd

Anne Frankstraat 1
B-9150 Kruibeke

Member of the Audit Committee



Independent Director

After studying applied economic science at Antwerp University, Leen Geirnaerd began her professional career at PricewaterhouseCoopers (PwC), where she worked for six years in auditing. She then moved on to Solvus Resource Group, a Belgian listed company where she held the position of corporate controller. After Solvus Resource Group was taken over by the Dutch listed company USG People NV, Leen Geirnaerd was appointed director of the Belgian Shared Services Center, and subsequently in 2010 as Chief Financial Officer in the Netherlands. Following the takeover by the Japanese group Recruit, she was appointed global CFO of Recruit Global Staffing in 2016.

In May 2019, Leen Geirnaerd became CFO of bpost NV/SA.

Corporate offices:

a- Listed companies:

Director and Chair of the Audit Committee of Wereldhave from 2016 to June 2019

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

**Avenue Molière 164
B-1050 Ixelles**

**Chair 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, she was Coaching Director in several continuing education programmes from 2003 to 2019, and is now Executive Coach for INSEAD Executive Education. 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:

c- Associations:

Member of the Board of Directors, Vocatio (Brussels)

**Much SPRL
represented by Muriel De Lathouwer**

**Avenue Jacques Pastur 128
B-1180 Uccle**

Member of the Audit Committee



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, after which she became CEO of EVS from 2014 to 2018 where she oversaw the digital transformation of the company.

Muriel De Lathouwer is a director of several international companies and is active in the W.I.N.G. fund (Digital Wallonia) as a member of the operating team and the Deep Tech investment committee.

Corporate offices:

a- Listed companies:

Member of the Board of Directors, Remuneration Committee and Audit Committee of Shurgard

b- Non-listed companies:

Member of the Board of Directors and Vice-Chair of the Remuneration and Governance Committees, Olympia group

Member of the Board of Directors and the IT Committee, CPH bank

Member of the Board of Directors, Amoobi

c- Associations:

Coderdojo Belgium

2.2 EVALUATION OF THE INDEPENDENCE OF DIRECTORS

Of the twelve members of the Board of Directors as at 31 December 2019, 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, who is executive director;
- Luc Bertrand, Jan Suykens, Koen Janssen and John-Eric Bertrand, who represent the controlling shareholder, Ackermans & van Haaren;
- Christian Labeurie, who represents VINCI Construction, which owns 12.11% of the company's shares;
- Ciska Servais SPRL, represented by Ciska Servais, who has started her fourth consecutive term as director of CFE.

As at 31 December 2019, the independent directors are: Philippe Delusinne, Pas de Mots SPRL, represented by Leen Geirnaerd, 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 2019.

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

As far as CFE is aware, no director has 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 desirable.

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 took place during the second half of 2019. This assessment exercise was carried out with the support of Guberna, the Belgian Institute of Directors. The results of the assessment were presented to the directors in December 2019.

2.6 AGE LIMIT

In 2019, Martine Van den Poel, representing Euro-Invest Management SA, reached the age limit set in the Corporate Governance Charter.

In accordance with the rules of the Charter, the Board of Directors unanimously took a reasoned decision authorizing Euro-Invest Management SA, represented by Martine Van den Poel, to continue its current mandate.

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 the Company 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 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 draws up 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 special 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 2 May 2019, the Board of Directors is authorised to increase the Company's capital – in one or more operations – by up to €5,000,000, excluding share 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.
- This authorisation has been granted for a period of five years from the date of publication of the decision of the general meeting of 02 May 2019 in the Annexes to the 'Moniteur Belge'.
- (iii) Powers of the Board of Directors with regard to acquisition of treasury shares
- The general meeting of shareholders of 02 May 2019 authorised the Company's Board of Directors (i) to acquire, for a period of five years from the date of publication of this authorisation in the Moniteur Belge, 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 within the framework of the authorised capital.

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 2019, the Board of Directors considered all major issues concerning CFE. It met five times in 2019.

In particular, the Board of Directors:

- approved the financial statements for 2018 as well as the financial statements for the first half of 2019;
- examined the 2019 budget and the updates to that budget;
- examined the 2020 budget;
- reviewed matters that were presented at Risk Committee meetings and the evolution of the safety indicators;
- examined the financial situation of CFE, changes in its debt levels and its working capital requirement;
- reviewed the strategic plan of the Buildings & Infra segment of the VMA cluster;
- examined the evolution of real estate projects and approved the acquisition and sale of several real estate projects worth more than ten million euros;
- approved the incorporation of Wood Shapers SA, a company specializing in timber construction in Belgium and Luxembourg;
- decided the remuneration and bonus arrangements for the managing director and the executives, following a proposal by the Appointments and Remuneration Committee.

The table below indicates the individual attendance rate of directors at Board meetings in 2019.

Directors	Attendance/Total number of meetings
Luc Bertrand	5/5
Renaud Bentégeat	5/5
Piet Dejonghe	5/5
Jan Suykens	5/5
Koen Janssen	5/5
John-Eric Bertrand	5/5
Christian Labeyrie	4/5
Philippe Delusinne	4/5
Ciska Servais SPRL, represented by Ciska Servais	5/5
Pas de Mots SPRL, represented by Leen Geirnaerd	4/5
Alain Bernard	2/2
Euro-Investment Management SA, represented by Martine Van den Poel	5/5
MucH SPRL, represented by Muriel De Lathouwer	5/5

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 the company in 2019.

3.2 THE APPOINTMENTS AND REMUNERATION COMMITTEE

At 31 December 2019, this committee comprised:

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

(*) Independent directors

The committee met three times in 2019.

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

- the fixed and variable remuneration paid to the managing director;
- 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, CFE Contracting and BPI;
- the long-term incentive plan at BPI and CFE Contracting

The table below indicates the individual attendance rate of the members of the Appointments and Remuneration Committee at meetings in 2019.

Members	Attendance/Total number of meetings
Members	
Euro-Investment Management SA, represented by Martine Van den Poel (*)	3/3
Luc Bertrand	3/3
Philippe Delusinne (*)	3/3
Ciska Servais SPRL, represented by Ciska Servais (*)	1/1

(*) 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 2019, this committee comprised:

- John-Eric Bertrand, chairman
- Philippe Delusinne (*)
- Pas de Mots SPRL, represented by Leen Geirnaerdt (*)
- Christian Labeyrie
- Much SPRL, represented by Muriel De Lathouwer (*)

(*) 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 2019 financial year.

It examined, among other things:

- the financial statements for full-year 2018 and for the first half of 2019;
- the quarterly financial statements for the first and third quarters of 2019;
- the draft 2020 budget before it was presented to the Board of Directors;
- the reports of the internal auditor;
- the results of the main projects;
- 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 2019.

Members	Attendance/Total number of meetings
John-Eric Bertrand	4/4
Philippe Delusinne (*)	4/4
Pas de Mots SPRL, represented by Leen Geirnaerdt (*)	3/4
Much SPRL, represented by Muriel De Lathouwer (*)	3/3
Christian Labeyrie	4/4
Ciska Servais SPRL, represented by Ciska Servais (*)	1/1

(*) 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, the Company'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 shareholders of the Company. 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, shares of the Company 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 the Company 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 2019 was as follows:

- registered shares	18,669,755
- shares in electronic form	6,644,727
TOTAL	25,314,482

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

Ackermans & van Haaren NV

Begijnvest, 113
B-2000 Antwerp (Belgium)
15,419,521 shares or 60.91%

VINCI Construction SAS

5, cours Ferdinand-de-Lesseps
F-92851 Rueil-Malmaison Cedex (France)
3,066,460 shares or 12.11%

During the 2019 financial year, the Company received no transparency notification pursuant to the Act of 2 May 2007.

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 share of the Company entitles the owner to vote in the general meeting of shareholders and automatically assumes approval of the Company's Articles of Association and the decisions of the 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 2019, 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 customers. 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 (BPI), 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 **Finance Department**, 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 forecasts (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 current financial year and the detail of the order book;
- the latest financial statements that were communicated (balance sheet and income statement);
- the projected result 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 the executive director 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.

5.A.2.2 DEME

CFE controls its subsidiary DEME at five different levels:

- The Board of Directors is composed of seven directors, of whom six 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 2019;
- The Technical Committee is composed of the CEO, COO, CFO and senior management of DEME, as well as a director of CFE. This committee monitors the main projects and pending disputes. It also prepares investment proposals;
- The Risk Committee numbers one representative of CFE among its members, as well as the CEO, COO, CFO and senior management of DEME. The Risk Committee analyses and approves all binding offers relating to EPC and Design & Build contracts and all contracts 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 of CFE 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 deal with specific financial matters. It met five times in 2019;
- 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.

The internal control system of DEME is implemented by its Executive Committee, composed a.o. of the CEO, the COO and the CFO with the support of the Management Team and under the responsibility of the Board of Directors.

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

- Most of DEME's entities use the same ERP, namely Microsoft Dynamics. This centralised system allows the uniform processing and control of data throughout the group. In the area of digitalisation, DEME continues its efforts in data recognition and e-invoicing.
- The reporting system, a tailor made multidimensional database, is fully integrated in the transaction systems and is fed live. The consolidated financial statements and the management reports are also automatically linked, al-

lowing perfect consistency between the different reports. Uniformity of reporting is a priority for DEME.

- The agreements relating to bank guarantees and loans have been harmonized.
- The Opportunity and Risk Management (ORM) department has fine-tuned its vision and mission in order to meet the needs of the different departments from the tendering stage until the completion of the projects. The objective of the ORM department is threefold:
 - a *proactive identification of opportunities and risks*;
 - a *tighter focus on the management of opportunities and actions to be implemented*;
 - a *transparent and timely sharing of experience and knowledge of ORM with all departments concerned, both during tendering and during execution*.
- The quality of the interactive dashboards has been improved with a view to simplifying and strengthening control of the correct and timely application of ORM throughout the process.
- Furthermore, the department provides understanding, analyses and developments of the ORM in a simple manner so that the risks can be more reliably identified.
- This new ORM approach helps the ORM department to become more firmly embedded day by day in all the different activities of DEME.
- With the help of an external consultant, new cash management systems have been chosen. Those systems began to be implemented in 2019 in order to keep improving 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 all employees. The procedures to implement this policy were optimised in 2019. A selection, reporting and blocking mechanism has been developed for material third parties. From the beginning of 2020, a 'payment factory' will be set up by the financial department and gradually rolled out across the group in order that, if technically and legally possible, the payments of the different entities are carried out through one single channel (SWIFT). This allows maximum control over outgoing payments. Before the payments are sent to the different banks via SWIFT, a new 'sanction screening' tool will examine each payment file to prevent any payments being made to a beneficiary that is subject to sanctions.
- In 2019, DEME set up an Internal Audit department that will be entrusted with the review of the internal controls and procedures. Its independence is assured since the internal auditor reports directly to the Audit Committee.

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 2019 the CFO of CFE, the Human Resources Director of CFE Contracting, the general manager of the Multitechnics (VMA) and Rail & Utilities (MOBIX) clusters, the managing director of BPC and Thiran, and the CEO of Van Laere, who is also the executive chairman of MBG.

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 bid submission. 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 Contracting;
- 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 to improve the risk management.

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 of CFE Contracting. In 2019, the internal auditor verified the effective application of the principles of sound project management and the assessment of the risks of order intake. The reviews of compliance with social law also continued.

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 programme 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, including the setting up of a Selection Committee for PPP projects;
- definition by the Executive Committee of CFE Contracting of several principles of sound project management, the application of which is mandatory;
- strengthening the functional relationship between the Human Resources manager of CFE Contracting and the Human Resources officers of the entities;
- strengthening the functional relationship between the CFO of CFE and the finance managers of the entities.

c. Organisation of internal control in the Construction segment

The main entities of the Construction segment (MBG, BPC, Van Laere, CFE Polska and CLE) have their own Boards of Directors composed, among others, of the managing director of CFE, the CEO of CFE Contracting and the CFO of CFE, and the managing directors or general managers of the company in question.

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 clusters

The internal control is structured around Boards of Directors organised by cluster (namely the VMA cluster which comprises the multitechnics activities, and the MOBIX cluster which comprises the rail & utilities activities) and composed of the managing director of CFE, the respective general managers, the general manager of the two clusters, 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), three directors of CFE (including the managing director of CFE), an external director, and the CFO of CFE (also Head of Finance of BPI).

The Board of Directors has set up a **Strategy and 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 - among whom at least the managing director of CFE, the CEO of BPI, and the CFO of CFE - the Head of Legal, the Head(s) of Development and the Country Manager(s) concerned. The Finance Director of BPI and the author of the Investment Proposal are invited ex officio to attend the meetings of the Investment Committee. Furthermore, the CEO may invite any person(s) he deems useful.

The Strategy and 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 Strategy and 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.

To assist him in his duties, the CEO of BPI is supported by an **Executive Committee** composed of the CEO, the Head of Finance, the Head of Legal, the Head of HR, the Heads of Development, the Country Managers of CFE Polska and Luxembourg, the Finance Director and the Technical Director.

The CEO may also invite any person he seems useful to attend the Executive Committee. The Executive Committee focuses on the operation and implementation of the strategy of BPI and its entities.

5.B. RISK FACTORS

5.B.1 OPERATIONAL RISK

5.B.1.1 Project executios

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, deadlines) and the related direct and indirect consequences;
- warranty obligations (10-year guarantee, maintenance);
- compliance with safety and other workforce-related obligations.

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

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

DEME has also developed a range of services in areas such as the protection of offshore facilities and protection of deep-water subsea pipelines and cables.

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

In 2015, DEME set up a new division, comprising two 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 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 a concession activity, in particular offshore wind farms. 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.

The Construction segment, active in Belgium, the Grand Duchy of Luxembourg and Poland, specialises in building and refurbishing office buildings, residential properties, hotels, schools, universities, car parks, shopping and leisure centres, hospitals and industrial buildings.

The multitechnics activities are mainly concentrated in Belgium through the VMA Cluster, which comprises tertiary electricity, HVAC (heating, ventilation and air conditioning), electromechanical facilities, telecom networks, automation in the car, pharmaceutical and food processing industries, the automated management of technical facilities of buildings, electromechanical work for road and rail infrastructures and the long-term maintenance of technical facilities.

The rail & utilities activities are carried out by MOBIX cluster. These activities comprise railway (track laying, installation of catenaries and signalling works), energy transportation and public lighting in Belgium.

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 2019 were the following:

- inefficiencies in the collaboration between customers, general contractors and subcontractors (availability of drawings, approval of modifications, etc.);
- the availability of supervisory staff, such as project leaders and site supervisors;
- 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.

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 supranational 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;
- 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 customers when submitting quotations, regularly monitor accounts receivable, and adjust their positions with them where necessary. For customers showing a material credit risk, down payments and/or first demand bank 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.

The different divisions of CFE are not significantly exposed to credit risk.

5.B.4.4 Liquidity risk

In order to limit the liquidity risk, the entities of the CFE Group increased their sources of financing, of which there are four:

- a bond of € 30 million issued by BPI (maturing in 2022);
- confirmed medium-term bilateral credit lines available to CFE, DEME and BPI;
- 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 treasury notes to cover short and medium-term cash requirements.

CFE complied with all of its financial covenants at 31 December 2019, 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 are liable to 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 customers, 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, the entities of the group 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

DEME is 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 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 guarantees, 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

Brexit will have an impact on the relations that DEME has with its customers, suppliers and employees. Likewise, changes will impact the following operational departments: Operations, Procurement, Finance, Compliance and Human Resources. A Brexit impact assessment on DEME's operations, in particular the Moray East project, has been performed, based on a No-Deal scenario. Although no material risks have been identified, a risk mitigation strategy has been rolled out to limit the impact of the Brexit.

5.B.13 COVID-19

In order to preserve the health of all, the management of the different divisions has implemented the necessary measures in response to the Covid-19 pandemic, in particular the temporary shutdown of many construction sites, restricted travel, the generalization of teleworking, strict compliance with the rules on social distancing and the holding of meetings at a distance. The group is doing everything to limit the harmful consequences of the pandemic but it is already obvious that its negative impact on the activity, cash flow and results will be significant due to:

- the shutdown of numerous sites in view of the seclusion and quarantine measures imposed in several countries where the group is active;
- the loss of productivity on sites that are not in shutdown due to difficulties in mobilizing the necessary workforce and major disruptions in the supply chain;
- the delays in starting up new construction sites and taking new orders;
- the decline, or even the temporary stop of sales of real estate properties.

As of the date of this report, it is not possible to estimate the impact of this pandemic on the 2020 financial statements. However, it should be noted that the CFE Group has significant cash and confirmed and unused credit lines which should enable it to cope with a temporary deterioration in its cash flows.

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 2019 financial year amounted to € 663 thousand and € 1,215 thousand respectively.

9. AUDIT

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

The fees paid by CFE SA amounted to € 125 thousand for the 2019 financial year.

In addition, during the 2019 financial year, the costs invoiced by Deloitte for business consultancy services amounted to € 19 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.

The remuneration paid to statutory auditors in respect of the whole group in 2019, including CFE SA, amounted to:

(in € thousands)	Deloitte		Autres	
	Amount	%	Amount	%
Audit				
Statutory audit, certification, examination of individual and consolidated accounts	1,920.9	78.78%	756.2	22.85%
Related work and other audits	96.5	3.96%	3.9	0.12%
Subtotal, audit	2,017.4	82.74%	760.1	22.97%
Other services				
Legal, tax, corporate	158.1	6.48%	1,348.9	40.77%
Other	262.8	10.78%	1,199.3	36.26%
Subtotal, other services	420.9	17.26%	2,548.2	77.03%
Total statutory auditors' fees	2,438.3	100%	3,308.3	100%

C. REMUNERATION REPORT

This remuneration report was prepared by the Appointments and Remuneration Committee and was approved by the Board of Directors of 24/02/2020.

This report is drawn up in accordance with the law of 2010 establishing the principles of Corporate Governance and the Code of Companies and Associations (Article 3:6 §3), taking into account transparency vis-à-vis investors and best market practices.

In view of the local Belgian implementation of the Shareholder Rights Directive II (Directive EU 2017/828 of 17 May 2017), the Appointments and Remuneration Committee will propose to the Board of Directors, where appropriate, to review the remuneration policy and report for 2020. The 2020 Belgian Corporate Governance Code will also be taken into account.

1. STRUCTURE OF THE PRESENT REMUNERATION REPORT

The CFE Group (CFE SA) is led by Piet Dejonghe, who is the sole Managing Director. He is tasked with the daily management of the Group, under the supervision of the Board of Directors of CFE SA.

In accordance with the Code of Companies and Associations, the present remuneration report contains the legal information concerning the remuneration policy for the members of the Board of Directors of the Group and for the Managing Director of the Group, as well as the implementation of that policy in 2019.

Insofar as the Managing Director of CFE SA and an Executive Director of CFE SA carry out various remunerated mandates in the entities of the Group, the present report contains, among other things, information about the remuneration policy that applies in the different entities of the Group. This provides a picture of the remuneration practices in those entities, even if those Directors do not take part in the STI plans that exist at those entities and are set out in this report.

2. REMUNERATION OF BOARD MEMBERS

2.1. REMUNERATION POLICY FOR BOARD MEMBERS

The fees of the members of the Board of Directors are composed of a fixed annual amount and a fee for their participation in the committees.

Those may vary according to their particular mandates.

The Directors also receive an attendance fee per meeting, with the exception of the Chairman of the Board, who only receives a fixed annual fee. The annual fees are calculated pro rata to the number of months served as an active member of the Board during the calendar year.

The remuneration of the Directors is as follows:

Annual fees	(€)
Chairman of the Board of Directors	100,000
Directors	20,000
Attendance fees of the Board of Directors	
Chairman of the Board	no attendance fee (included in annual fees)
Directors	2,000 per meeting
Audit Committee	
Chairman of the Committee	2,000 per meeting
Members of the Committee	1,000 per meeting
Appointments and Remuneration Committee	
Chairman of the Committee	2,000 per meeting
Members of the Committee	1,000 per meeting

Board directors are also reimbursed for expenses incurred during the execution of their duties, according to conditions set by the Board of Directors.

The ordinary general meeting of 2 May 2019 approved the fees of the Directors. It will be proposed to the general meeting of 7 May 2020 to maintain the same remuneration policy of the directors and the Chairman of the Board of Directors.

The Executive Directors are active in the entities where they represent CFE. In this respect, they receive from those entities fixed annual fees of which the amount is decided by the Board of Directors of the entities concerned, at the proposal of the Appointments and Remuneration Committee. This amount is linked to their active participation in those entities and to the growth of those entities. Thus their remuneration is in line with the long-term interests of the shareholders of those entities and of the CFE Group.

2.2. REMUNERATION OF THE BOARD MEMBERS IN 2019

The table below shows the amounts of the benefits paid directly or indirectly to the Board members for carrying out their duties within the group in 2019.

	Remuneration of committee members (€)				Total
	Fixed remuneration	Attendance fee Board of Directors	Audit Committee	Appointments and Remuneration Committee	
Luc BERTRAND	100,000			3,000	103,000
Philippe DELUSINNE	20,000	8,000	4,000	3,000	35,000
Renaud BENTEGEAT	20,000	10,000			30,000
Christian LABEYRIE	20,000	8,000	4,000		32,000
Piet DEJONGHE, Managing Director	20,000	10,000			30,000
Ciska Servais SPRL, represented by Ciska Servais	20,000	10,000	1,000	2,000	33,000
Koen JANSSEN	20,000	10,000			30,000
PAS DE MOTS BVBA, represented by Leen Geirnaerd	20,000	8,000	3,000		31,000
Jan SUYKENS	20,000	10,000			30,000
John-Eric BERTRAND	20,000	10,000	8,000		38,000
Euro-Invest Management SA, represented by Martine Van den Pole	20,000	10,000		5,000	35,000
Much SPRL, represented by Muriel De Lathouwer	20,000	10,000	3,000		33,000
Alain BERNARD	6,685	4,000			10,685
Total	326,685	108,000	23,000	13,000	470,685

- The amounts paid to the Chairman of the Board 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.
- In addition to his fee as a Board member (€ 30,000) and as Chairman of the Audit Committee (€ 8,000), John-Eric Bertrand received the sum of € 115,000 for activities carried out in several entities of the CFE Group, more particularly Druart, VMA and VMA Nizet. 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 (€ 30,000), Koen Janssen received the sum of € 15,000 for activities carried out in several entities of the CFE Group, in the Terryng group. This remuneration is retroceded in its entirety to Ackermans & van Haaren by virtue of an agreement that exists between them.

The amount of the annual fees received by Renaud Bentégeat (Executive Director) for his mandates in the entities of the Group was determined on the basis of his active participation in the Board of Directors of the entities DEME, Rent-A-Port and BPI, and on the basis of the growth of those entities.

The activities for those entities are carried out by the firm Renaud Bentégeat Conseil SAS, represented by Renaud Bentégeat, under a service agreement concluded with CFE SA and ending on 29 February 2020. In 2019 he received € 1 million under that agreement.

The annual fees of Piet Dejonghe (Managing Director) are specified in the following section.

No agreement exists with a non-executive Director providing for severance payment.

Since no Director receives variable remuneration, a right for the company to claw back variable remuneration granted has not been formalized.

3. REMUNERATION OF THE MANAGING DIRECTOR

3.1 REMUNERATION POLICY FOR THE MANAGING DIRECTOR

The daily management of CFE SA is entrusted to a Managing Director (CEO), Piet Dejonghe.

Piet Dejonghe receives a fixed remuneration for his mandate as Director, as well as fees that he is paid for Director's mandates in several entities of the Group, namely CFE Contracting SA, MBG, BPC, Van Laere, and Mobix ENGEMA.

The fees paid for Director's mandates in those entities are determined by the Board of Directors of those entities, at the proposal of the Appointments and Remuneration Committee. The amount is linked to the active participation of Piet Dejonghe in those entities and to the growth of those

entities. Thus the remuneration of Piet Dejonghe is in line with the long-term interests of the shareholders of those entities and of the CFE Group.

Subject to the powers expressly reserved for the general meeting of shareholders, the Board of Directors assesses the performance of the Managing Director.

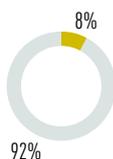
This remuneration is retroceded in its entirety by Piet Dejonghe to Ackermans & van Haaren by virtue of an agreement that exists between them.

The Managing Director receives no annual variable remuneration. He receives no long-term variable remuneration either.

Finally, the Managing Director receives no other benefits in kind such as pension plans, insurance plans or company cars.

3.2 REMUNERATION OF THE MANAGING DIRECTOR IN 2019

CEO remuneration	
■ Fixed remuneration: 8%	€ 30,000
■ Fees paid by entities: 92%	€ 345,000
TOTAL	€ 375,000



In 2019, the remuneration of Piet Dejonghe as Managing Director of CFE S.A. amounted to € 30,000 (fixed remuneration).

The remuneration of Piet Dejonghe for the different Director's mandates in the entities of the Group amounted to € 345,000 (fees), itemized as follows:

CFE Contracting	€75,000
BPC	€75,000
MBG	€75,000
VAN LAERE	€75,000
Mobix ENGEMA	€45,000

In 2019, CFE did not award any performance bonuses in the form of shares, options or other rights to acquire shares in the company to Piet Dejonghe.

3.3. SEVERANCE PAYMENT

Since there is no written agreement for the mandate of Piet Dejonghe as Managing Director, no particular severance payment is provided for.

Where an agreement provides for severance payment, this will be subject to the legal restrictions. More particularly, if a severance payment of more than 12 months' remuneration is provided for, such agreement will be subject to the approval of the General Meeting. If the severance payment amounts to more than 18 months' remuneration, the General Meeting can only approve it on the basis of a reasoned assent of the Remuneration Committee.

3.4 RIGHT TO CLAW BACK VARIABLE REMUNERATION

Since the Managing Director receives no variable remuneration, a right for the company to claw back variable remuneration granted has not been formalized.

4. REMUNERATION OF THE EXECUTIVE MANAGERS OF THE ENTITIES OF THE CFE GROUP

4.1 PRESENTATION

This section contains additional information about the remuneration policy that applies in the entities of the CFE Group.

This information is presented over and above what is required by the Code of Companies and Associations, which only imposes a disclosure of the remuneration policy and its implementation during 2019 for the Directors responsible for the day-to-day management of the company and, where appropriate, the members of the Executive and Supervisory Boards, or other executives of the listed company, in this case the Directors of CFE SA and the Managing Director of CFE SA, Piet Dejonghe.

Since Piet Dejonghe and Renaud Bentégeat carry out several remunerated mandates in the entities of the Group, and the Group applies a remuneration policy that is consistent and focused on short-term and long-term value creation, CFE wishes to give a picture of the remuneration practices in those entities, as well as of the overall remuneration amounts of its executives, even if those disclosures are not mandatory.

The CFE Group sees to it that a remuneration policy is applied within its various entities that is sound and in keeping with the values upheld by CFE.

In order to emphasize the creation of short and long-term value, CFE opts for a remuneration based on individual performance and the performance of the company. In this way, a solid alignment can be ensured between the long-term strategy and the annual performance targets based on the needs and challenges that we encounter in the industry.

The management of the different entities of the CFE Group is defined as follows:

- The activities of DEME (DEME) are led by an Executive Committee, composed of a CEO, Luc Vandembulcke, and four other members, Philip Hermans, Eric Tancre, Els Verbraecken, and Hugo Bouvy.
- The Contracting division (CFE Contracting) is led by an Executive Committee composed of a CEO, Trorema SPRL represented by Raymund Trost, and five other members: Frédéric Claes SA, represented by Frédéric Claes, MSQ SPRL, represented by Fabien De Jonge, 8822 SPRL represented by Yves Weyts,

Almacon SPRL represented by Manu Coppens, and Valérie Van Brabant.

- The activities of Real Estate Development (BPI) are headed by a Managing Director, Artist Valley SA, represented by Jacques Lefèvre.

For the purposes of the present section, the CEOs, members of the Executive Committees and Managing Directors of the aforementioned entities are referred to as 'executive managers' of the entities of the CFE Group.

The executive managers of the entities of the CFE Group do not take part in the management of CFE SA.

4.2 BREAKDOWN OF THE REMUNERATION OF THE EXECUTIVE MANAGERS OF THE GROUP'S ENTITIES

The executive managers of the entities of the CFE Group are subject to a remuneration policy based on individual and collective performance in the short and long term. It stimulates the commitment of the executive managers and fosters cohesion within the CFE Group.

This structure is shown below:

The subdivision between fixed remuneration, variable remuneration and other benefits is shown below:

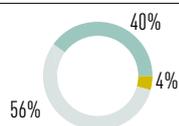
	Fixed Compensation		Variable Compensation	
	Annual Base	Pension & Benefits	Short Term Incentive	Stock Options
Performance Period			1 year	5-8 years
Performance Measures			- Financial profitability - Safety performance - Qualitative performance	Creation of Shareholder Value

Executive members

■ Fixed rem: 40%

■ Variable rem: 56%

■ Other benefits: 4%



There were no changes in the remuneration policy in 2019. 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.

BASE SALARY

The annual base salary is the fixed remuneration and is based on a scale defined by the CFE Group's current wage structure.

There is a margin of appreciation based on experience, duties, scarcity of technical skills, performance, etc.

SHORT-TERM INCENTIVES (STI)

The short-term variable remuneration of the executive members of the entities is based on individual and collective performance.

Goals	Principles
Financial profitability	EBITDA/EBIT/Net Results vs CA/equity/Debt Level
Safety performance	50% quantitative criteria and 50% qualitative criteria
Qualitative performance	Achievement of a number of previously agreed operational and qualitative targets

The CFE Group ensures that the variable remuneration of the executive members of the Group's entities meets the goals and principles set out above, and that the variable remuneration is therefore never guaranteed.

The variable remuneration may be zero if performance is unsatisfactory.

STOCK OPTION PLAN

The Board of Directors of the CFE Group, at the proposal of the Appointments and Remuneration Committee, decided in 2016 to set up a stock option plan at CFE Contracting. The five beneficiaries have accepted the offer, and the term of the options is five to seven years.

In 2017, the Board of Directors of the CFE Group, at the proposal of the Appointments and Remuneration Committee, decided to set up a stock option plan for two beneficiaries at BPI Real Estate. The term of the options is eight years. In 2019 it was decided to extend this plan to a third beneficiary, who accepted this offer on 12 February 2020.

PENSION & OTHER BENEFITS

The executive managers of the entities of the CFE Group who are classified as employees have other benefits such as pension plans, insurance plans and company cars.

REMUNERATION OF THE EXECUTIVE MANAGERS IN 2019

In 2019, the amount of the remuneration and other benefits granted directly or indirectly to the executive managers of the entities of the CFE Group was as follows (overall amounts):

	Executive managers CFE
Fixed remuneration	€ 3,788,486
Short-term variable remuneration	€ 5,394,458
Other benefits	€ 378,796

4.3 SEVERANCE PAYMENT

As regards severance payment rules, in accordance with the Belgian Corporate Governance Act of 6 April 2010, applying

as of 3 May 2010 to the executive managers of the entities of CFE, the ordinary general meeting of 2 May 2019 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, 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 3 July 1978 relating to employment contracts (Moniteur Belge, 22 August 1978).

2. For executive managers of the entities of the CFE Group who are under a service contract, the termination indemnities are approved by the Board of Directors at the proposal of the Appointments and Remuneration Committee. It is stipulated 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 payment that will be paid is as follows:

Name	Period of notice
Trorema SPRL, represented by Raymund Trost, Almacon SPRL, represented by M. Coppens	6 months
8822 SPRL, represented by Y. Weyts, Frédéric Claes SA, represented by F. Claes, Artist Valley SA, represented by J. Lefèvre, MSQ SPRL, represented by Fabien De Jonge	12 months

4.4 CLAWBACK ARRANGEMENTS

The contracts of the executive managers of the entities of the CFE Group provide for 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 169 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 2019.

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 € 5,000,000, 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 up to 20% of CFE's shares.

H. ACQUISITIONS AND DISPOSALS

CFE SA neither acquired nor disposed of any participating interests in the 2019 financial year.

The acquisitions and disposals of CFE's subsidiaries are detailed in the financial report.

I. CREATION AND LIQUIDATION OF BRANCHES

During the year, CFE SA did not set up any branches and liquidated its branch in Sri Lanka.

J. POST-BALANCE SHEET EVENTS

As detailed in section 5.B.13, the COVID-19 pandemic will have a negative influence on the activity, cash flow and results of the CFE Group in 2020. It is however not possible, at the date of this report, to estimate the impact.

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 also carries out research into techniques to harvest polymetallic nodules.

L. INFORMATION ON BUSINESS TRENDS

CFE expects a decline of its revenues, cash flows and results in 2020 as a result of the Covid-19 pandemic, but is not in a position to quantify the financial impact on the Group's accounts at this stage. CFE will communicate such impact as soon as it is possible to calculate it.

M. NOTICE OF THE GENERAL SHAREHOLDERS MEETING OF 07 MAY 2020

Important prior notice to shareholders and bondholders

In view of the development of the COVID-19 pandemic and the associated government measures, the company is obliged to take a number of measures in the context of the annual meeting of 7 May to ensure the health of the shareholders, bondholders, directors and employees as much as possible.

The board of directors strongly recommends that shareholders and bondholders do not attend the annual meeting of May 7 in person. All shareholders will be given the opportunity to vote remotely or to give a proxy with voting instructions to the secretary of the meeting prior to the meeting, in accordance with the rules set forth in this notice.

The company will only be able to grant shareholders, bondholders, and proxy holders access to the annual meeting if this is in accordance with the applicable government measures, general recommendations from the authorities and generally if this is justified for health and safety reasons.

The company will closely monitor events and government measures, including those related to the organization of general meetings, and will inform shareholders and bondholders, through a press release and on its website, of any additional measures and guidelines regarding (the date, attendance and organization of) the annual meeting.

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 7 May 2020 at 3 pm.

A. AGENDA

1 Board of directors' report w.r.t. financial year ended 31 December 2019

2. Auditor's report w.r.t. financial year ended 31 December 2019

3. Approval of the statutory annual accounts and profit appropriation

Proposed decision:

Approval of the statutory annual accounts w.r.t. financial year ended 31 December 2019 including the proposed appropriation of the profit, with no dividend being distributed.

4. Approval of the consolidated annual accounts

Proposed decision:

Approval of the consolidated annual accounts w.r.t. financial year ended 31 December 2019.

5. Remuneration

5.1. Approval of the remuneration report

Proposed decision:

Approval of the remuneration report.

5.2. 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 2020.

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 € 127,000 for the exercise of his mandate. The remuneration is subject to annual indexation.

6. Discharge of the directors

Proposed decision:

Discharge of the directors for the exercise of their mandate during the financial year ended 31 December 2019.

7. Discharge of the auditor

Proposed decision:

Discharge of the auditor for the exercise of his mandate during the financial year ended 31 December 2019.

8. Appointments

9.1. The mandate of director of Pas De Mots SRL, represented by Mrs. Leen Geirnaerd, expires at the general meeting of 7 May 2020.

Proposed decision:

Renewal of the director's mandate of Pas De Mots SRL, represented by Mrs Leen Geirnaerd, for a period of four (4) years, ending after the annual general meeting to be held in May 2024. Pas De Mots SRL and Mrs Leen Geirnaerd, is an independent director within the meaning of article 3.5 of the Belgian Corporate Governance Code 2020.

9.2. The mandate of director of Mr Christian Labeyrie expires at the general meeting of 7 May 2020.

Proposed decision:

Renewal of the director's mandate of Mr Christian Labeyrie for a period of four (4) years, ending after the annual general meeting to be held in May 2024. Mr Christian Labeyrie is not an independent director within the meaning of article 3.5 of the Belgian Corporate Governance Code 2020.

9.3. The mandate of director of Mr Philippe Delusinne expires at the general meeting of 7 May 2020.

Proposed decision:

Renewal of the director's mandate of Mr Philippe Delusinne for a period of four (4) years, ending after the annual general meeting to be held in May 2024. From 6 May 2021 onwards Mr Philippe Delusinne will no longer meet the independence criteria set out in article 3.5 of the Belgian Corporate Governance Code 2020.

9.4. Change of representative of the statutory auditor.

The permanent representative of the statutory auditor, civil company in the form of a limited liability cooperative company Deloitte Réviseurs d'Entreprises SCRL, whose head office is located at Gateway building, Luchthaven Brussel Nationaal 1J, B-1930 Zaventem, will henceforth be Rick Neckebroek instead of Michel Denayer and Rik Neckebroek. This decision comes into effect from the accounting year beginning on 1 January 2020 and remains in force for the remainder of the statutory auditor's mandate, that is, until the fiscal year ending 31 December 2021.

B. PRACTICAL FORMALITIES OF ADMISSION TO THE ORDINARY GENERAL MEETING

1. Shareholders wishing to attend personally

Only shareholders who hold CFE shares at the latest on the 14th day prior to the ordinary general meeting, namely on 23 April 2020 at midnight (Belgian time) (the "**Registration date**") and who confirm their intention to participate to the ordinary general meeting at the latest on 30 April 2020 at midnight (Belgian time), shall be allowed to participate in the ordinary 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 MSQ SRL, represented by 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 30 April 2020 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 30 April 2020 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. 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 MSQ SRL, represented by 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 30 April 2020 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 or, if the general meeting does not take place physically, to send it to the company by post no later than April 30, 2020.

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.

Shareholders who wish to vote by post shall be required to send, exclusively by post for the attention of MSQ SRL, represented by Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, at the latest by 30 April 2020 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 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 15 April 2020, a written request either by post, for the attention of MSQ SRL, represented by 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, CFE shall publish at the latest by 22 April 2020 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 22 April 2020 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. In view of the uncertainty about whether or not a physical general meeting will take place, it is strongly recommended that the shareholders only ask their questions in writing.

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 1 May 2020 to the following address: general_meeting@cfe.be. Subject to the foregoing, 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 meeting

Bondholders may attend the ordinary 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 ordinary general meeting of shareholders of 7 May 2020 is available from today's date on the company's website at the address <http://www.cfe.be>.

CONSOLIDATED FINANCIAL STATEMENTS

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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
Capital employed	Equity of real estate segment + net financial debt of real estate segment
Net financial debt (NFD)	Non-current bonds + non-current financial liabilities + current bonds + current financial liabilities - cash and cash equivalents
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
Return on equity (ROE)	Net income, share of the group / equity, share of the group
Order book	Revenue to be generated by the projects for which the contract has been signed and has come into effect (after notice to proceed has been given or conditions precedent have been fulfilled) and for which project financing is in place.

CONSOLIDATED FINANCIAL STATEMENTS

MAIN FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December (in € thousands)	Notes	2019	2018
Revenue	4	3,624,722	3,640,627
Revenue from auxiliary activities	6	81,042	123,018
Purchases		(2,120,359)	(2,147,130)
Remuneration and social security payments	7	(653,870)	(633,090)
Other operating expenses	6	(469,248)	(497,748)
Depreciation and amortisation	12-14	(318,672)	(272,602)
Income from operating activities		143,615	213,075
Earnings from associates and joint ventures	15	34,092	14,169
Operating income		177,707	227,244
Cost of gross financial debt	8	(2,602)	(8,433)
Other financial expenses & income	8	(5,120)	(55)
Net financial income/expense		(7,722)	(8,488)
Pre-tax income		169,985	218,756
Income tax expense	10	(38,619)	(49,549)
Net income for the period		131,366	169,207
Attributable to owners of non-controlling interests	9	2,058	2,323
Net income share of the group		133,424	171,530
Net income of the group per share (EUR) (diluted and basic)	11	5.27	6.78

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December (in € thousands)	Notes	2019	2018
Net income share of the group		133,424	171,530
Net income for the period		131,366	169,207
Changes in fair value related to hedging instruments		(36,479)	(5,498)
Currency translation differences		1,153	621
Deferred taxes	10	2,772	775
Other elements of the comprehensive income to be reclassified to profit or loss in subsequent periods		(32,554)	(4,102)
Re-measurement on defined benefit and contribution plans	22	(15,444)	(1,063)
Deferred taxes	10	3,606	726
Other elements of the comprehensive income not to be reclassified to profit or loss in subsequent periods		(11,838)	(337)
Total other elements of the comprehensive income recognized directly in equity		(44,392)	(4,439)
Comprehensive income:		86,974	164,768
- Attributable to owners of the parent		89,231	167,279
- Attributable to owners of non-controlling interests		(2,257)	(2,511)
Comprehensive income attributable to owners of the group per share (€) (basic and diluted)	11	3.53	6.61

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December (in € thousands)	Notes	2019	2018
Intangible assets	12	90,261	89,588
Goodwill	13	177,127	177,127
Property, plant and equipment	14	2,615,164	2,390,236
Investments in associates and joint ventures	15	167,653	155,792
Other non-current financial assets	16	83,913	171,687
Derivative instruments – Non-current assets	26	0	9
Other non-current assets		16,630	5,501
Deferred tax assets	10	100,420	99,909
Total non-current assets		3,251,168	3,089,849
Inventories	18	162,612	128,889
Trade and other operating receivables	19	996,436	1,261,298
Other operating current assets	19	72,681	67,561
Other non-operating current assets	19	6,267	12,733
Derivative instruments – Current assets	26	751	275
Assets held for sale	5	10,511	0
Cash and cash equivalents	20	612,206	388,346
Total current assets		1,861,464	1,859,102
Total assets		5,112,632	4,948,951
Share capital		41,330	41,330
Share premium		800,008	800,008
Retained earnings		995,786	923,768
Defined benefit and contribution pension plans		(37,089)	(25,521)
Hedging reserves		(40,892)	(7,153)
Currency translation differences		(10,440)	(11,554)
Equity attributable to owners of the parent		1,748,703	1,720,878
Non-controlling interests		11,607	13,973
Equity		1,760,310	1,734,851
Retirement benefit obligations and employee benefits	22	70,269	57,553
Non-current provisions	23	12,414	35,172
Other non-current liabilities		10,651	5,725
Non-current bonds	25	29,689	29,584
Non-current financial liabilities	25	1,110,212	656,788
Derivative instruments – Non-current assets	26	8,986	9,354
Deferred tax liabilities	10	104,907	119,386
Total non-current liabilities		1,347,128	913,562
Current provisions	23	46,223	65,505
Trade and other operating payables	19	1,221,466	1,410,944
Income tax payable		44,078	44,543
Current bonds	25	0	200,221
Current financial liabilities	25	270,366	150,075
Derivative instruments – Current assets	26	9,356	10,990
Other operating current liabilities	19	155,601	201,609
Other non-operating current liabilities	19	258,104	216,651
Total current liabilities		2,005,194	2,300,538
Total equity and liabilities		5,112,632	4,948,951

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December (in € thousands)	Notes	December 2019	December 2018
Operating activities			
Income from operating activities		143,615	213,075
Depreciation and amortisation of (in) tangible assets and investment property		318,672	272,602
Net provision expense		(30,587)	1,265
Impairment on assets and other non-cash items		19,524	1,018
Income/(losses) from sales of property, plant & equipment		(6,100)	(7,530)
Dividends received from associates and joint ventures		8,140	4,935
Cash flow from operating activities before changes in working capital		453,264	485,365
Decrease/(increase) in trade receivables and other current and non-current receivables		238,441	(349,838)
Decrease/(increase) in inventories		(37,020)	6,142
Increase/(decrease) in trade payables and other current and non-current payables		(166,619)	141,189
Income tax paid/received		(44,109)	(58,375)
Cash flow from operating activities		443,957	224,483
Investing activities			
Sales of non-current assets		13,834	15,833
Purchases of non-current assets		(451,258)	(453,475)
Acquisition of subsidiaries net of cash acquired		0	(35)
Variation of the investment percentage in associates and joint ventures		(8,321)	70,049
Capital increase of equity-accounted companies	15	(16,355)	(8,660)
Sales of subsidiaries		0	1,202
Reimbursement of borrowings / (New borrowings given)		71,659	(41,066)
Cash flow from investing activities		(390,441)	(416,152)
Financing activities			
Interest paid		(24,529)	(22,583)
Interest received		14,280	13,697
Other financial expenses & income		(6,635)	(2,734)
Borrowings	25,3	709,361	422,808
Reimbursements of borrowings	25,3	(462,303)	(294,122)
Dividends paid		(60,755)	(60,755)
Cash flow from (used in) financing activities		169,419	56,311
Net increase/(decrease) in cash position		222,935	(135,358)
Cash and cash equivalents at start of the year	20	388,346	523,018
Exchange rate effects		925	686
Cash and cash equivalents at end of period	20	612,206	388,346

Purchases and sales of subsidiaries net of cash acquired do not include entities that are not a business combination (Real Estate segment). 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 2019

(in € thousands)	Share capital	Share premium	Retained earnings	Defined benefit or contribution pension plans	Hedging reserves	Currency translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total
December 2018	41,330	800,008	923,768	(25,521)	(7,153)	(11,554)	1,720,878	13,973	1,734,851
IFRS 16 amended							0		0
December 2018 (*)	41,330	800,008	923,768	(25,521)	(7,153)	(11,554)	1,720,878	13,973	1,734,851
Comprehensive income for the period			133,424	(11,568)	(33,739)	1,114	89,231	(2,257)	86,974
Dividends paid to shareholders			(60,755)				(60,755)		(60,755)
Dividends from non-controlling interests								(920)	(920)
Change in consolidation scope and other movements			(651)				(651)	811	160
December 2019	41,330	800,008	995,786	(37,089)	(40,892)	(10,440)	1,748,703	11,607	1,760,310

(*) Amounts restated in accordance with changes in accounting methods linked to the application of accounting standard IFRS 16 Leases. We refer to note 2.1.

Changes in the fair value of defined benefit or contribution pension plans and of derivative instruments are explained in notes '22. Employee benefits' and '15. Investments in associates and joint ventures' respectively.

FOR THE PERIOD ENDED 31 DECEMBER 2018

(in € thousands)	Share capital	Share premium	Retained earnings	Defined benefits pension plans	Hedging reserves	Currency translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total
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

SHARE CAPITAL AND RESERVES

The share capital on 31 December 2019 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.

In the evolving context of the Covid-19 pandemic, the Board of Directors of CFE has therefore decided to propose to the annual general meeting not to pay out a dividend for the financial year 2019. The appropriation of income was not included in the financial statements at 31 December 2019.

The final dividend for the year ended 31 December 2018 was € 2.40 gross per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

The Board of Directors authorized the publication of the CFE Group's consolidated financial statements on 26 March 2020.

The consolidated financial statements should be read in conjunction with the Board of Directors' management report.

MAIN TRANSACTIONS IN 2019 AND 2018 WITH EFFECT ON THE SCOPE OF THE CFE GROUP

TRANSACTIONS IN 2019

1. Dredging, environment, offshore and infra segment – 'DEME'

During the year 2019, DEME acquired:

- a 100% stake in the newly created company Bonny River Shipping SA;
- a 100% stake in the newly created company DEME Offshore US INC;
- a 100% stake in the newly created company DEME Offshore US LLC;
- a 100% stake in the newly created company DEME Offshore BE NV;
- a 100% stake in the newly created company Criver Shipping SA.

The acquired entities listed above have been fully consolidated.

In 2019, the DEME group also acquired:

- a 50% stake in the company DBM-BONTRUP BV;
- a 49.99% stake in the company CSBC DEME Wind Engineering co. Ltd;
- a 50% stake in the company BNS JV Ltd;
- a 60% stake in the company Consortium Antwerp Port (Oman) NV;
- a 50% stake in the company Consortium Antwerp Port Industrial Port Land NV;
- a 48.90% stake in the company DIAP Thailand Co Ltd;
- a 30% stake in the company Port of DUQM Company SAOC;
- a 34.90% stake in the company DUQM Industrial Land Company LLC.

The acquired entities listed above have been integrated under the equity method.

In 2019, DEME disposed of all its stakes in the following entities:

- 51.10% of the company B-WIND Polska Sp. z o.o.;
- 51.10% of the company C-WIND Polska Sp. z o.o.;
- 50% of the company Earth Moving Al DUQM LLC;
- 37.45% of the company Hithermoor Soil Treatments Ltd;
- 25.50% of the company Renewable Energy Base Ostend NV.

Those companies were integrated under the equity method until their respective dates of disposal.

DEME also liquidated its stakes in the following entities:

- 100% of the company MDCC NV;
- 100% of the company Baggerwerken Decloedt & Zoon Espana SA;
- 100% of the company Offshore Manpower Supply Panama SA;
- 100% of the company Offshore Manpower Singapore PTE Ltd.

Those companies were fully consolidated until their respective dates of liquidation.

DEME increased its stake in the company Dredging International India PVT Ltd from 99.78% to 99.97% and in the company International Seaport Dredging PVT Ltd from 86% to 89.61%. Those companies remain fully consolidated.

DEME also increased its stake in the company West Islay Tidal Energy Park Ltd from 17.5% to 35% in exchange for its stake in the company Fair Head Tidal Energy Park Ltd. This company remains integrated under the equity method.

Furthermore, the companies Eversea NV, GeoSea Maintenance NV and ECO Shipping NV, 100% owned, were absorbed by DEME Offshore Holding NV, 100% owned and fully consolidated.

The company Tideway BV, 100% owned and previously fully consolidated, has been divided into two companies, DEME Offshore NL BV and Dredging International Netherlands BV, which are also 100% owned and fully consolidated.

2. Contracting segment

On 29 March 2019, the company P-Multitech BVBA was absorbed by VMA NV, 100% owned by the CFE Group, with retroactive effect to 1 January 2019.

On 29 March 2019, the companies be.Maintenance SA, Etablissements Druart SA, Nizet Entreprises SA and Vanderhoydoncks NV, 100% subsidiaries of the CFE Group, were renamed VMA be.Maintenance SA, VMA Druart SA, VMA Nizet SA and VMA Vanderhoydoncks NV respectively.

On 16 May 2019, the company CFE Bouw Vlaanderen NV, a 100% subsidiary of the CFE Group, was renamed MBG NV.

On 16 May 2019, the companies Engema SA, Engetec SA, José Coghe-Werbrouck NV, Louis Stevens NV and Remacom NV, 100% subsidiaries of the CFE Group, were renamed Mobix Engema NV, Mobix Engetec SA, Mobix Coghe NV, Mobix Stevens NV and Mobix Remacom NV respectively.

On 28 May 2019, the company CFE Bâtiment Brabant Wallonie SA, a 100% subsidiary of the CFE Group, was renamed Bâtiments et Ponts Construction SA.

On 20 September 2019, the CFE Group, through its 100% owned subsidiary VMA NV, acquired a 51% stake in the company VMA Robotics Sp. z o.o. This company is integrated under the equity method.

During the fourth quarter of 2019, the company VMA Elektrik Tesiati Ve Insaat Ticaret Limited Sirketi, a 100% subsidiary of the CFE Group, was deconsolidated. This company was fully consolidated.

3. Real estate development

On 24 January 2019, the CFE Group, through its subsidiary BPI Real Estate Poland Sp. z o.o., increased its stake in the company ACE 12 Sp. z o.o. from 90% to 100%. This company remains fully consolidated.

On 19 February 2019, that same entity ACE 12 Sp. z o.o., a subsidiary of BPI Real Estate Poland Sp. z o.o., was renamed BPI Vilda Park Sp. z o.o.

On 1 July 2019, the CFE Group, through its subsidiary BPI Real Estate Poland Sp. z o.o., established the company BPI Project I Sp. z o.o. This company is 100% owned and was fully consolidated.

On 30 September 2019, the company BPI Real Estate Belgium SA, a 100% subsidiary of the CFE Group, liquidated its stake in the companies Immo Keyenveld I SA and Immo Keyenveld II SA, 50% owned and integrated under the equity method.

On 1 October 2019, the CFE Group, through its subsidiary BPI Real Estate Belgium SA, increased its stake in the company Goodways SA from 31.20% to 50%. This company remains integrated under the equity method.

On 7 October 2019, the CFE Group, through its subsidiary BPI Real Estate Poland Sp. z o.o., established the companies BPI Project II Sp. z o.o. and BPI Project III Sp. z o.o. These companies are 100% owned and were fully consolidated.

On 17 October 2019, the CFE Group, through its subsidiary BPI Real Estate Luxembourg SA, established the company Gravity SA. This company is 100% owned and was fully consolidated.

On 6 November 2019, the company BPI Real Estate Belgium SA, a 100% subsidiary of the CFE Group, disposed of its entire stake in the company Sogesmaint SA, 100% owned and fully consolidated.

On 19 November 2019, the company BPI Real Estate Belgium SA, a 100% subsidiary of the CFE Group, acquired a 70% stake in the newly created companies Joma 2060 NV, Life Shapers NV and Tulip Antwerp NV. These companies are integrated under the equity method.

On 19 November 2019, the CFE Group, through its subsidiary BPI Real Estate Belgium SA, acquired a 50% stake in the newly created company KeyWest Development SA. This company is integrated under the equity method.

On 4 December 2019, the CFE Group, through its subsidiary BPI Real Estate Poland Sp. z o.o., established the companies BPI Project IV Sp. z o.o., BPI Project V Sp. z o.o., and BPI Project VI Sp. z o.o. These companies are 100% owned and were fully consolidated.

On 6 December 2019, the CFE Group, through its subsidiary BPI Real Estate Belgium SA, disposed of its entire stake in the company Immobilière du Berrevelde SA, 50% owned and integrated under the equity method.

On 18 December 2019, the CFE Group, through its subsidiary BPI Real Estate Belgium SA, reduced its stake in the company MG Immo SPRL from 100% to 50%. This company, which was fully consolidated, is now integrated under the equity method.

4. Wood Shapers – Partnership between the Contracting segment and the Real Estate segment

On 25 October 2019, the CFE Group, through its subsidiaries CFE Contracting SA and BPI Real Estate Belgium SA, established the company Wood Shapers SA. This company is 100% owned by the CFE Group and was fully consolidated.

On 17 December 2019, the CFE Group, through its subsidiary Wood Shapers SA, established the company Wood Shapers Luxembourg SA. This company is 100% owned by the CFE Group and was fully consolidated.

On 20 December 2019, the company Wood Shapers Luxembourg SA acquired a 100% stake in the company Immo-Bechel C.L.E. S.à.r.l. This company is 100% owned by the CFE Group and was fully consolidated.

5. Holding and non-transferred activities

On 14 February 2019, the CFE Group increased its stake in the company Rent-A-Port NV from 45% to 50%. This company remains integrated under the equity method.

On 28 February 2019, the company Liveway Ltd, a 50% subsidiary of the CFE Group, was liquidated. This company was integrated under the equity method.

On 19 November 2019, the company CFE Slovakia SRO, a 100% subsidiary of the CFE Group, was liquidated. This company was fully consolidated.

On 19 November 2019, the company Lockside Ltd, a 50% subsidiary of the CFE Group, was liquidated. This company was integrated under the equity method.

During the fourth quarter of 2019, the company Cobel Contracting Nigeria Ltd, a 50% subsidiary of the CFE Group, was liquidated. This company was integrated under the equity method.

MAIN TRANSACTIONS IN 2018

1. Dredging, environment, offshore and infra segment – 'DEME'

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 Living Stone 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, the DEME group also acquired:

- a 18.89% stake in the newly created company Otary Bis NV;
- a 15% stake in the newly created company BAAK Blankenburg-Verbinding NV;
- a 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 Energies du Nord SAS. This company was fully consolidated;
- 74.90% of the company Cebrual Bruceval SA. This company was fully consolidated;
- 37.45% of the company Extract Ecoterres SA. This company was integrated under the equity method.

DEME increased its stake in the company Middle East Dredging Company QSC (Medco) from 44.1% to 95%. This company, which was 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 reduced its stake in the company De Vries & Van de Wiel Kust and Oeverwerken BV from 87.45% to 74.90%. This company remains fully consolidated.

Moreover, the companies Europ Agregats sarl, 100% owned, and Ecoterres Holding SA, 74.90% owned, were absorbed by DEME Building Materials NV and DEME Environmental Contractors NV respectively, which are 100% owned.

2. Contracting segment

On 31 July 2018, the CFE Group, through its subsidiaries VMA NV and Vanderhoydoncks NV, acquired a 100% stake in the company P-Multitech BVBA. This company is fully consolidated.

On 28 November 2018, the companies CFE Contracting SA and VMA NV, 100% subsidiaries of the CFE Group, disposed of their entire stake in the company Voltis SA, 100% owned and fully consolidated.

On 12 December 2018, the CFE Group, through its subsidiary CFE Contracting SA, acquired a 12% stake in the newly created company LuWa SA. This company is integrated under the equity method.

On 28 December 2018, the CFE Group, through its subsidiary Engetec SA, acquired a 25% stake in the newly created company LuWa Maintenance SA. This company is integrated under the equity method.

3. Real estate development

On 1 January 2018, the CFE Group, through its subsidiary BPI Real Estate Belgium SA, increased its stake in the company D.H.B. SA from 75.33% to 100%. This company was already fully consolidated.

On 14 May 2018, the company Foncière Sterpenich SA, a subsidiary of BPI Real Estate Belgium SA, was renamed BPI Park West SA.

On 30 May 2018, the CFE Group, through its subsidiary BPI Real Estate Poland Sp. z o.o., acquired a 100% stake in the company BPI Sadowa Sp. z o.o. This company was fully consolidated.

On 8 June 2018, the CFE Group, through its subsidiaries BPI Real Estate Belgium SA and BPI Samaya SA, established the company Wolimmo SA. This company is 100% owned and was fully consolidated.

On 8 June 2018, the CFE Group, through its subsidiaries BPI Real Estate Belgium SA and BPI Samaya SA, established the company Zen Factory SA. This company is 100% owned and was fully consolidated.

On 7 August 2018, the CFE Group, through its subsidiary BPI Real Estate Belgium SA, acquired a 50% stake in the newly created company Debrouckère Development SA. This company is integrated under the equity method.

On 27 September 2018, BPI Real Estate Belgium SA, a 100% subsidiary of the CFE Group, liquidated its stake in Elinvest SA, 50% owned and integrated under the equity method.

On 3 October 2018, the CFE Group, through its subsidiary BPI Real Estate Poland Sp. z o.o., acquired a 100% stake in the company BPI Czysza Sp. z o.o. This company was fully consolidated.

4. Holding and non-transferred activities

On 13 November 2018, the company CFE SA acquired a 49% stake in the newly created companies BPG Congrès SA and BPG Hôtel SA. These companies are integrated under the equity method.

1. GENERAL POLICIES

IFRS AS ENDORSED IN THE EUROPEAN UNION

The accounting principles used for the preparation and presentation of the consolidated financial statements of CFE at 31 December 2019 comply with the IFRS standards and interpretations as endorsed in the European Union on 31 December 2019.

The accounting principles used at 31 December 2019 are the same as those used for the consolidated financial statements at 31 December 2018, except for the standards and/or amendments to standards described below as endorsed in the European Union, mandatorily applicable as of 1 January 2019.

Furthermore, during the annual analysis of the depreciation rules with regard to depreciation rates and residual value, DEME adopted additional rules for the valuation of its fleet. The adjustment of those accounting principles has no material impact on the financial statements of the CFE Group. Those rules are described in note 2.2 (H).

STANDARDS AND INTERPRETATIONS APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON OR AFTER 1 JANUARY 2019

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IAS 19 Plan Amendment, Curtailment of Settlement
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Annual improvements to IFRS cycle 2015-2017

The application of these standards and interpretations had no material impact on the consolidated financial statements of CFE apart from the application of IFRS 16 Leases. The impact of the application of this standard on the consolidated statements of financial position of the CFE Group is shown in note 2.1.

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON OR AFTER 1 JANUARY 2019

The group did not apply early any of the following new standards and interpretations, application of which was not mandatory at 31 December 2019.

- 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 1 Classification of Liabilities as Cur-

rent or Non-Current (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)

- 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 References to the Conceptual Framework for Financial Reporting in IFRS Standards (applicable for annual periods beginning on or after 1 January 2020, but not yet endorsed in the EU)
- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2021, but not yet endorsed in the EU)

The group opted for an early application of the standards and interpretations cited above that were applicable on the date of approval of the financial statements but were not yet effective on the closing date of the present financial statements:

- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform (applicable for annual periods beginning on or after 1 January 2020)

The amendments modify specific hedge accounting requirements so that the CFE Group can apply those hedge accounting requirements on the assumption that the interest rate benchmark is not modified by the interest rate benchmark reform.

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 2019 include the financial statements of the Company, its subsidiaries (the 'CFE Group') and interests in companies accounted for under the equity method.

2.1 CHANGES IN ACCOUNTING METHOD: APPLICATION OF IFRS 16 LEASES

IFRS 16, which applies to annual periods beginning on or after 1 January 2019, introduces significant changes to the accounting treatment of leases for the lessee. The new standard abolishes the distinction that applied before 1 January 2019 between operating leases and finance leases. It adds the obligation to recognize a right-of-use asset and a lease obligation on the starting date for all leases (with the exception of short-term leases or leases of low-value assets). 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. For the Group, the date of first-time application of IFRS 16 is 1 January 2019.

IFRS 16 changes the way the Group recognizes leases that were previously classed as operating leases according to IAS 17 and therefore reported off-balance sheet. The implementation of this new standard has the following effects on the consolidated statement of financial position, the consolidated income statement and the consolidated cash flow statement:

- an increase of assets and liabilities with the present value of future lease payments under leases, updated on the basis of the Group's effective borrowing rate on the date of initial application;
- an increase of the EBITDA as a consequence of the recognition of depreciation and amortisation for right-of-use assets and interest expenses on lease obligations that replaced the lease expense previously reported entirely as operating expenses;
- an increase of the net financial debt by lease obligations;
- the breakdown of cash outflows into principal and interest expenses in the financing activities.

The impact of the adoption of IFRS 16 on the consolidated financial statements of the Group is described below.

For the implementation of IFRS 16, the Group opted for the simplified retrospective method, method B under which a right-of-use asset and the associated lease obligations as at 1 January 2019 are recognized in the consolidated balance sheet. The comparative financial statements were restated only with respect to the consolidated statement of financial position. The figures for 2018, presented for comparison purposes in the consolidated statement of comprehensive income, have not been restated and continue to be presented according to the accounting standards applicable in 2018. The effective borrowing rates under consideration are 3.5%, 3% and 2% respectively. DEME applies a rate of 1.7% for short-term leases and 3.15% for long-term land leases.

The impact of the first-time application of IFRS 16 Leases on the consolidated statement of financial position for the year ended 31 December 2018 was assessed at the following amounts:

	December 2018, published	Amendment IFRS 16	December 2018, after restatement
Non-current assets, including:			
Property, plant and equipment	2,390,236	98,763	2,488,999
Equity attributable to owners of the parent, including:			
Retained earnings	923,768	0	923,768
Liabilities, including:			
Non-current financial liabilities	656,788	75,541	732,329
Current financial liabilities	150,075	23,222	173,297

The implementation of the new IFRS 16 Leases as of 1 January 2019 was reflected in CFE's consolidated opening balance by the recognition of right-of-use assets and lease obligations to the amount of € 98.8 million (of which € 83.5 million at DEME), which represents the impact at the opening on the net financial debt of the Group.

(in € thousands)	1 January 2019
Operating lease commitments as of 31 December 2018	132,882
Deduction of short-term lease contracts (expiring in 2019)	(843)
Deduction of low value lease contracts	0
Addition of purchase options or contract extension options	0
Others (*)	(6,831)
Lease liability - before discounting	125,208
Discounting effect	(26,445)
Lease liability as of 1 January 2019	98,763

(*) The item 'Others' is mainly related to the deduction of non-lease components which are not included in the lease debt (insurance and maintenance expenses in car leases) and to the deduction of contracts signed in 2018 for assets available for use on or after 1 January 2019.

The impact of the implementation of the new standard on CFE's consolidated balance sheet, income statement and cash flow statement as of 31 December 2019 can be summarized as follows:

For the period from 1 January to 31 December (in € thousands)	2019
Impact on the comprehensive income	
Reversal of lease expenses	+25,355
Depreciation expenses and impairment of right-of-use assets	(24,432)
EBIT	+924
EBITDA	+25,355
Financial result - Financial interests relating to lease liability	(1,847)
Impact on net result for the period	(924)
Impact on consolidated statement of financial position	
Right-of-use assets	102,279
of which right-of-use assets newly held during the 2019 period	32,896
Lease debt	103,203
Impact on cash flow statement	
Cash flow from operating activities - reversal of lease expenses	+25,355
Cash flow from financing activities - principal	(23,508)
Cash flow from financing activities - interest	(1,847)

The application of IFRS 16 Leases had an impact on the consolidated cash flow statement of the group. The lease expenses relating to those contracts (€ 25,355 thousand in 2019) included in the other operating expenses until 31 December 2018 and which were consequently recognized as cash flow from operating activities are, as of 1 January 2019, considered as cash flow from financing activities. That cash flow breaks down into an interest expense on lease obligations (€ -1,847 thousand in 2019) and repayment of the principal of lease obligations (€ -23,508 thousand in 2019).

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;
- the qualification of a company acquisition as a business combination or an acquisition of assets;
- the assumptions used to determine the financial liabilities in accordance with IFRS 16.

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.

Brexit

It is obvious that the Brexit will have an impact on the relations that DEME has with its customers, suppliers and employees. Likewise, changes will affect the following operational departments: Operations, Procurement, Finance, Compliance and Human Resources. A Brexit impact assessment on DEME's operations, in particular the Moray East project, has been performed, based on a No-Deal scenario. Although no material risks have been identified, a risk mitigation strategy has been rolled out to limit the impact of the 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 proves 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.

An associate is an entity 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 of associates and joint ventures 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 an associate or joint venture is first recorded at cost in the consolidated statement of financial position and then adjusted to record the share of the group in the net result and in the comprehensive income of the associate or joint venture. If the group's share in the losses of an associate or joint venture is higher than its investment, the CFE Group ceases to record its share in the future losses. Additional losses are reported only if there is an obligation (legal or not) for the CFE Group to give financial support to the associate or joint venture.

Interests in associates or joint ventures are accounted for under the equity method from the date when the issuing entity becomes an associate or joint venture. At the acquisition of the interest, any surplus between the cost of the investment and the group's share in the net fair value of the identifiable assets and liabilities of the issuing entity is recorded as goodwill included in the carrying amount of the investment. Any surplus between the share of the group in the net fair value of identifiable assets and liabilities 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 who have joint control over the entity have rights over the assets and obligations with respect to the entity's liabilities. 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 unanimous agreement of all controlling parties. When a CFE Group entity starts activity in a joint operation, the CFE Group, as co-participant, must recognize 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 are accumulated in a separate equity reserve, called 'translation differences'. These differences are recognized in the income statement in the year during which the entity is sold or liquidated.

(3) EXCHANGE RATES

Currencies	2019	2019	2018	2018
	closing rate	average rate	closing rate	average rate
Polish zloty	4.26	4.30	4.30	4.26
Hungarian forint	330.53	325.30	320.98	318.89
US dollar	1.12	1.12	1.15	1.18
Singapore dollar	1.51	1.53	1.56	1.59
Qatari riyal	4.09	4.08	4.17	4.30
Romanian leu	4.78	4.75	4.66	4.65
Tunisian dinar	3.12	3.28	3.43	3.11
CFA franc	655.96	655.96	655.96	655.96
Australian dollar	1.60	1.61	1.62	1.58
Nigerian naira	408.97	405.01	416.29	425.60
Moroccan Dirham	10.74	10.77	10.94	11.08
Turkish Lira	6.68	6.36	6.06	5.71

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 on a straight-line basis 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, on a straight-line basis and at a rate corresponding to the estimated economic lifetime 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
Trailing suction hopper dredgers, Cutter suction dredgers, Cable Lay Vessels and DP3 Offshore crane vessels	20 years with residual value of 1%
landing stages, boats, ferries and boosters:	18 years without residual value
transport vessels, barges:	25 years with residual value of 1%
cranes:	8-12 years with/without residual value of 1%
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 MAIN FLEET

The acquisition cost is divided into two parts: a principal component (90% of the acquisition cost), which is depreciated on a straight-line basis and a depreciation rate that depends on the kind of vessel, and a secondary component (10% of the acquisition cost), which is depreciated over 5 years on a straight-line basis. 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 on a straight-line basis.

The depreciation method, economic lifetime and residual value are assessed annually. In 2019, the residual value of the assets was decreased from 5% to 1%. The economic lifetime was increased from 18 years to 20 years for all kinds of assets. Moreover, the share of the so-called principal and secondary components, which represented 92% and 8%, is assessed at 90% and 10% as of 2019.

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 on a straight-line basis over the remaining useful life from the date the asset is available for use.

Furthermore, the costs of dry-docking the main fleet are recognized in the carrying value of the vessel when they are incurred and depreciated over the period until the next dry-docking.

(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, on a straight-line basis 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

CFE essentially acts as a lessee. The leases are reported in the balance sheet as right-of-use assets and lease obligations at the present value of future lease payments. The right-of-use assets are depreciated on a straight-line basis over their useful life or over the term of the lease if the lease does not provide for transfer of ownership at the end of the lease period. The corresponding obligations are recognized under financial debts. The expenses for leases of up to 12 months and leases of low-value assets are expensed over the period in which the asset is used.

All minimum lease expenses are partly reported as finance costs and partly as depreciation of the current debt, resulting in a constant periodical interest on the remaining balance of the debt. The financial expenses are directly charged to profit and loss.

When a lease contract 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 reported at fair value on the initial recognition of the asset. The valuation method will evolve according to the categories stated below:

(1.1) Investments in debt securities and other investments

Investments in debt securities are classified as financial assets and are measured at their amortized cost, determined on the basis of the 'effective interest rate method' if the two following conditions are fulfilled:

- the criterion 'Solely Payment of Principal and Interest' as defined by IFRS 9 is met;
- the assets are held for collection.

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 ef-

fective 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 carrying value of the asset or financial liability. Gains or losses are recognized in the income statement. Impairment losses are charged to profit and loss.

(1.2) Trade receivables

See section (M).

(1.3) Financial assets designated 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. This analysis is made on a case-by-case basis for each project.

(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 other 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 measured at fair value, 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 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 amortized cost.

(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 other 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. In connection with the process of obtaining tax credits for investments by the operating companies of the SeaMade and Rentel offshore wind farms, since the tax documents are not yet officially certified, DEME and Green Offshore do not recognize deferred tax assets on those positions.

(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. the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced,
- iii. 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. A correction is made for the cost of material that is purchased but not yet manufactured or in production process at reporting date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

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 recognized 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 prices are estimated according to the estimated costs.

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 components 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 effectively reached or exceeded and that the amount of the performance bonus can be reliably measured.

CONTRACT BALANCES

A contract asset is the entity's right to consideration in exchange for goods or services transferred to a customer. If the entity 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 for the entity 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 recognized when the payment is received in advance or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the entity performs under the contract.

COSTS TO OBTAIN A CONTRACT AND COSTS TO FULFIL A CONTRACT

CFE has assessed that the cost to obtain 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 obtain or fulfil a contract are not accounted for separately in accordance with IFRS 15, but are included in the project accounting and therefore recognized as incurred.

SPECIFIC CONSIDERATIONS RELATING TO REVENUE BY SEGMENT:

a. Revenue of DEME

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 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 DEME segment (offshore wind farms), multiple performance obligations have been identified. Those performance obligations relate to procurement activities and to transport and installation activities.

b. Revenue from construction contracts

CFE is responsible for the overall management of a project in which various goods and services are included such as demolition, earthwork, soil decontamination, foundation works, procurement of materials, structural works, installation of technical facilities (electricity, HVAC, etc.), 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 are 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.

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. Transfer of the land component and the building component is 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 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 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 that the 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 notarial 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

An income-related government grant is initially recognized in the consolidated statement of financial position 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. Those grants 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 in the income statement.

All interest and other costs incurred in connection with borrowings, except those which were eligible for capitalization, are charged to profit and loss as financial expenses. The interest expense component of leases 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 fair value. 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;
- The hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- The hedge ratio of the hedging relationship is consistent with that resulting from the quantity of the hedged item actually hedged by the entity and the quantity of the hedging instrument which the entity actually uses to hedge that quantity of the hedged item.

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 a non-financial asset or liability, the cumulative gain or loss is removed from equity and reported in the initial measurement of the value of the asset or liability.

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 recognized in profit and loss. Gains or losses resulting from the time value of financial derivative instruments are recognized in profit and loss.

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 recognized in profit and loss.

(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 profit and loss. The hedged item is also stated at the fair value attributable to the risk hedged, with any gain or loss being recognized in profit and loss.

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 other comprehensive income.

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 other comprehensive income, and the ineffective portion is recognized in profit and loss.

(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) above will not be prepared. Any gain or loss realized on the derivative financial instrument is recognized in the income statement as a financial income or expense.

Any gain or loss realized on the financial instrument is recognized as a cost of the construction contract (we refer to section (V) above). This element is, however, not considered for determining the percentage of completion of the construction contract.

(Z) ASSETS HELD FOR SALE

Assets held for sale are measured at the lowest between the carrying amount and the fair value less costs to sell. These assets are disclosed apart in the consolidated statement of financial position. At 31 December 2019, assets held for sale are only related to Merkur Offshore GmbH.

(A.A) 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: DEME, 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, some entities of DEME and BPI.

Changes in the scope of consolidation

Number of entities	2019	2018
Full consolidation	200	200
Equity method	142	128
Total	342	328

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 in the other elements of the comprehensive income and are accumulated in a separate equity reserve.

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, ENVIRONMENT, OFFSHORE AND INFRA – 'DEME'

The Dredging, Environment, Offshore and Infra segment – through its subsidiary DEME – is active in dredging (capital dredging and maintenance dredging), installation of offshore wind turbines and foundations, laying of submarine power cables, protection of marine pipelines, treatment of polluted sludge and sediments, and marine engineering.

CONTRACTING

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

Construction activity is concentrated in Belgium, Luxembourg and Poland. 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, Rail & Utilities activities operate mainly in Belgium through two clusters:

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

REAL ESTATE DEVELOPMENT

The Real Estate 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 several engineering projects in Belgium and building projects in Africa (except Tunisia) and in Central Europe (except Poland).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

2019 (in € thousands)	DEME	Restatements DEME	Contracting	Real estate development	Holding and non-transferred activities	Eliminations between segments	Consolidated total
Revenue	2,621,965		998,671	59,065	12,433	(67,412)	3,624,722
Income from operating activities	141,645	(4,589)	18,729	1,030	(13,281)	81	143,615
Operating income (EBIT) (*)	160,094	(5,273)	18,806	13,686	(9,687)	81	177,707
<i>% Revenue</i>	6.11%		1.88%	23.17%			4.90%
Net financial income/expense	(6,749)	611	(833)	(1,338)	587	0	(7,722)
Taxes	(30,321)	1,059	(8,446)	(791)	(109)	(11)	(38,619)
Net income share of the group	125,041	(3,603)	9,527	11,598	(9,209)	70	133,424
<i>% Revenue</i>	4.77%		0.95%	19.64%			3.68%
Non-cash items	295,366	4,589	14,393	(888)	(5,851)	0	307,609
EBITDA (*)	437,011	0	33,122	142	(19,132)	81	451,224
<i>% Revenue</i>	16.67%		3.32%	0.24%			12.45%

(*) See Note 2.1 for the impact of IFRS 16 Leases on amortisation during the period from 1 January 2019 to 31 December 2019.

2018 (in € thousands)	DEME	Restatements DEME	Contracting	Real estate development	Holding and non-transferred activities	Eliminations between segments	Consolidated total
Revenue	2,645,780		934,573	94,696	27,051	(61,473)	3,640,627
Income from operating activities	196,012	(4,589)	22,728	10,346	(10,865)	(557)	213,075
Operating income (EBIT)	202,940	(5,273)	22,728	13,209	(5,803)	(557)	227,244
<i>% Revenue</i>	7.67%		2.43%	13.95%			6.24%
Net financial income/expense	(6,391)	2,901	(2,073)	(2,832)	(93)	0	(8,488)
Taxes	(43,231)	384	(5,491)	(1,134)	(124)	47	(49,549)
Net income share of the group	155,570	(1,988)	15,161	9,321	(6,024)	(510)	171,530
<i>% Revenue</i>	5.88%		1.62%	9.84%			4.71%
Non-cash items	262,889	4,589	12,686	(1,932)	(3,347)	0	274,885
EBITDA	458,901	0	35,414	8,414	(14,212)	(557)	487,960
<i>% Revenue</i>	17.34%		3.81%	8.87%			13.40%

REVENUE

(in € thousands)	2019	2018
Belgium	1,495,250	1,080,912
Other Europe	1,410,888	1,739,573
Middle East	77,665	45,597
Asia	290,449	355,996
Oceania	36,662	56,122
Africa	221,397	265,266
Americas	92,411	97,161
Consolidated total	3,624,722	3,640,627

The breakdown of revenue by country is based on the countries in which services are provided.

In 2019, no customer accounted for more than 10% of group revenue.

BREAKDOWN OF REVENUE OF DEME

(in € thousands)	2019	2018
Dredging	1,084,553	986,856
Offshore	1,141,093	1,350,508
Environmental	147,417	124,394
Infra	196,898	124,099
Other	52,004	59,923
Total	2,621,965	2,645,780

BREAKDOWN OF REVENUE IN THE CONTRACTING SEGMENT

(in € thousands)	2019	2018
Construction	733,539	692,444
Multitechnics	179,632	170,642
Rail & Utilities	85,500	71,487
Contracting	998,671	934,573

The CFE Group's Contracting revenue includes revenue generated through the Real Estate segment. The elimination of the revenue common to the Contracting segment and Real Estate segment is done at inter-segment eliminations level.

Since the construction and selling activities of the Real Estate segment do not take place simultaneously, internally generated revenue is added to assets under construction and removed at the time of sale.

ORDER BOOK

(in € thousands)	2019	2018	% change
DEME	3,750.0	4,010.0	-6.5%
Contracting	1,385.5	1,320.3	+4.9%
Construction	1,016.8	1,069.1	-4.9%
Multitechnics	188.5	168.4	+11.9%
Rail & Utilities	180.2	82.8	+117.6%
Real estate development	12.7	10.8	+17.6%
Holding and non-transferred activities	34.7	44.8	-22.5%
Total	5,182.9	5,385.9	-3.8%

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the period ended 31 December 2019 (in € thousands)	DEME	Contracting	Real estate development	Holding and non-transferred activities	Eliminations between segments	Consolidated total
ASSETS						
Goodwill	155,567	21,560	0	0	0	177,127
Property, plant and equipment	2,529,919	81,173	1,742	2,330	0	2,615,164
Non-current loans to consolidated group companies	0	0	0	23,600	(23,600)	0
Other non-current financial assets	36,178	0	29,874	17,861	0	83,913
Other non-current assets	266,417	15,656	51,029	1,287,700	(1,245,838)	374,964
Inventories	13,152	15,720	130,837	4,528	(1,625)	162,612
Cash and cash equivalents	475,135	67,550	6,411	63,110	0	612,206
Internal cash position - cash pooling - assets	0	75,684	11,167	2,327	(89,178)	0
Other current assets	724,124	306,630	23,703	37,824	(5,635)	1,086,646
Total assets	4,200,492	583,973	254,763	1,439,280	(1,365,876)	5,112,632
EQUITY AND LIABILITIES						
Equity	1,675,537	83,670	76,296	1,172,271	(1,247,464)	1,760,310
Non-current borrowings from consolidated group companies	0	1,800	21,800	0	(23,600)	0
Non-current bonds	0	0	29,689	0	0	29,689
Non-current financial liabilities	947,798	23,174	13,378	125,862	0	1,110,212
Other non-current liabilities	175,248	15,880	14,514	1,585	0	207,227
Current bonds	0	0	0	0	0	0
Current financial liabilities	235,791	9,857	14,382	10,336	0	270,366
Internal cash position - cash pooling - liabilities	0	2,327	4,698	82,153	(89,178)	0
Other current liabilities	1,166,118	447,265	80,006	47,073	(5,634)	1,734,828
Total liabilities	2,524,955	500,303	178,467	267,009	(118,412)	3,352,322
Total equity and liabilities	4,200,492	583,973	254,763	1,439,280	(1,365,876)	5,112,632

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the period ended 31 December 2018 (in € thousands)	DEME	Contracting	Real estate development	Holding and non-transferred activities	Eliminations between segments	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 CASH FLOWS

For the period ended 31 December 2019 (in € thousands)	DEME	Contracting	Real estate development	Holding and non- transferred activities & eliminations	Consolidated total
Cash flow from operating activities before change in working capital	435,721	31,478	5,143	(19,078)	453,264
Net cash flow from (used in) operating activities	388,813	48,832	10,261	(3,949)	443,957
Cash flow from (used in) investing activities	(370,319)	(13,417)	(40)	(6,665)	(390,441)
Cash flow from (used in) financing activities	168,619	(21,559)	(13,053)	35,412	169,419
Net increase/(decrease) in cash position	187,113	13,856	(2,832)	24,798	222,935

For the period ended 31 December 2018 (in € thousands)	DEME	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)

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, especially and primarily in the segments DEME, Real Estate, Holding and non-transferred activities. The DEME segment is not part of the CFE cash pooling arrangement.

OTHER INFORMATION

For the period ended 31 December 2019 (in € thousands)	DEME	Contracting	Real estate development	Holding and non-transferred activities	Consolidated total
Amortisation	(297,638)	(16,662)	(949)	(607)	(315,856)
Investments	432,449	25,222	651	113	458,435
Impairment	(2,816)	0	0	0	(2,816)

For the period ended 31 December 2018 (in € thousands)	DEME	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
Impairment	(313)	0	0	0	(313)

The investments include the acquisitions as part of the group's investing activities and the acquisitions made as part of the operating activities of the Real Estate segment. Acquisitions through business combinations are not included in these amounts.

GEOGRAPHICAL INFORMATION

Operations of the CFE Group in the Contracting and Real Estate segments are mainly based in Belgium, Luxembourg and Poland.

Property, plant and equipment in the Contracting and Real Estate segments 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 2019

No transactions having a material impact took place during 2019.

DISPOSALS FOR THE PERIOD ENDED 31 DECEMBER 2019

No transactions having a material impact took place during 2019.

In the Real Estate segment, the acquisitions and disposals carried out do not qualify as business combinations, therefore the total price paid is allocated to the land and buildings held in stock. The main acquisitions and disposals which occur in the Real Estate segment are described here above in the preamble.

ASSETS HELD FOR SALE

During the first half of 2019, a mandate was given to sell 100% of the shares of the company Merkur Offshore GmbH. The SPV is concessionaire for a wind farm in Germany which is 12.5% owned by DEME. At 31 December 2019, the net carrying amount of the consolidated assets in the financial statements of the CFE Group, namely € 10.5 million, is shown as assets held for sale.

COMPREHENSIVE INCOME

6. REVENUE FROM AUXILIARY ACTIVITIES AND OTHER OPERATING EXPENSES

Revenue from auxiliary activities amounted to € 81,042 thousand (2018: € 123,018 thousand) and includes capital gains of € 6,741 thousand on the disposal of non-current assets (2018: € 8,412 thousand), of which DEME accounts for € 5,106 thousand, as well as rental income, other reimbursements and rebilling of various expenses worth € 74,301 thousand (2018: € 114,606 thousand), of which DEME accounts for € 34,087 thousand.

Other operating expenses are made up of the following elements:

(in € thousands)	2019	2018
Miscellaneous goods and services	(469,946)	(483,178)
Impairment of assets		
- Inventories	131	91
- Trade and other receivables	(25,663)	(19,473)
Net additions to provisions (excluding provisions for retirement benefit obligations)	28,161	12,531
Other operating expenses	(1,931)	(7,719)
Consolidated total	(469,248)	(497,748)

7. REMUNERATION AND SOCIAL SECURITY PAYMENTS

(in € thousands)	2019	2018
Remuneration	(512,523)	(502,049)
Mandatory social security contributions	(102,704)	(96,718)
Other wage costs	(25,410)	(22,192)
Service cost related to defined-benefit pension plans	(13,233)	(12,131)
Consolidated total	(653,870)	(633,090)

The average full-time equivalent number of staff in 2019 was 8,243 (2018: 8,391). Full-time equivalent headcount was 8,598 at 1 January 2019 (2018: 8,689) and 8,410 at 31 December 2019 (2018: 8,598).

8. NET FINANCIAL INCOME/EXPENSE

(in € thousands)	2019	2018
Cost of financial debt	(2,602)	(8,433)
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 amortised cost - interest income	14,280	13,819
Assets and liabilities at amortised cost - interest expense (*)	(16,882)	(22,252)
Other financial income and expense	(5,120)	(55)
Realized / unrealized translation gains/(losses)	1,759	4,504
Dividends received from non-consolidated companies	0	0
Defined benefit plan financial cost	(343)	(105)
Impairment of financial assets	0	0
Other	(6,536)	(4,454)
Net financial income/expense	(7,722)	(8,488)

(*) See Note 2.1. for the impact of IFRS 16 Leases on interest expenses during the period from 1 January 2019 to 31 December 2019.

The decrease of interest rates and the refinancing of certain bank loans and bonds led to the decrease of interest expenses.

The change in realized (unrealized) translation gains/(losses) and other at 31 December 2019 is mainly explained by variations in the euro rate against other functional currencies of DEME subsidiaries.

9. NON-CONTROLLING INTERESTS

As of 31 December 2019, the share of non-controlling interests in the income statement amounted to € 2,058 thousand (2018: € 2,323 thousand) and is primarily related to the DEME segment (€ 2,016 thousand).

10. INCOME TAX

RECOGNIZED IN COMPREHENSIVE INCOME

(in € thousands)	2019	2018
Current tax		
Tax expense for the period	49,207	49,981
Additions to/(releases from) provisions in previous periods	8	(502)
Total current tax expense	49,215	49,479
Deferred taxes		
Additions to and releases from temporary differences	(10,761)	70
Use of losses from previous periods	165	0
Deferred tax recognized on losses for the period	0	0
Deferred tax recognized on definitively taxed revenue	0	0
Total deferred tax expense/(income)	(10,596)	70
Income tax for the period	38,619	49,549
Tax income/expense recognized in other elements of the comprehensive income	6,378	1,501
Total tax expense recognized in comprehensive income	44,997	51,050

RECONCILIATION OF THE EFFECTIVE TAX RATE

(in € thousands)	2019	2018
Pre-tax income for the period	169,985	218,756
amount related to earnings from associates and joint ventures	34,092	14,169
Pre-tax income, excluding associates and joint ventures	135,893	204,587
Income tax at 29.58%	40,197	60,517
Tax effect of non-deductible expenses	5,529	5,643
Tax effect of non-taxable revenue	(3,515)	(11,301)
Tax credits and impact of notional interest	(14,121)	(5,767)
Effect of different tax rates applicable to subsidiaries operating in other jurisdictions	328	(3,364)
Tax impact of using previously unrecognized losses	(1,817)	(995)
Tax impact of adjustments to current and deferred tax relating to previous periods	(589)	(11,005)
Tax impact of deferred tax assets on unrecognized losses for the period	12,607	15,821
Tax expense	38,619	49,549
Effective tax rate for the period	28.42%	24.22%

The tax expense amounted to € 38,619 thousand at 31 December 2019, compared to € 49,549 thousand at year-end 2018. The effective tax rate amounted to 28.42%, compared to 24.22% at 31 December 2018.

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

(in € thousands)	Assets		Liabilities	
	2019	2018	2019	2018
Property, plant and equipment and intangible assets	15,560	21,925	(85,204)	(84,096)
Employee benefits	14,136	13,023	0	0
Provisions	2,177	2,011	(18,170)	(21,837)
Fair value of derivative instruments	2,813	2,483	(12)	(5)
Other items	30,509	33,823	(56,276)	(60,350)
Tax losses	153,903	147,005	0	0
Gross deferred tax assets/(liabilities)	219,098	220,270	(159,662)	(166,288)
Unrecognized deferred tax assets	(63,923)	(73,459)	0	0
Tax netting	(54,755)	(46,902)	54,755	46,902
Net deferred tax assets/(liabilities)	100,420	99,909	(104,907)	(119,386)

Tax losses carried forward and other temporary differences for which no deferred tax assets are recognized amounted to € 255,691 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)	2019	2018
Deferred tax on the effective portion of changes in the fair value of cash flow hedges	2,772	775
Deferred tax on the revaluation of the defined benefit plans	3,606	726
Total	6,378	1,501

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)	2019	2018
Net income attributable to shareholders	133,424	171,530
Comprehensive income attributable to owners of the parent	89,231	167,279
Number of ordinary shares at the balance sheet date	25,314,482	25,314,482
Earnings per share, based on the number of ordinary shares at the end of the period (basic):		
Net income share of the group per share (€)	5.27	6.78
Comprehensive income attributable to owners of the parent per share (€)	3.53	6.61

FINANCIAL POSITION

12. INTANGIBLE ASSETS OTHER THAN GOODWILL

Year 2019 (in € thousands)	Concessions, patents and licences	Development costs	Total
Acquisition costs			
Balance at the end of the previous period	129,064	3,884	132,948
Effects of changes in foreign exchange rates	3	0	3
Changes in consolidation scope	(25)	(3)	(28)
Acquisitions	2,051	381	2,432
Disposals	(129)	0	(129)
Transfers between asset items	(235)	0	(235)
Balance at the end of the period	130,729	4,262	134,991
Amortisation and impairment			
Balance at the end of the previous period	(39,801)	(3,559)	(43,360)
Effects of changes in foreign exchange rates	(8)	0	(8)
Amortisation during the period	(1,068)	(551)	(1,619)
Changes in consolidation scope	25	3	28
Disposals	129	0	129
Transfers between asset items	100	0	100
Balance at the end of the period	(40,623)	(4,107)	(44,730)
Net carrying amount			
At 1 January 2019	89,263	325	89,588
At 31 December 2019	90,106	155	90,261

Total acquired intangible assets amounted to € 2,432 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 amounted to € 1,619 thousand.

Intangible assets meeting the definition in IAS 38 (Intangible Assets) are only recognized to the extent that future economic benefits are probable.

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

13. GOODWILL

(in € thousands)	2019	2018
Acquisition costs		
Balance at the end of the previous period	403,164	405,685
Changes in consolidation scope	(1,433)	(2,521)
Other changes	0	0
Balance at the end of the period	401,731	403,164
Impairment		
Balance at the end of the previous period	(226,037)	(220,755)
Impairment during the period	0	(5,282)
Changes in consolidation scope	1,433	0
Balance at the end of the period	(224,604)	(226,037)
Net carrying amount at December 31	177,127	177,127

In accordance with IAS 36 (Impairment of Assets), goodwill was tested for impairment at 31 December 2019.

The following assumptions were used in the impairment tests:

Business (in € thousands)	Net value of goodwill		Parameters of the model applied to cash flow projections			Gross value of goodwill	Impairment losses recognized in the period
	2019	2018	Growth rate (terminal value)	Discount rate	Sensitivity rate		
DEME & subsidiaries	155,566	155,566	1.5%	7.9%	5%	375,591	-
VMA	11,115	11,115	1%	7.1%	5%	11,115	-
Mobix Remacom	2,995	2,995	1%	7.1%	5%	2,995	-
Mobix Stevens	2,682	2,682	1%	7.1%	5%	2,682	-
Mobix Coghe	2,351	2,351	1%	7.1%	5%	2,351	-
VMA Druart	1,507	1,507	1%	7.1%	5%	3,360	-
BPC	911	911	1%	7.1%	5%	911	-
Total	177,127	177,127				399,005	-

Cash flow figures used in the impairment tests were taken from the 2020 budget presented to the Board of Directors of DEME and CFE and to the Executive Committee of CFE Contracting. For the activities of CFE Contracting, a growth rate of 1% was used in determining the terminal value. For the activities of DEME, a growth rate of 1.5% was assumed in determining the terminal value in view of the current investment programmes.

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 2019 (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	144,300	3,914,871	68,409	0	431,022	4,558,602
Right-of-use assets, 1 January 2019	72,371	5,311	21,081	0	0	98,763
Effects of changes in foreign exchange rates	116	1,925	6	0	1	2,048
Changes in consolidation scope	(40)	(6)	(9)	0	0	(55)
Acquisitions	21,122	176,306	21,961	0	236,614	456,003
Transfers between asset items	833	132,515	15	0	(127,263)	6,100
Disposals	(8,829)	(160,567)	(8,551)	0	0	(177,947)
Balance at the end of the period	229,873	4,070,355	102,912	0	540,374	4,943,514
Amortisation and impairment						
Balance at the end of the previous period	(59,027)	(2,053,942)	(55,397)	0	0	(2,168,366)
Effects of changes in foreign exchange rates	(127)	(692)	(67)	0	0	(886)
Changes in consolidation scope	6	5	3	0	0	14
Amortisation	(17,668)	(283,621)	(15,764)	0	0	(317,053)
Transfers between asset items	138	(6,063)	173	0	0	(5,752)
Disposals	4,002	151,881	7,810	0	0	163,693
Balance at the end of the period	(72,676)	(2,192,432)	(63,242)	0	0	(2,328,350)
Net carrying amount						
At 1 January 2019	85,273	1,860,929	13,012	0	431,022	2,390,236
At 31 December 2019	157,197	1,877,923	39,670	0	540,374	2,615,164

As of 31 December 2019, acquisitions of property, plant and equipment amounted to € 456,003 thousand, and are mainly related to DEME (€ 430,565 thousand). Investments increased by € 10,835 thousand in 2019 in comparison with 2018.

Of the ten vessels commissioned in 2015, 2016 and 2018, worth a total of over one billion euros, the trailing suction hopper dredgers 'Minerva' and 'Scheldt River', and the vessels 'Gulliver' (in joint venture), Apollo and 'Living Stone' were delivered in 2017 and 2018. The vessel 'Bonny River' joined DEME's fleet in 2019. As of 31 December 2019, a residual amount of € 173 million will be invested in vessels under construction over the next few years.

The net carrying amount of property, plant and equipment used as collateral for certain loans totalled € 55,686 thousand (2018: € 84,599 thousand).

The amounts reported under the item 'Right-of-use assets, as of 1 January, 2019' show the impact of the restatement of the standard IFRS 16 Leases on the consolidated statement of financial position as of 1 January 2019, which amounts to € 98,763 thousand. We refer to Note 2.1.

The net carrying amount of right-of-use assets was € 163,529 thousand as of 31 December 2019 (2018: € 58,785 thousand). Those assets primarily include the concessions and buildings of the DEME group, the vehicle fleet of the group, the registered offices of the subsidiaries Mobix Stevens NV, Mobix Engema NV, CFE SA, BPI Real Estate Belgium SA, Arthur Vandendorpe NV and VMA Druart SA; the cranes of Benelmat and the equipment of Mobix Coghe NV.

Depreciation on property, plant and equipment totalled € 317,053 thousand (2018: € 268,762 thousand).

Year 2018 (in € thousands)	Land and buildings	Fixtures and equipment	Furniture, fittings and vehicles	Other property, plant and equipment	Under con- struction	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

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)	2019	2018
Balance at the end of the previous period	155,792	140,510
Acquisitions through business combinations	0	0
Transfers	(13,992)	4,243
CFE Group share in net result of associates	34,092	14,169
Capital increase / (decrease)	17,564	11,956
Dividends	(8,140)	(4,935)
Changes in consolidation scope	18,606	(7,774)
Other changes	(36,269)	(2,377)
Balance at the end of the period	167,653	155,792
Including goodwill in companies accounted for under the equity method	18,811	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 € 34,092 thousand (2018: €14,169 thousand) and mainly derives from DEME and real estate development activities.

The changes in consolidation scope during 2019 mainly related to Cobel Contracting Nigeria Ltd, Lockside Ltd and Rent-A-Port NV.

The other changes are essentially due to variations in the market value of hedging instruments (primarily interest rate hedges at Rentel and SeaMade). This trend is primarily attributable to the decrease of the medium-term and long-term interest rates in the euro zone in 2019, except for 14.8 million euros relating to previous years.

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 interests in the CFE Group, the segment in which they operate and the geographical area of their head office.

The condensed financial statements by segment 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 2019 (in € thousands)	DEME		Real Estate development and Contracting		Holding and non-transferred activities		Total	
	100%	% Share	100%	% Share	100%	% Share	100%	% Share
Income Statement								
Revenue	1,103,471	317,229	172,797	64,239	35,611	16,943	1,311,879	398,411
Net income share of the group	139,360	18,449	24,566	10,201	7,944	4,002	171,870	32,652
Financial Position								
Non-current assets	4,277,822	551,388	78,581	19,244	215,268	76,454	4,571,671	647,086
Current assets	776,834	185,208	287,590	117,418	175,074	83,046	1,239,498	385,672
Equity	613,151	67,269	66,578	27,263	120,527	62,861	800,256	157,393
Non-current liabilities	3,312,777	451,710	65,530	23,805	166,559	54,968	3,544,866	530,483
Current liabilities	1,128,728	217,617	234,063	85,594	103,256	41,671	1,466,047	344,882
Net financial debt	2,948,912	411,143	64,401	23,810	144,860	41,634	3,158,173	476,587

In the DEME segment, non-current assets mainly consist of assets from the entities C-Power NV (€ 781,127 thousand, at 100%), SeaMade (€ 686,176 thousand, at 100%), Merkur Offshore GMBH (€ 1,432,970 thousand, at 100%), and Rentel (€ 932,365 thousand, at 100%). The contribution of those entities to the condensed net financial debt is € 529,062 thousand (at 100%), € 413,961 thousand (at 100%), € 952,831 thousand (at 100%) and € 778,011 thousand (at 100%) respectively. The contribution of those entities to the condensed net income is € 34,647 thousand (at 100%), € -36 thousand (at 100%), € 45,872 thousand (at 100%) and € 39,496 thousand (at 100%) respectively.

In the Real Estate development and Contracting segments, non-current and current assets mainly consist of assets from the entities M1 SA (€ 57,582 thousand, at 100%), Les 2 Princes Development SA (€ 11,414 thousand, at 100%), Pré de la Perche Construction SA (€ 17,129 thousand, at 100%), Grand Poste SA (€ 24,239 thousand, at 100%), Victor Estate SA (€ 10,979 thousand, at 100%), Erasmus Gardens SA (€ 29,825 thousand, at 100%), Ernest 11 SA (€ 30,384 thousand, at 100%), Mall of Europe (€ 16,430 thousand, at 100%), Luwa (€ 16,172 thousand, at 100%), and Goodways SA (€ 19,588 thousand, at 100%).

As concerns the non-transferred activities, the net financial debt relates to the PPP concession projects Schulen in Eupen (€ 76,663 thousand, at 100%), and to the companies Rent-A-Port NV (€ 55,620 thousand, at 100%) and Green Offshore NV (€ 12,391 thousand, at 100%).

December 2018 (in € thousands)	DEME		Real Estate development 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 DEME segment, 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 development segment, 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 Construction SA (€ 20,891 thousand, at 100%), Grand Poste SA (€ 14,860 thousand, at 100%), Victor Estate SA (€ 10,975 thousand, at 100%), Erasmus Gardens SA (€ 32,899 thousand, at 100%), Ernest 11 SA (€ 12,613 thousand, at 100%), and Goodways SA (€ 12,293 thousand, at 100%).

As concerns the non-transferred activities, the net financial debt relates to the PPP concession projects Schulen in Eupen (€64,992 thousand, at 100%) and to the companies Rent-A-Port NV (€ 24,160 thousand, at 100%) and Green Offshore NV (€ 35,700 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 2019 (in € thousands, CFE's % share)	DEME	Real Estate development and Contracting	Holding and non-transferred activities	Total
Net assets of the associates and joint arrangements before reconciling items	67,269	27,263	62,861	157,393
Reconciliation items	10,405	11,607	(21,182)	830
Negative associates and joint arrangements	6,389	3,041	0	9,430
CFE Group's carrying amount of the investment	84,063	41,911	41,679	167,653

At 31 December 2018 (in € thousands, CFE's % share)	DEME	Real Estate development 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

In the DEME, Real Estate development and Contracting segments, 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 € 83,913 thousand at 31 December 2019, a decrease compared to December 2018 (€ 171,687 thousand). They mainly comprise loans granted to project companies which are integrated under the equity method to the amount of € 77,216 thousand (2018: € 165,930 thousand). The decrease in the balance of those non-current financial receivables is essentially linked to the repayment of loans granted to the operating companies of the Merkur and Rental offshore wind farms.

(in € thousands)	2019	2018
Balance at the end of the previous period	171,687	147,719
Changes in consolidation scope	0	(15,724)
Increases	14,371	49,111
Decreases and transfers	(102,145)	(10,688)
Impairment / reversals of impairment	0	0
Effects of changes in foreign exchange rates	0	1,269
Balance at the end of the period	83,913	171,687

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 paragraphs (M) and (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. We refer to note 23 *Provisions other than those relating to retirement benefit obligations and non-current employee benefits*.

(in € thousands)	2019	2018
Balance sheet data		
Advances and payments on account received	(18,663)	(66,031)
Construction contracts in progress – assets	307,462	430,704
Construction contracts in progress – liabilities	(222,930)	(282,115)
Construction contracts in progress – net	84,532	148,589
Total income and expenses to date recognized on contracts in progress		
Costs incurred plus profits recognized less losses recognized to date	6,847,533	6,254,163
Less invoices issued	(6,763,001)	(6,105,574)
Impact of companies acquired during the year	0	0
Construction contracts in progress – net	84,532	148,589

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 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 current liabilities'.

Advances are amounts received by the contractor before the related work is performed. We refer to note 19 *Change in trade receivables and payables and other operating receivables and payables*.

The remaining performance obligations, meaning the turnover to execute in the future years regarding the ongoing projects, amounted to € 3,224 million at 31 December 2019, of which € 2,335 million is to be executed in 2020.

18. INVENTORIES

As of 31 December 2019, inventories amounted to € 162,612 thousand (2018: € 128,889 thousand) and broke down as follows:

(in € thousands)	2019	2018
Raw materials and auxiliary products	42,609	37,203
Impairment on inventories of raw materials and auxiliary products	(166)	(195)
Finished products and properties held for sale	120,648	92,861
Impairment on inventories of finished products	(479)	(980)
Inventories	162,612	128,889

The increase in finished products and properties held for sale (+ € 27,787 thousand) is primarily attributable to the Polish activities of the Real Estate development segment.

19. CHANGE IN TRADE RECEIVABLES AND PAYABLES AND OTHER OPERATING RECEIVABLES AND PAYABLES

(in € thousands)	2019	2018
Trade receivables	650,653	1,027,092
Less: provision for impairment of receivables	(68,579)	(41,875)
Net trade receivables	582,074	985,217
Other current receivables	414,362	276,081
Consolidated total	996,436	1,261,298
Other operating current assets	72,681	67,561
Other non-operating current assets	6,267	12,733
Trade and other operating payables	1,221,466	1,410,944
Other operating current liabilities	155,601	201,609
Other non-operating current liabilities	258,104	216,651
Consolidated total	1,635,171	1,829,204
Commercial and operating liabilities net of receivables	(559,787)	(487,612)

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 € 578,991 thousand (2018: € 972,634 thousand).

20. CASH AND CASH EQUIVALENTS

(in € thousands)	2019	2018
Short-term bank deposits	31,105	12,655
Cash in hand and at bank	581,101	375,691
Cash and cash equivalents	612,206	388,346

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 significant capital grants in 2019.

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 2019, the CFE Group's net liability relating to obligations under pension and early-retirement post-employment benefits amounted to € 70,269 thousand (2018: € 57,553 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 € 2,950 thousand (2018: € 3,240 thousand), mainly relating to the DEME group.

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 (98.2 % of obligations) or a self-administered pension fund (1.8 % 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)	2019	2018
Provisions taken for defined-benefit and early retirement plan obligations	(67,319)	(54,313)
Accrued rights, partly or fully funded	(310,971)	(255,602)
Fair value of plan assets	243,652	201,289
Provisions taken for obligations on the balance sheet	(67,319)	(54,313)
Bonds	(67,319)	(54,313)
Assets	0	0

CHANGES IN PROVISIONS TAKEN FOR DEFINED-BENEFIT AND EARLY RETIREMENT PLAN OBLIGATIONS

(in € thousands)	2019	2018
At 1 January	(54,313)	(51,050)
Costs recognized in income statement	(14,093)	(12,782)
Costs recognized in the other elements of the comprehensive income	(15,395)	(1,210)
Contributions to plan assets	16,484	13,207
Changes in consolidation scope	0	0
Other movements	(2)	(2,478)
At 31 December	(67,319)	(54,313)

In 2018, 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 treatment according to the requirements of the IAS 19 standard.

COSTS RECOGNIZED IN INCOME STATEMENT IN RESPECT OF DEFINED-BENEFIT AND EARLY RETIREMENT PLANS

(in € thousands)	2019	2018
Costs recognized in income statement	(14,093)	(12,782)
Service cost	(13,233)	(12,131)
Discounting effects	(4,038)	(3,746)
Return on plan assets (-)	3,260	3,001
Unrecognized past service cost	(82)	94

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)	2019	2018
Costs recognized in the other elements of the comprehensive income	(15,395)	(1,210)
Actuarial gains and losses	(47,058)	(1,800)
Return on plan assets (excluding amounts recognized in income statement)	31,663	555
Effects of changes in foreign exchange rates	0	35

CHANGES IN PROVISIONS TAKEN FOR DEFINED-BENEFIT AND EARLY RETIREMENT PLAN OBLIGATIONS

(in € thousands)	2019	2018
At 1 January	(255,602)	(241,644)
Service cost	(13,233)	(12,131)
Discounting effects	(4,122)	(3,905)
Contributions to plan assets	(692)	(716)
Benefits paid to beneficiaries	10,671	16,719
Remeasurement of liabilities (assets)	(47,304)	(1,726)
<i>Actuarial gains and losses resulting from changes to demographic assumptions</i>	127	0
<i>Actuarial gains and losses resulting from changes to financial assumptions</i>	(42,508)	491
<i>Actuarial gains and losses resulting from experience adjustments</i>	(4,923)	(2,217)
Unrecognized past service cost	0	0
Effect of changes in consolidation scope	0	0
Effect of business disposals	0	0
Effect of exchange-rate changes	0	0
Other movements	(689)	(12,199)
At 31 December	(310,971)	(255,602)

The item 'Actuarial gains and losses resulting from changes to financial assumptions' shows in 2019 the effect of the decrease in the discount rate.

In 2018, 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 treatment according to the requirements of the IAS 19 standard.

CHANGES IN DEFINED-BENEFIT AND EARLY RETIREMENT PLAN ASSETS

(in € thousands)	2019	2018
At 1 January	201,289	190,594
Return on plan assets (excluding amounts recognized in income statement)	31,716	555
Return on plan assets	3,344	3,160
Contributions to plan assets	17,063	13,759
Benefits paid to beneficiaries	(10,559)	(16,719)
Effect of changes in consolidation scope	0	0
Effect of business disposals	0	0
Effect of exchange-rate changes	0	0
Reclassification of Belgian retirement plans subjected to a minimum return	0	0
Other movements	799	9,940
At 31 December	243,652	201,289

The item 'Return on plan assets (excluding amounts recognized in income statement)' was also strongly impacted in 2019 by the decrease in the discount rate.

In 2018, 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 treatment according to the requirements of the IAS 19 standard.

MAIN ACTUARIAL ASSUMPTIONS AT THE END OF THE PERIOD (EXPRESSED AS WEIGHTED AVERAGES)

	2019	2018
Discount rate at December 31	0.68%	1.60%
Expected rate of salary increases	3.09%	3.15%
Inflation rate	1.70%	1.80%
Mortality tables	MR/FR	MR/FR

OTHER CHARACTERISTICS OF DEFINED-BENEFIT PLANS

	2019	2018
Duration (in years)	15.36	14.55
Average real return on plan assets	17.11%	1.91%
Contributions expected to be made to the plans in the next financial year	16.523	12.610

The item 'Average real return on plan assets' is mainly impacted in 2019 by the decrease in the discount rate.

SENSITIVITY ANALYSIS (IMPACT ON THE AMOUNT OF OBLIGATIONS)

	2019	2018
Discount rate		
25bp increase	-3.8%	-3.4%
25bp decrease	3.9%	4.4%
Salary growth rate		
25bp increase	1.9%	2.3%
25bp decrease	-1.8%	-1.4%

23. PROVISIONS OTHER THAN THOSE RELATING TO RETIREMENT BENEFIT OBLIGATIONS AND NON-CURRENT EMPLOYEE BENEFITS

As of 31 December 2019, these provisions amounted to € 58,637 thousand, which is a decrease of € 42,040 thousand compared to year-end 2018 (€ 100,677 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	15,530	49,975	23,422	11,750	100,677
Effects of changes in foreign exchange rates	26	88	0	0	114
Transfers between items	(129)	128	(13,992)	0	(13,993)
Additions to provisions	2,715	13,150	0	870	16,735
Used provisions	(2,976)	(31,519)	0	(9,636)	(44,131)
Provisions reversed unused	0	(765)	0	0	(765)
Balance at the end of the period	15,166	31,057	9,430	2,984	58,637
of which					
current:					46,223
non-current:					12,414

The provision for after-sales service decreased by € 364 thousand to € 15,166 thousand at year-end 2019. The change in 2019 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 € 18,918 thousand to € 31,057 thousand at year-end 2019.

These provisions include:

- provisions for current litigation (€ 6,666 thousand), provisions for social security liabilities (€ 399 thousand) and provisions for other current liabilities (€ 8,333 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 (€ 15,659 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 in the losses of equity-accounted companies exceeds the carrying amount of the investment, the latter 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 dredging and contracting sector and which are treated by applying the percentage-of-completion method during the recognition of revenue.

In 2018, DEME was involved in a lawsuit against Rijkwaterstaat in the Netherlands related to the execution of the Juliana Canal project. Based on the information currently available, DEME is unable to estimate the financial consequences of this litigation.

CFE also takes care that all its entities take the necessary organizational measures to ensure that the current laws and regulations are observed, including the compliance rules. DEME is cooperating fully in a judicial investigation into the circumstances surrounding the award of a contract that has in the meantime been executed in Russia. In the present circumstances, the financial impact for DEME cannot be reliably estimated.

25. NET FINANCIAL DEBT

25.1 NET FINANCIAL DEBT, AS DEFINED BY THE GROUP, BREAKS DOWN AS FOLLOWS:

(in € thousands)	December 2019			December 2018		
	Non-current	Current	Total	Non-current	Current	Total
Bank loans and other financial debt	899,236	207,098	1,106,334	472,786	138,888	611,674
Bonds	29,689	0	29,689	29,584	200,221	229,805
Drawings on credit facilities	98,000	0	98,000	146,000	0	146,000
Lease debts	112,976	36,374	149,350	38,002	8,324	46,326
Total long-term financial debt	1,139,901	243,472	1,383,373	686,372	347,433	1,033,805
Short-term financial debt	0	26,894	26,894	0	2,863	2,863
Cash equivalents	0	(31,105)	(31,105)	0	(12,655)	(12,655)
Cash	0	(581,101)	(581,101)	0	(375,691)	(375,691)
Net short-term financial debt/(cash)	0	(585,312)	(585,312)	0	(385,483)	(385,483)
Total net financial debt	1,139,901	(341,840)	798,061	686,372	(38,050)	648,322
Derivative instruments used as interest-rate hedges	8,369	3,567	11,936	6,168	3,143	9,311

The bank loans and other financial debts (€ 1,106,334 thousand) mainly relate to the corporate bank loans granted to DEME which are allocated to the financing of vessels.

Following the redemption at maturity on 14 February 2019 by DEME of its € 200 million bond, the only bond still outstanding is that of BPI. This bond was issued on 19 December 2017 and is worth a total of € 30 million. It pays a coupon of 3.75% and matures on 19 December 2022.

The lease debts (€ 149,350 thousand) fall within the scope of IFRS 16 Leases, effective as of 1 January 2019, and have an impact of € 98,763 thousand on the opening balance (we refer to Note 2.1). As of 31 December 2019, the contribution of the DEME group amounts to € 86,144 thousand and primarily concerns their concessions, while the Contracting, Real Estate development and Holding & non-transferred activities segments account for € 17,059 thousand.

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	Total 31/12/2019
Bank loans and other financial debt	207,098	204,509	195,542	296,132	203,053	0	1,106,334
Bonds	0	0	29,689	0	0	0	29,689
Drawings on credit facilities	0	8,000	0	90,000	0	0	98,000
Lease debts	36,374	24,406	18,629	31,986	17,883	20,072	149,350
Total long-term financial debt	243,472	236,915	243,860	418,118	220,936	20,072	1,383,373
Short-term financial debt	26,894	0	0	0	0	0	26,894
Cash equivalents	(31,105)	0	0	0	0	0	(31,105)
Cash	(581,101)	0	0	0	0	0	(581,101)
Net short-term financial debt	(585,312)	0	0	0	0	0	(585,312)
Total net financial debt	(341,840)	236,915	243,860	418,118	220,936	20,072	798,061

25.3 CASH FLOWS RELATING TO FINANCIAL LIABILITIES

As of 31 December 2019, CFE's financial liabilities amounted to € 1,410,267 thousand, or an increase of € 373,599 thousand relative to 31 December 2018. This increased debt is primarily accounted for by € 600 million worth of additional medium-term borrowing by DEME, partially compensated by the redemption at maturity of the € 200 million bond. The impact of IFRS 16 Leases amounted to € 98,763 thousand as of 1 January 2019. We refer to Note 2.1.

(in € thousands)	Non-cash movements						December 2019
	December 2018	Restatement IFRS 16 at 1 January 2019	Cash flow	Changes in consolidation scope	Other changes	Total non-cash movements	
Non-current financial liabilities							
Bonds	29,584	0	0	0	105	105	29,689
Other non-current financial liabilities	656,788	75,541	421,576	(29)	(43,664)	(43,693)	1,110,212
Current financial liabilities							
Bonds	200,221	0	(200,000)	0	(221)	(221)	0
Other current financial liabilities	150,075	23,222	25,482	(3)	71,590	71,587	270,366
Total	1,036,668	98,763	247,058	(32)	27,810	27,778	1,410,267

25.4 CREDIT FACILITIES AND BANK TERM LOANS

As of 31 December 2019, CFE SA has confirmed long-term bank credit facilities of € 204 million, of which € 90 million was drawn as of 31 December 2019. CFE SA also has the possibility of issuing commercial paper up to an amount of € 50 million. This form of financing was drawn on to an amount of € 45 million as of 31 December 2019.

As of 31 December 2019, BPI Real Estate Belgium SA has confirmed long-term bank credit facilities of € 40 million, of which € 8 million was drawn as of 31 December 2019. BPI Real Estate Belgium SA also has the possibility of issuing commercial paper up to an amount of € 40 million. This form of financing was drawn on to an amount of € 14 million as of 31 December 2019.

DEME has confirmed bank credit facilities (revolving credit facilities) of € 105 million and has the possibility of issuing commercial paper up to an amount of € 125 million. As of 31 December 2019, none of those two forms of financing have been 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. The group complied with all these covenants as at 31 December 2019.

Type of ratio	Formula	Requirement	December 2019	December 2018
CFE SA, consolidated financial statements IFRS				
Solvency ratio	Net financial debt / (Equity - intangible assets - goodwill)	<1.65	0.53	0.39
Interest rate hedge ratio	EBITDA / Cost of debt	>4.0	47.49	57.41
	Non-current financial debt / Property, plant and equipment	<1	0.44	0.29
	Operating cash flow - current portion of non-current financial debt	>7.5	205.3	450.1
CFE SA, statutory financial statements, Belgian accounting standards				
Solvency ratio	Net financial debt / (Equity)	<1.65	0.12	0.11
Equity	Equity	>61.75 M€	1,188.3	1,141.3
DEME NV, consolidated financial statements IFRS				
Solvency ratio	(Equity, group share - intangible assets - goodwill) / (Total assets - intangible assets - deferred tax assets)	>25%	35.8%	36.1%
Debt ratio	Net financial debt / EBITDA	<3.0	1.53	1.17
Interest rate hedge ratio	EBITDA / Cost of debt	>4.0	269.76	84.48
BPI Real Estate Belgium SA, consolidated financial statements IFRS – Stand Alone				
Minimum equity	Group equity + Subordinated debts	>70 M€	100.1	91.1
Solvency ratio	Net financial debt / (Equity + Subordinated debts)	<1.65	0.66	0.77

26. FINANCIAL RISK MANAGEMENT

26.1 CAPITAL MANAGEMENT

At year-end 2019, the capital structure of the CFE Group is made up of a net debt of € 798,061 thousand (note 25) and of a net equity of € 1,760,310 thousand. Moreover, the CFE Group has confirmed bank credit facilities (note 25), while CFE SA, BPI SA and DEME have 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).

DEME is confronted with substantial financing for the investment in its fleet. 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 maturity 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. Cash management is mainly centralized through the cash pooling.

CFE SA and BPI Real Estate Belgium 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 debts	64,657	61.96%	1.14%	1,041,677	92.21%	0.93%	1,106,334	89.65%	0.95%
Bonds	29,689	28.45%	3.75%	0	0.00%	0.00%	29,689	2.41%	3.75%
Drawings on credit facilities	10,000	9.58%	1.40%	88,000	7.79%	0.88%	98,000	7.94%	0.93%
Total	104,346	100%	1.91%	1,129,677	100%	0.93%	1,234,023	100%	1.01%

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 debts	1,054,622	91.52%	1.23%	51,712	63.29%	1.15%	0	0.00%	0.00%	1,106,334	89.65%	1.23%
Bonds	29,689	2.58%	3.75%	0	0.00%	0.00%	0	0.00%	0.00%	29,689	2.41%	3.75%
Drawings on credit facilities	68,000	5.90%	1.47%	30,000	36.71%	1.06%	0	0.00%	0.00%	98,000	7.94%	1.06%
Total	1,152,311	100%	1.31%	81,712	100%	1.12%	0	0.00%	0.00%	1,234,023	100%	1.27%

26.3 SENSITIVITY TO THE INTEREST RATE RISK

The CFE Group is subject to the risk of interest rate fluctuations on its result considering:

- cash flows relative to financial instruments at floating rate after hedging;
- financial instruments at fixed rate, recognized at fair value in the statement of financial position through the result;
- derivative instruments not 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. Where the value of derivatives has to be restated, the impact is recognized in profit and loss.

The following analysis is performed by supposing that the amount of financial debts and derivatives as at 31 December 2019 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.

(in € thousands)	31/12/2019			
	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	6,917	(6,917)		
Net short term Financial debt (*)	134	(134)		
Derivatives not qualified as hedge				
Derivatives qualified as highly potential or certain cash flow			3,718	(3,708)

(*) 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:

31/12/2019							
(in € thousands)	<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	188,884	186,551	476,252	196,278	1,047,965		(11,936)
Interest rate options (cap, collar)							
Interest rate derivatives – certain cash flow hedges	188,884	186,551	476,252	196,278	1,047,965		(11,936)

31/12/2018							
(in € thousands)	<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)

26.5 EXCHANGE RATE RISKS

NATURE OF THE RISKS TO WHICH THE GROUP IS EXPOSED

The CFE Group and its subsidiaries, except DEME, only rarely contract hedges on foreign exchange rates for the contracting and real estate development 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.

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)	2019	2018
Euro	1,234,023	987,479
US Dollar	0	0
Other currencies	0	0
Total long term debts	1,234,023	987,479

The following table discloses the fair value and the notional amount of exchange rate instruments issued (forward sale/purchase agreements) (+ asset / - liability):

(in € thousands)	Notional						Fair value					
	USD US Dollar	SGD Singapore Dollar	TWD Taiwan Dollar	PLN Zloty	Other	Total	USD US Dollar	SGD Singapore Dollar	TWD Taiwan Dollar	PLN Zloty	Other	Total
Forward purchase	5,109	92,395	0	0	11,528	109,032	102	174	0	0	68	344
Forward sale	76,228	8,539	14,229	75,026	36,197	210,219	(488)	(78)	72	(2,851)	(186)	(3,531)

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 2019 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)	31/12/2019	
	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	3,171	(2,869)
Net short term Financial debt	(2,214)	2,003
Working capital	458	(414)

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 contracts 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 € -2,468 thousand at year-end 2019 (compared to € -6,305 thousand at year-end 2018).

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 to negotiable debt securities, 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 an important part of the consolidated revenue 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.

The analysis of late payments at year-end 2019 and 2018 is as follows:

Situation at December 31, 2019 (in € thousands)	Closing	Not past due	< 3 months	< 1 year	> 1 year
Trade and other receivables	1,067,249	750,850	95,585	61,796	159,018
Gross total	1,067,249	750,850	95,585	61,796	159,018
Provision for impairment of trade and other receivables	(70,813)	(111)	0	(377)	(70,325)
Total provisions	(70,813)	(111)	0	(377)	(70,325)
Total net amounts	996,436	750,739	95,585	61,419	88,693

Situation at 31 December 2018	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

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)	2019	2018
Cumulated provisions – balance at the end of the previous period	(44,223)	(15,563)
Restatement IFRS 9	0	(12,000)
Cumulated provisions – balance at the end of the previous period (*)	(44,223)	(27,563)
Change in consolidation scope	152	42
Impairment losses (reversal/recognized) during the period	(25,663)	(19,473)
Translation differences and transfers to/from other items	(1,079)	2,771
Cumulated provisions – balance at the end of the period	(70,813)	(44,223)

(*) Amounts restated in accordance with changes in accounting method linked to the application of IFRS 9 Financial instruments and related amendments.

In accordance with the expected loss model, defined by the standard IFRS 9, the receivables of the CFE Group due from the Chadian government, which had only been partly written off, have been written off completely in 2019.

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

31 December 2019 (in € thousands)	FAMMFV / FLVPL (3) – Derivatives not designated as hedging instru- ments	FAMMFV / FLVPL (3) – Derivatives designated as hedging instru- ments	Assets / liabilities at amortised cost	Total of net carrying amount	Fair value measurement of financial assets by level	Fair value of the class
Non-current financial assets	0	0	83,913	83,913		83,913
Investments (1)	0	0	6,697	6,697	Level 2	6,697
Financial loans and receivables (1)	0	0	77,216	77,216	Level 2	77,216
Derivatives	0	0	0	0	Level 2	0
Current financial assets	751	0	1,608,642	1,609,393		1,609,393
Trade and other receivables	0	0	996,436	996,436	Level 2	996,436
Derivatives	751	0	0	751	Level 2	751
Cash equivalents (2)	0	0	31,105	31,105	Level 1	31,105
Cash at bank and in hand (2)	0	0	581,101	581,101	Level 1	581,101
Total assets	751	0	1,692,555	1,693,306		1,693,306
Non-current financial debts	616	8,370	1,139,901	1,148,887		1,158,307
Bonds	0	0	29,689	29,689	Level 1	29,689
Financial debts	0	0	1,110,212	1,110,212	Level 2	1,119,632
Derivatives	616	8,370	0	8,986	Level 2	8,986
Current financial liabilities	3,220	6,136	1,491,832	1,501,188		1,503,619
Trade payables and other operating debts	0	0	1,221,466	1,221,466	Level 2	1,221,466
Bonds	0	0	0	0	Level 1	0
Financial debts	0	0	270,366	270,366	Level 2	272,797
Derivatives	3,220	6,136	0	9,356	Level 2	9,356
Total liabilities	3,836	14,506	2,631,733	2,650,075		2,661,926

31 December 2018 (in € thousands)	FAMMFV / FLVPL (3) – Derivatives not designated as hedging instruments	FAMMFV / FLVPL (3) – Derivatives designated as hedging instruments	Assets / liabilities at amortised cost	Total of net carrying amount	Fair value measurement 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	0	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 1	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

(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 through profit and loss
FLVPL: Financial liabilities measured at fair value through profit and loss

The fair value of financial instruments can be classified into three levels (1 to 3) 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 DEME and BPI, 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. OTHER COMMITMENTS GIVEN

Total commitments given by the CFE Group as of 31 December 2019, other than real security interests, totalled € 1,348,770 thousand (2018: € 1,450,914 thousand). These commitments break down as follows:

(in € thousands)	2019	2018
Performance guarantees and performance bonds (a)	1,181,738	1,273,793
Bid bonds (b)	15,702	13,110
Repayment of advance payments (c)	840	1,206
Retentions (d)	19,415	17,491
Deferred payments to subcontractors and suppliers (e)	39,005	64,999
Other commitments given - including € 82,293 thousand of corporate guarantees at DEME	92,070	80,315
Total	1,348,770	1,450,914

- 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 debt to a supplier or subcontractor.

28. OTHER COMMITMENTS RECEIVED

Total commitments received by the CFE Group as at 31 December 2019 totalled € 606,962 thousand (2018: € 515,508 thousand). These commitments break down as follows:

(in € thousands)	2019	2018
Performance guarantees and performance bonds	603,641	512,354
Other commitments received	3,321	3,154
Total	606,962	515,508

The strong increase in commitments received is essentially related to the commitments received in the context of the expansion of DEME's fleet.

29. LITIGATION

The CFE Group is exposed to a number of claims that may be regarded as normal in the dredging and construction industries. In most cases, the CFE Group seeks to conclude a transaction agreement with the counterparty, and this substantially reduces the number of legal proceedings.

The CFE Group tries to recover outstanding receivables from its customers. However, it is not possible to estimate these potential assets.

30. RELATED PARTIES

Ackermans & van Haaren (AvH) owns 15,419,521 shares of CFE as of 31 December 2019 and is the main shareholder of the CFE Group with a stake of 60.91%.

The amounts of the annual fees received by Renaud Bentégeat (Executive Director) for his mandates in the entities of the Group were determined on the basis of his active participation in the Board of Directors of the entities DEME, Rent-a-Port and BPI, and on the basis of the growth of those entities. For its consultancy services in those entities, the firm Renaud Bentégeat Conseil SAS, represented by Renaud Bentégeat, concluded a service agreement with CFE SA which ends on February 29, 2020. In 2019, Renaud Bentégeat Conseil SAS invoiced a total of € 1,000,000.

Piet Dejonghe, managing director, received a total of € 345,000 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. In 2019, CFE did not award any performance bonuses in shares, options or other rights to acquire shares of the company to Piet Dejonghe, managing director.

In addition to his fee as a Board member (€ 30,000) and as Chairman of the Audit Committee (€ 8,000), John-Eric Bertrand received the sum of € 115,000 for activities carried out in several entities of the CFE Group, more particularly VMA Druart, VMA and VMA Nizet. This remuneration is retroceded in its entirety to Ackermans & van Haaren by virtue of an agreement that exists between them. Similarly, in addition to his fee as a Board member (€ 30,000), Koen Janssen received the sum of € 15,000 for activities carried out in several entities of the CFE Group, in the Terryn group. This remuneration is retroceded in its entirety to Ackermans & van Haaren by virtue of an agreement that exists between them.

The management of the different entities of the CFE Group is defined as follows:

- The activities of DEME (DEME) are led by an Executive Committee, composed of a CEO, Luc Vandembulcke, and four other members, Philip Hermans, Eric Tancre, Els Verbraecken, and Hugo Bouvy.
- The Contracting segment (CFE Contracting) is led by an Executive Committee composed of a CEO, Trorema SPRL represented by Raymund Trost, and five other members: Frédéric Claes SA, represented by Frédéric Claes, MSQ SPRL, represented by Fabien De Jonge, 8822 SPRL represented by Yves Weyts, Almacon SPRL represented by Manu Coppens, and Valérie Van Brabant.
- The activities of Real Estate Development (BPI) are headed by a Managing Director, Artist Valley SA, represented by Jacques Lefèvre.

The CEOs, members of the Executive Committees and Managing Directors of the aforementioned entities are referred to as 'executive managers' of the entities of the CFE Group. In 2019, the amount of the remuneration and other benefits granted directly or indirectly to the executive managers of the entities of the CFE Group was as follows (overall amounts):

Fixed remuneration	3,788,486 €
Short-term variable remuneration	5,394,458 €
Other benefits	378,796 €
Total	9,561,740 €

Loans were granted to certain members of the executive committee of CFE Contracting SA in the framework of the stock option plans granted to these members.

There are no transactions with the companies Trorema SPRL, Frédéric Claes SA, 8822 SPRL, D2C Partners, Artist Valley SA, MSQ SPRL and Almacon SPRL, without prejudice to the invoicing of these companies relating to the provision of services.

DEME and CFE SA concluded a service contract with Ackermans & van Haaren NV on November 26, 2001. The remuneration due by DEME and CFE SA in accordance with this contract in 2019 amounted to € 1,215 thousand and € 673 thousand respectively.

As of 31 December 2019, the CFE Group has 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 significant influence or a joint control. These transactions are concluded at arm's length.

During 2019, there were no major changes in the nature of transactions with related parties compared to 31 December 2018.

Commercial and financing transactions between the group and equity-accounted associates or joint ventures are as follows:

(in € thousands)	2019	2018
Assets with related parties	194,553	237,937
Non-current financial assets	92,177	170,380
Trade and other receivables	95,353	50,072
Other current assets	7,023	17,485
Liabilities with related parties	46,829	37,646
Other non-current liabilities	1,303	1,309
Trade and other operating payables	45,526	36,337

(in € thousands)	2019	2018
Revenues and expenses with related parties	453,690	354,762
Revenue and income from auxiliary activities	478,432	369,154
Purchases and other operating expenses	(35,407)	(23,616)
Net financial income/expense	10,665	9,224

The revenue and income from auxiliary activities with associates and joint ventures increased between 2018 and 2019, primarily at DEME, as a result of the development works on the SeaMade offshore wind farm.

31. STATUTORY AUDITORS' FEES

The remuneration paid to statutory auditors in respect of the whole group in 2019, including CFE SA, amounted to:

(in € thousands)	Deloitte		Other	
	Amount	%	Amount	%
Audit				
Statutory audit, certification and examination of individual company and consolidated accounts	1,920.9	78.78%	756.2	22.85%
Related work and other audits	96.5	3.96%	3.9	0.12%
Subtotal, audit	2,017.4	82.74%	760.1	22.97%
Other services				
Legal, tax, employment	158.1	6.48%	1,348.9	40.77%
Other	262.8	10.78%	1,199.3	36.26%
Subtotal, other services	420.9	17.26%	2,548.2	77.03%
Total statutory auditors' fees	2,438.3	100%	3,308.3	100%

32. MATERIAL POST-BALANCE SHEET EVENTS

As detailed in section 5.B.13 of the management report of the Board of Directors, the COVID-19 pandemic will have a negative impact in 2020 on the CFE Group's revenues, cash flows and results. As of the date of this report, it is not possible to estimate the impact of this pandemic on the 2020 financial statements.

33. COMPANIES OWNED BY THE CFE GROUP

LIST OF THE MAIN FULLY CONSOLIDATED SUBSIDIARIES

NAME	HEAD OFFICE	SEGMENT	GROUP INTEREST (%)
EUROPE			
Germany			
DEME OFFSHORE DE GMBH	Bremen	DEME	100%
NORDSEE NASSBAGGER UND TIEFBAU GMBH	Bremen	DEME	100%
OAM-DEME MINERALIEN GMBH	Hamburg	DEME	70%
Belgium			
ABEB NV	Witrijk	Contracting	100%
ANMECO NV	Zwijndrecht	Contracting	100%
ARTHUR VANDENDORPE NV	Zedelgem	Contracting	100%
BATIMENTS ET PONTS CONSTRUCTION SA	Brussels	Contracting	100%
DESIGN & ENGINEERING SA	Brussels	Contracting	100%
BENELMAT SA	Gembloux	Contracting	100%
BRANTEGEM NV	Aalst	Contracting	100%
CFE CONTRACTING SA	Brussels	Contracting	100%
GROEP TERRY NV	Moorslede	Contracting	100%
HOFKOUTER NV	Zwijndrecht	Contracting	100%
MBG NV	Witrijk	Contracting	100%
MOBIX COGHE NV	Halen	Contracting	100%
MOBIX ENGEMA SA	Brussels	Contracting	100%
MOBIX ENGETEC SA	Manage	Contracting	100%
MOBIX REMACOM NV	Lochristi	Contracting	100%
MOBIX STEVENS NV	Halen	Contracting	100%
PROCOOL SA	Gosselies	Contracting	100%
THIRAN SA	Ciney	Contracting	100%
VANLAERE NV	Zwijndrecht	Contracting	100%
VMA NV	Sint-Martens-Latem	Contracting	100%
VMA DRUART SA	Gosselies	Contracting	100%
VMA BE.MAINTENANCE SA	Brussels	Contracting	100%
VMA FOOD & PHARMA NV	Sint-Martens-Latem	Contracting	100%
VMA NIZET SA	Louvain-la-Neuve	Contracting	100%
VMA VANDERHOYDONCK NV	Alken	Contracting	100%
VMA WEST NV	Waregem	Contracting	100%
WEFIMA NV	Zwijndrecht	Contracting	100%
AGROVIRO NV	Zwijndrecht	DEME	75%
BAGGERWERKEN DECLOEDT EN ZOON NV	Ostend	DEME	100%
CATHIE ASSOCIATES HOLDING CVBA	Diegem	DEME	100%
COMBINED MARINE TERMINAL OPERATIONS WORLDWIDE NV (CTOW)	Zwijndrecht	DEME	54%
DEME BLUE ENERGY NV	Zwijndrecht	DEME	70%
DEME BUILDING MATERIALS NV	Zwijndrecht	DEME	100%
DEME ENVIRONMENTAL CONTRACTORS NV	Zwijndrecht	DEME	75%
DEME NV	Zwijndrecht	DEME	100%
DEME COORDINATION CENTER NV	Zwijndrecht	DEME	100%
DEME CONCESSIONS NV	Zwijndrecht	DEME	100%
DEME CONCESSIONS WIND NV	Zwijndrecht	DEME	100%
DEME CONCESSIONS INFRASTRUCTURE NV	Zwijndrecht	DEME	100%
DEME INFRASEA SOLUTIONS NV (DISS)	Zwijndrecht	DEME	100%
DEME INFRA MARINE CONTRACTORS NV (DIMCO NV)	Zwijndrecht	DEME	100%
DEME OFFSHORE BE NV	Zwijndrecht	DEME	100%
DEME OFFSHORE HOLDING NV	Zwijndrecht	DEME	100%
DREDGING INTERNATIONAL NV	Zwijndrecht	DEME	100%
ECOTERRES SA	Gosselies	DEME	75%
EKOSTO NV	Sint-Gillis-Waas	DEME	75%
FILTERRES SA	Gosselies	DEME	56%
GEOWIND NV	Zwijndrecht	DEME	100%
GLOBAL SEA MINERAL RESOURCES NV	Ostend	DEME	100%
GROND RECYCLAGE CENTRUM NV	Zwijndrecht	DEME	52%
GRC ZOLDER NV	Zwijndrecht	DEME	37%
G-TEC OFFSHORE SA	Milmort	DEME	73%
G-TEC SA	Milmort	DEME	73%
LOGIMARINE SA	Berchem	DEME	100%
PURAZUR NV	Zwijndrecht	DEME	75%
HDP CHARLEROI SA	Brussels	Holding	100%
BPI REAL ESTATE BELGIUM SA	Brussels	Immobilier	100%
BPI SAMAYA SA	Brussels	Immobilier	100%
BPI PARK WEST SA	Brussels	Immobilier	100%
DEVELOPPMENT D'HABITATIONS BRUXEL-LOISES SA	Brussels	Immobilier	100%
PROJECTONTWIKKELING VAN WELLEN NV	Brussels	Immobilier	100%
VAN MAERLANT SA	Brussels	Immobilier	100%
WOLIMMO SA	Brussels	Immobilier	100%
ZEN FACTORY SA	Brussels	Immobilier	100%
WOOD SHAPERS SA	Brussels	Contracting/Immobilier	100%
Cyprus			
BELLSEA LTD	Nicosia	DEME	100%
DEME CYPRUS LTD	Nicosia	DEME	100%
DEME SHIPPING COMPANY LTD	Nicosia	DEME	100%
DREDGING INTERNATIONAL CYPRUS LTD	Nicosia	DEME	100%
DREDGING INTERNATIONAL SERVICES CYPRUS LTD	Nicosia	DEME	100%
DEME OFFSHORE CY LTD	Nicosia	DEME	100%
MIDDLE EAST MARINE CONTRACTING LTD (MEMC)	Nicosia	DEME	100%
NOVADEAL LTD	Nicosia	DEME	100%
TCMC THE CHANNEL MANAGEMENT COMPANY LTD	Nicosia	DEME	100%
CONTRACTORS OVERSEAS LTD	Nicosia	Holding	100%
France			
G-TEC SAS	Le Havre	DEME	73%
DEME OFFSHORE FR SAS	Lambersart	DEME	100%
SOCIETE DE DRAGAGE INTERNATIONAL SA	Lambersart	DEME	100%
FRANCO-BELGE DE CONSTRUCTIONS INTERNATIONALES SAS	Paris	Holding	100%
United Kingdom			
VMA MIDLANDS LTD	Yorkshire	Contracting	100%
DEME BUILDING MATERIALS LTD	Weybridge, Surrey	DEME	100%
DEME ENVIRONMENTAL CONTRACTORS UK LTD	Weybridge, Surrey	DEME	75%
NEWWAVES SOLUTIONS LTD	London	DEME	100%
Luxembourg			
COMPAGNIE LUXEMBOURGEOISE D'ENTREPRISES CLE SA	Strassen	Contracting	100%
APOLLO SHIPPING SA	Luxembourg	DEME	100%
BONNY RIVER SHIPPING SA	Luxembourg	DEME	100%
CRIVER SHIPPING SA	Luxembourg	DEME	100%
DREDGING INTERNATIONAL LUXEMBOURG SA	Luxembourg	DEME	100%
DEME OFFSHORE LU SA	Luxembourg	DEME	100%
DEME OFFSHORE PROCUREMENT & SHIPPING LU SA	Luxembourg	DEME	100%
MARITIME SERVICES AND SOLUTIONS SA	Luxembourg	DEME	100%
SAFINDI SA	Luxembourg	DEME	100%
SAFINDI RE SA	Luxembourg	DEME	100%
SOCIETE DE DRAGAGE LUXEMBOURG SA	Luxembourg	DEME	100%
THOR CREWING LUXEMBOURG SA	Luxembourg	DEME	100%
SOCIETE FINANCIERE D'ENTREPRISES SFE SA	Strassen	Holding	100%
ARLON 23 SA	Strassen	Real Estate	100%
BPI REAL ESTATE LUXEMBOURG SA	Strassen	Real Estate	100%
GRAVITY SA	Luxembourg	Real Estate	100%
IMMO-BECHEL CLE SARL	Strassen	Contracting/Real Estate	100%
WOOD SHAPERS LUXEMBOURG SA	Strassen	Contracting/Real Estate	100%

Netherlands			
AANEMINGSMAATSCHAPPIJ DE VRIES & VAN DE WIEL BV	Amsterdam	DEME	75%
DEME BUILDING MATERIALS BV	Vlissingen	DEME	100%
DEME CONCESSIONS MERKUR BV	Breda	DEME	100%
DEME CONCESSIONS NETHERLANDS BV	Breda	DEME	100%
DEME OFFSHORE NL BV	Breda	DEME	100%
DE VRIES & VAN DE WIEL BEHEER BV	Amsterdam	DEME	75%
DE VRIES & VAN DE WIEL KUST EN DEVERWERKEN BV	Amsterdam	DEME	75%
DEME INFRA MARINE CONTRACTORS BV (DIMCO BV)	Dordrecht	DEME	100%
DEME OFFSHORE SHIPPING BV	Breda	DEME	100%
DREDGING INTERNATIONAL NETHERLANDS BV	Breda	DEME	100%
G-TEC BV	Delft	DEME	73%
MILIEUTECHNIEK DE VRIES & VAN DE WIEL BV	Amsterdam	DEME	75%
INNOVATION HOLDING BV	Breda	DEME	100%
INNOVATION SHIPOWNER BV	Breda	DEME	100%
INNOVATION SHIPPING BV	Breda	DEME	100%
PAES MARTIEM BV	Amsterdam	DEME	100%
ZANDEXPLOITATIEMAATSCHAPPIJ DE VRIES & VAN DE WIEL BV	Amsterdam	DEME	75%
Poland			
CFE POLSKA SP. Z O.O.	Warsaw	Contracting	100%
VMA POLSKA SP. Z O.O.	Warsaw	Contracting	100%
BPI PROJECT I SP. Z O.O.	Warsaw	Real Estate	100%
BPI PROJECT II SP. Z O.O.	Warsaw	Real Estate	100%
BPI PROJECT III SP. Z O.O.	Warsaw	Real Estate	100%
BPI PROJECT IV SP. Z O.O.	Warsaw	Real Estate	100%
BPI PROJECT V SP. Z O.O.	Warsaw	Real Estate	100%
BPI PROJECT VI SP. Z O.O.	Warsaw	Real Estate	100%
BPI VILDA PARK SP. Z O.O.	Warsaw	Real Estate	100%
ACE 14 SP. Z O.O.	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 SP. Z O.O.	Warsaw	Real Estate	100%
IMMO WOLA SP. Z O.O.	Warsaw	Real Estate	100%
Other European countries			
VMA SLOVAKIA SRO	Trencin, Slovakia	Contracting	100%
DEME OFFSHORE DK A/S	Fredericia, Denmark	DEME	100%
DREDGING INTERNATIONAL ESPANA SA	Madrid, Spain	DEME	100%
NAVIERA LIVING STONE SLU	Madrid, Spain	DEME	100%
BERIN ENGENHARIA DRAGAGENS E AMBIENTE SA	Lisbon, Portugal	DEME	100%
DRAGMORSTROY LLC	Saint Petersburg, Russia	DEME	100%
DREDGING INTERNATIONAL UKRAINE LLC	Odessa, Ukraine	DEME	100%
SOCIETA ITALIANA DRAGAGGI SPA	Rome, Italy	DEME	100%
CFE CONTRACTING AND ENGINEERING SRL	Bucharest, Romania	Holding	100%
CFE HUNGARY EPITOIPARI KFT	Budapest, Hungary	Holding	100%
AFRICA			
Angola			
DRAGAGEM ANGOLA SERVICOS LDA	Luanda	DEME	100%
SOYO DRAGAGEM LDA	Soyo	DEME	100%
Nigeria			
COMBINED MARINE TERMINAL OPERATORS NIGERIA LTD (CMTON)	Lagos	DEME	54%
DREDGING AND ENVIRONMENTAL SERVICES NIGERIA LTD	Lagos	DEME	100%
DREDGING INTERNATIONAL SERVICES NIGERIA LTD	Lagos	DEME	100%
EARTH MOVING INTERNATIONAL NIGERIA	Port harcourt	DEME	100%
NOVADEAL EKO FZE	Lagos	DEME	100%
Chad			
CFE TCHAD SA	Ndjamena	Holding	100%
Tunisia			
COMPAGNIE TUNISIENNE D'ENTREPRISES SA	Tunis	Contracting	100%
CONSTRUCTION MANAGEMENT TUNISIE SA	Tunis	Holding	100%

Other African countries			
CFE SENEGAL SASU	Dakar, Senegal	Contracting	100%
DRAGAMOZ LDA	Maputo, Mozambique	DEME	100%
MASCARENES DREDGING & MANAGEMENT LTD	Ebene, Mauritius	DEME	100%
DREDGING INTERNATIONAL SOUTH AFRICA PTY LTD	Durban, South Africa	DEME	100%
ASIA			
India			
DREDGING INTERNATIONAL INDIA PVT LTD	New Delhi	DEME	100%
INTERNATIONAL SEAPORT DREDGING PVT LTD	Chennai	DEME	90%
Other Asian countries			
MIDDLE EAST DREDGING COMPANY QSC (MEDCO)	Qatar	DEME	95%
DREDGING INTERNATIONAL SAUDI ARABIA LTD	Saudi Arabia	DEME	100%
DREDGING INTERNATIONAL MALAYSIA SDN BHD	Kuala Lumpur, Malaysia	DEME	100%
DREDGING INTERNATIONAL MANAGEMENT CONSULTING SHANGHAI LTD	Shanghai, China	DEME	100%
DREDGING INTERNATIONAL RAK FZ LLC	United Arab Emirates	DEME	100%
DREDGING INTERNATIONAL SERVICES MIDDLE EAST DMCEST	United Arab Emirates	DEME	100%
FAR EAST DREDGING LTD	Hong Kong	DEME	100%
DREDGING INTERNATIONAL ASIA PACIFIC PTE LTD (DIAP)	Singapore	DEME	100%
PT DREDGING INTERNATIONAL INDONESIA	Jakarta, Indonesia	DEME	60%
AMERICAS			
United States			
VMA US INC	South Carolina	Contracting	100%
DEME OFFSHORE US INC	Wilmington, New Castle, Delaware	DEME	100%
DEME OFFSHORE US LLC	Wilmington, New Castle, Delaware	DEME	100%
MARINE CONSTRUCTION & SOLUTIONS HOLDING LLC	Texas	DEME	100%
MARINE CONSTRUCTION & SOLUTIONS LLC	Texas	DEME	100%
Brazil			
DEC DO BRASIL ENGENHARIA AMBIENTAL LTDA	Santos	DEME	75%
DRAGABRAS SERVICOS DE DRAGAGEM LTDA	Rio de Janeiro	DEME	100%
Canada			
DEME OFFSHORE CA LTD	Halifax	DEME	100%
Other American countries			
DREDGING INTERNATIONAL MEXICO SA DE CV	Mexico	DEME	100%
LOGIMARINE SA DE CV	Mexico	DEME	100%
CORPORACION ARENERA MARINA SA	Panama	DEME	100%
DREDGING INTERNATIONAL DE PANAMA SA	Panama	DEME	100%
SERVICIOS MARITIMOS SERVIMAR SA	Caracas, Venezuela	DEME	100%
PACIFIC			
Australia			
DREDGING INTERNATIONAL AUSTRALIA PTY LTD	Brisbane	DEME	100%
GEOSEA AUSTRALIA PTY LTD	Brisbane	DEME	100%
Papua New Guinea			
DREDECO (PNG) LTD	Port Moresby	DEME	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 NV	Ghent	Contracting	33%
BLUECHEM BUILDING NV	Ghent	DEME	25%
BLUEPOWER NV	Zwijndrecht	DEME	35%
BLUE OPEN NV	Zwijndrecht	DEME	50%
BLUE GATE ANTWERP DEVELOPMENT NV	Zwijndrecht	DEME	25%
CONSORTIUM ANTWERP PORT (OMAN) NV	Zwijndrecht	DEME	60%
CONSORTIUM ANTWERP PORT INDUSTRIAL PORT LAND NV	Zwijndrecht	DEME	50%
C-POWER NV	Ostend	DEME	6%
C-POWER HOLDCO NV	Zwijndrecht	DEME	10%
HIGH WIND NV	Zwijndrecht	DEME	50%
LA VELORIE SA	Tournai	DEME	12%
NORTH SEA WAVE NV	Ostend	DEME	13%
OTARY BIS NV	Ostend	DEME	19%
OTARY RS NV	Ostend	DEME	19%
POWER@SEA NV	Zwijndrecht	DEME	19%
RENTEL NV	Ostend	DEME	19%
SCALDIS SALVAGE & MARINE CONTRACTORS NV	Antwerp	DEME	54%
SEDISOL SA	Farciennes	DEME	37%
SEAMADE NV	Ostend	DEME	13%
SILVAMO NV	Roeselare	DEME	37%
TERRANOVA NV	Zwijndrecht	DEME	44%
TERRANOVA SOLAR NV	Stabroek	DEME	16%
TOP WALLONIE SA	Mouscron	DEME	37%
TRANSTERRA NV	Stabroek	DEME	50%
BPG CONGRES SA	Brussels	Holding	49%
BPG HOTEL SA	Brussels	Holding	49%
PPP BETRIEB SCHULEN EUPEN SA	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	50%
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 DEVELOPMENT 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%
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	50%
GRAND POSTE SA	Liège	Real Estate	25%
IMMOANGE 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%
JOMA 2060 NV	Brussels	Real Estate	70%
KEYWEST DEVELOPMENT SA	Brussels	Real Estate	50%
LA RESERVE PROMOTION NV	Kapellen	Real Estate	33%
LES JARDINS DE OISQUERCO SPRL	Brussels	Real Estate	50%

LES 2 PRINCES DEVELOPMENT SA	Brussels	Real Estate	50%
LIFE SHAPERS NV	Brussels	Real Estate	70%
LRP DEVELOPMENT BVBA	Ghent	Real Estate	33%
MG IMMO SPRL	Brussels	Real Estate	50%
PRE DE LA PERCHE CONSTRUCTION SA	Brussels	Real Estate	50%
PROMOTION LEOPOLD SA	Brussels	Real Estate	30%
TULIP ANTWERP NV	Brussels	Real Estate	70%
VICTOR BARA SA	Brussels	Real Estate	50%
VICTOR SPAAK SA	Brussels	Real Estate	50%
VICTOR ESTATE SA	Brussels	Real Estate	50%
VICTORPROPERTIES SA	Brussels	Real Estate	50%
VM PROPERTY I SA	Brussels	Real Estate	40%
VM PROPERTY II SA	Brussels	Real Estate	40%
VAN MAERLANT RESIDENTIAL SA	Brussels	Real Estate	40%
Luxembourg			
NORMALUX MARITIME SA	Luxembourg	DEME	38%
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%
M7 SA	Strassen	Real Estate	33%
United Kingdom			
BNS JV LTD	Camberley, Surrey	DEME	50%
WEST ISLAY TIDAL ENERGY PARK LTD	Scotland	DEME	35%
Netherlands			
BAAK BLANKENBURG-VERBINDING BV	Nieuwegein	DEME	15%
DBM-BONTRUP BV	Amsterdam	DEME	50%
DEEPROCK BV	Breda	DEME	50%
DEEPROCK BEHEER CV	Breda	DEME	50%
K3 DEME BV	Amsterdam	DEME	50%
OVERSEAS CONTRACTING & CHARTERING SERVICES BV	Papendrecht	DEME	50%
Poland			
VMA ROBOTICS SP. Z O.O.	Sosnowiec	Contracting	51%
IMMOMAX SP. Z O.O.	Warsaw	Real Estate	47%
Other European countries			
CBD SAS	Leulinghen-Bernes, France	DEME	50%
EARTH MOVING WORLDWIDE LTD	Cyprus	DEME	50%
MERKUR OFFSHORE GMBH	Hamburg, Germany	DEME	13%
MORDRAGA LLC	Saint Petersburg, Russia	DEME	40%
AFRICA			
Morocco			
HYDROGEO SARL	Rabat	DEME	44%
Tunisia			
BIZERTE CAP 3000 SA and its subsidiary	Tunis	Holding	20%
AMERICAS			
Brazil			
D.E.M.E. BRAZIL SERVICOS DE DRAGAGEM LTDA	Rio de Janeiro	DEME	50%
MSB MINERACOES SUSTENTAVEIS DO BRASIL SA	Sao Paulo	DEME	51%
ASIA			
CSBC DEME WIND ENGINEERING CO LTD	Taiwan	DEME	50%
GUANGZHOU COSCOCS DEME NEW ENERGY ENGINEERING CO LTD	Guangzhou, China	DEME	50%
DIAP DAELIM JOINT VENTURE PTE LTD	Singapore	DEME	51%
DIAP-SHAP JOINT VENTURE PTE LTD	Singapore	DEME	51%
DIAP THAILAND CO LTD	Bangkok, Thailand	DEME	49%
DRAGAFI ASIA PACIFIC PTE LTD	Singapore	DEME	40%
DUQM INDUSTRIAL LAND COMPANY LLC	Oman	DEME	35%
JV KPC-TDI CO LTD	Bangkok, Thailand	DEME	49%
GULF EARTH MOVING QATAR WLL	Qatar	DEME	50%
PORT OF DUQM COMPANY SAOC	Oman	DEME	30%
EARTH MOVING MIDDLE EAST CONTRACTING DMCEST	United Arab Emirates	DEME	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, par 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:	MSQ SPRL represented by Fabien De Jonge	Piet Dejonghe
Title:	Chief Financial Officer	Managing Director

Date: 26 March 2020

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:	21 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 OF COMPAGNIE D'ENTREPRISES CFE SA/NV FOR THE YEAR ENDED 31 DECEMBER 2019 - CONSOLIDATED FINANCIAL STATEMENTS

In the context of the statutory audit of the consolidated financial statements of Compagnie d'Entreprises CFE 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 2 May 2019, in accordance with the proposal of the board of directors ('bestuursorgaan' / 'organe d'administration') issued upon recommendation of the audit committee and presentation of the works council. Our mandate will expire on the date of the shareholders' meeting deliberating on the financial statements for the year ending 31 December 2021. We have performed the statutory audit of the consolidated financial statements of Compagnie d'Entreprises CFE SA/NV for 30 consecutive periods.

REPORT ON 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 2019, 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 5 112 632 (000) EUR and the consolidated statement of income shows a profit (group share) for the year then ended of 133 424 (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 2019 and of its consolidated results and its consolidated cash flow 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.

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 matters**How our audit addressed the key audit matters****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. Therefore 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.

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 PREPARATION OF 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. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

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 the use of the going concern basis of accounting by the board of directors 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 on 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.

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 and the statement of non-financial information attached to the directors' report on the consolidated financial statements

RESPONSIBILITIES OF THE STATUTORY AUDITOR

As part of our mandate and in accordance with the Belgian standard complementary 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 and the statement of non-financial information attached to the directors' report on the consolidated financial statements, as well as to report on these matters.

ASPECTS REGARDING THE DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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 3:32 of the Code of companies and associations.

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.

The non-financial information as required by article 3:32, § 2 of the Code of companies and associations, 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 3:32, § 2 of the Code of companies and associations and is in accordance with the consolidated financial statements for the financial year then ended. The non-financial information has been established by the company in accordance with the Global Reporting Initiative ('GRI') reporting framework. In accordance with article 3:75, § 1, 6° of the Code of companies and associations we do not express any opinion on the question whether this non-financial information has been established in accordance with the Global Reporting Initiative ('GRI') reporting framework mentioned in the directors' report on the consolidated financial statements.

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 3:65 of the Code of companies and associations, 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, 26 March 2020

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL

Represented by

Rik Neckebroeck

Michel Denayer

PARENT-COMPANY FINANCIAL STATEMENTS

PARENT-COMPANY STATEMENTS OF FINANCIAL POSITION AND COMPREHENSIVE INCOME (BEGAAP)

Year ended December 31 (in € thousands)	2019	2018
Non-current assets	1,336,844	1,338,202
Start-up costs	0	0
Intangible assets	46	95
Property, plant and equipment	1,218	1,548
Financial assets	1,335,580	1,336,559
- Related parties	1,335,553	1,336,525
- Other	27	34
Current assets	102,122	169,859
Receivables at more than 1 year	0	0
Inventories and work in progress	4,242	3,463
Receivables at up to 1 year	35,053	128,145
- Trade receivables	25,370	35,304
- Other receivables	9,683	92,841
Cash investments	0	0
Cash equivalents	62,529	38,030
Prepaid expenses	298	221
Total assets	1,438,966	1,508,061
Equity	1,188,337	1,141,304
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)	58,303	11,270
Provisions and deferred tax	11,544	95,381
Liabilities	239,085	271,376
Liabilities at more than 1 year	125,248	130,248
Liabilities at up to 1 year	113,585	140,872
- Financial debt	10,000	8
- Trade payables	12,617	16,745
- Tax liabilities and down payments on orders	4,178	4,006
- Other payables	86,790	120,113
Prepaid income	252	256
Total equity and liabilities	1,438,966	1,508,061

Year ended December 31 (in € thousands)	2019	2018
INCOME		
Sales of goods and services	32,271	39,577
Cost of goods sold and services provided	43,532	(63,521)
- Merchandise	(24,440)	(27,501)
- Services and other goods	(7,522)	(12,304)
- Remuneration and social security payments	(4,799)	(9,014)
- Depreciation, amortisation, impairment and provisions	81,174	(13,617)
- Other	(881)	(1,085)
Operating income	75,803	(23,944)
Financial income	70,948	69,443
Financial expense	(99,608)	(6,672)
Pre-tax income	47,143	38,827
Tax (current and adjustments)	(110)	(118)
Net income	47,033	38,709
APPROPRIATION OF INCOME		
Net income	47,033	38,709
Retained earnings	11,270	33,316
Dividend	0	(60,755)
Available reserves	0	0
Legal reserve	0	0
Retained earnings carried forward	58,303	11,270

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 € 90 million drawn down on the confirmed bilateral credit lines, and € 35 million medium-term commercial paper. CFE also used its short-term commercial paper programme to an amount of € 10 million.

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 fifteen months.

The liquidation of several international entities translates into a reversal of provisions in operating income and an equivalent non-recurring finance cost. Furthermore, certain provisions that are no longer relevant have been reversed and non-recurring finance costs have been recognized as impairments loss on current accounts. Consequently, the current accounts and loans of CFE vis-à-vis entities based in Africa, Romania and Hungary have been fully provided for.

The financial income consists mainly of € 55.0 million, € 8.8 million and € 3.2 million worth of dividends received from DEME, CFE Contracting and BPI Real Estate Belgium respectively.

ANNEXES

ANNEX 1: ESG FOR THE CFE GROUP: MORE THAN A TREND, A MINDSET INGRAINED IN EVERY EMPLOYEE

Despite widely different activities, there is much in common in the sustainability approaches of DEME, CFE Contracting and BPI Real Estate (BPI). The common ambition of the three divisions is to contribute to sustainable solutions to the global environmental, social and economic challenges facing the world today.

CONTRIBUTION TO THE 17 SDGs

In particular, the three divisions are committed to aligning their sustainability approach to the seventeen Sustainable Development Goals (SDGs) of the United Nations. The CFE Group as a whole believes it is the responsibility of every individual, and of every business, to help meet the great challenges facing the world today. The CFE Group is therefore fully committed to helping to achieve the sustainable development goals of the United Nations.

CONTINUOUS IMPROVEMENT AND OPPORTUNITIES

This sustainable approach consists of the willingness to continuously improve the operations and to minimize their negative impact. It also provides opportunities for constantly seeking to create new sustainable values and for exploring and developing new markets.

More particularly, DEME has defined its sustainable strategy along two lines: ‘Exploring sustainable business solutions’ by proposing solutions and enter-

ing into partnerships that are conducive to a changeover to a low-carbon, circular and resilient society. Through the ‘Explore’ programme, DEME wants to work together with different partners in and outside the industry to find sustainable and holistic solutions.

‘Excelling in our operations’ by reducing the carbon and environmental footprint of our operations and by being a leading employer. Thanks to an innovative approach, the ‘Excel’ programme makes it possible to find the best possible uses for scientific research and existing technologies.

PARTNERSHIP FOR CHANGE

Finally, and above all, the CFE Group also believes that this approach can only work with the cooperation of all the different parties involved in our activities: employees, suppliers, subcontractors, public authorities, customers, etc. The partnership for change is key to the success of a sustainable strategy. SDG 17 shows the path to follow in this respect. With this in mind, the CFE Group has from the outset involved different stakeholders (both internal and external) in its thinking about sustainability. To ensure the consistency of their approaches, DEME, CFE Contracting and BPI worked together with the same expert consultancy firms in sustainability.

CFE CONTRACTING AND BPI

To ensure that every employee adheres to the group’s sustainable goals, it was

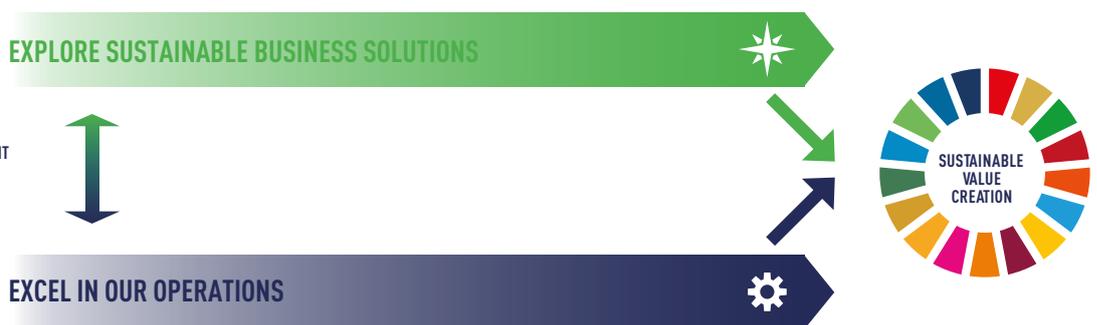
essential to take into account the particularity of each line of business of CFE Contracting and BPI, and to involve the employees in the formulation of that strategy. This approach proceeded in four stages: consultation of the Executive Committees of the different entities, analysis of data and formulation of goals and actions by a working group, identification of the impact of the goals on the business by the Operations Committee, and validation of the materiality matrix of the global vision by the Board of Directors. The sustainable vision of CFE Contracting and BPI is founded on eight priority goals around **four key themes**.

Inspired by this vision, CFE Contracting and BPI now have many contacts with different stakeholders such as customers and suppliers to establish real sustainable partnerships around those values. At the same time, several actions were worked out to familiarize our subcontractors with our sustainable vision and to urge them to follow us in that approach.

DEME

At DEME too, the involvement and endorsement of all employees was a driving factor in the definition of the sustainable goals. Several consultations took place with the Executive Committee, the business managers of the different activities, and representatives of the operational entities or support services.

-  CLIMATE & ENERGY
-  NATURE CAPITAL
-  SUSTAINABLE INNOVATION
-  WASTE & RESOURCE MANAGEMENT
-  HEALTH, SAFETY & WELL-BEING
-  DIVERSITY & OPPORTUNITY
-  ETHICAL BUSINESS
-  LOCAL COMMUNITIES



All participants were asked to assess the relevance of the seventeen SDGs for DEME as well as for the external stakeholders. Those consultations were also the occasion to discuss DEME's sustainable opportunities and challenges for the future.

This was followed by a poll, an online survey and several workshops (which took place during the 'DEMEx Innovation Conference'). Additionally, more

than two hundred young professionals of DEME were asked to explore the challenges of sustainability and to give their views on DEME's impact in this area.

This rigorous and extensive consultation exercise of internal and external stakeholders, which began in 2017, made it possible to determine the **eight key themes** for DEME that drive sustainable performance. Thanks to the

definition of those eight themes, the company's decisions can be aligned to the SDGs where DEME has the greatest impact.

At the same time, as a global company operating in many different places and sites, it is essential for DEME to maintain good working relations with all the stakeholders and also to draw the attention of all parties involved to DEME's sustainable approach.

ANNEX 1.1: DEFINITION OF THEMES AND GOALS

DEME

Eight key sustainability goals emerged from extensive consultation of the stakeholders. Themes that are the drivers of our sustainable performance. Setting those priorities will help us to align our business decisions with the Sustainable Development Goals where DEME can have the most impact.

In line with the operational and strategic approach, the eight themes have been systematically applied in those two directions. Those goals will help DEME to create real sustainable value. The eight themes are: 'Climate & Energy', 'Capital Nature', 'Sustainable innovation', 'Waste and resource management', 'Health, safety & well-being', 'Diversity and opportunity', 'Ethical business' and 'Local communities'. All these themes are described in detail in DEME's sustainability report. (www.deme-group.com/sustainability).

CLIMATE & ENERGY



Exploring sustainable business solutions: our 'Explore' approach to realize our vision of climate and energy focuses on the infrastructures. We build infrastructure that is able to withstand climate change and is better adapted to climate hazards, such as flood protection solutions. We also forge ahead with the energy transition by developing our offshore renewable energy solutions, thanks to our specialist teams who have worked on the largest offshore wind farms in some of the most challenging marine environments in the world. We continue to explore new marine solu-

tions for the production, connection and storage of renewable energy (including hydrogen, geothermal energy, tidal and solar energy). Together, those projects improve access to affordable energy, increase the share of renewable energy, and enhance energy efficiency.

Operational excellence: our 'Excel' approach to become climate neutral has already begun with a switch to climate-neutral vessels and programmes that reduce greenhouse gas emissions in the value chain of our projects. By intensifying our current actions, introducing new programmes and maximizing our energy efficiency, we aim to have the most energy efficient fleet in the industry. In practical terms, we expect to reduce our greenhouse gas emissions by 40% (compared to 2008) by 2030, and we endeavour to be totally climate neutral by 2050.

NATURAL CAPITAL



Exploring sustainable business solutions: our 'Explore' approach is aimed at preventing and reducing marine pollution while at the same time sustainably revitalizing and rebuilding the maritime, coastal and inland zones (waterways and terrestrial ecosystems). We work together with the customer throughout the project in order to integrate a holistic approach in the interactions with the ecosystems.

Operational excellence: Maritime contracts (seabed dredging, port extensions, installation of offshore wind farms, submarine cable laying, sea fishing, etc.) undeniably change the environment. Nevertheless, our 'Excel' approach fo-

cuses on working with nature in order to minimize the environmental impact of our operations and, as far as possible, have a net positive impact on biodiversity and ecosystems. This includes the ecosystem of service assessments and new concepts inspired by nature.

SUSTAINABLE INNOVATION



Exploring sustainable business solutions: our 'Explore' approach is aimed at setting up multilateral partnerships and inter and intra-industrial collaborations to guide the transition to sustainable development and holistic solutions.

Our 'Excel' approach consists of improving scientific research, modernizing technological capabilities, and fostering sustainable development and innovation in our projects.

WASTE AND RESOURCE MANAGEMENT



Exploring sustainable business solutions: our 'Explore' approach consists of making a transition in terms of the choice of resources aimed at increasing the sustainable supply of resources. As we provide technical solutions for waste, soil, water and sludge, the evolution towards a circular economy will accelerate.

Operational excellence: our 'Excel' approach to waste and resources that consists of supplying sustainable alternatives for building materials and minerals. Our technology reuses treated waste materials to maximize the efficient and circular use of materials throughout our projects.

HEALTH, SAFETY & WELL BEING



Exploring sustainable business solutions: our 'Explore' approach to health, safety and well-being is to develop sustainable infrastructures that improve prosperity and well-being and guarantee a safe environment.

Operational excellence: our 'Excel' approach consists of ensuring a safe and healthy work environment for all the people involved in our operations. To this end, we analyze and manage all potentially dangerous situations linked to our activities and workplaces in order to keep the risks at an acceptable level.

DIVERSITY AND OPPORTUNITY



Exploring sustainable business solutions: our 'Explore' approach to diversity is founded on the opportunity to create decent jobs and on career development opportunities within the group based on appropriate qualifications, experience and training. This policy will stimulate economic development and reduce inequality.

Operational excellence: our 'Excel' approach is aimed at ensuring an inclusive workplace where every person is treated equally and with dignity and respect. Furthermore, we strengthen the competences of our employees by facilitating talent development and the promotion of sustainable development.

ETHICAL BUSINESS



Exploring sustainable business solutions: our 'Explore' approach leads us to conduct our business with integrity with a view to actively and proactively preventing corruption or fraud in whatever form. Our ethical commitment is enshrined in our STRIVE values.

Operational excellence: our 'Excel' approach consists of incorporating an ethical mindset in the organization and only working together with third parties that apply the same standards. This includes, but is not limited to, the respect for human rights as defined in the Universal Declaration of the United Nations. The Declaration of Human

Rights does not tolerate slavery, forced or compulsory child labour, human trafficking, corruption or fraud.

LOCAL COMMUNITIES



Exploring sustainable business solutions: our 'Explore' approach is aimed at increasing the resilience of communities so that they are able to meet the economic, environmental and social challenges.

Operational excellence: our 'Excel' approach consists of establishing collaborative relations with the local communities through consultation, commitment and participation. By initiating those relations during the preparation of a new project or investment, we gain a better understanding of local needs and concerns which we can then take into consideration in our decision-making process.

CFE CONTRACTING AND BPI

Consultation of the different entities has made it possible to identify a number of sustainable themes and goals that are relevant to our business and to link those to the SDGs. To complete this analysis, the major sectoral trends that are relevant to the industry as well as beyond were taken into account.

First of all, a series of six major trends emerged:

'War of talent': people are, more than ever, at the heart of our business. Nevertheless, it remains difficult to recruit and retain qualified people for a job in the construction industry on account of the problems of image and working conditions that may seem less appealing such as night and weekend work, outdoor activity and sites. Moreover, young starters often lack sufficient qualification and need additional training.

'Complex collaborations': the construction industry is both fascinating and complex, particularly in terms of the number of parties involved (architects, engineering firms, institutions, customers, suppliers, etc.) and the relations between them throughout the design and execution process.

'Lack of incentives': at present, it is still very difficult to convince the parties

involved to have a long-term and global view of the life cycle costs. The sometimes too short-term view of the project authors inhibits innovation, technological optimization or the use of more ecological materials.

'Resources scarcity and waste': the management of resources and waste, either by limiting waste or by reuse or recycling, is a crucial issue.

'Stringent regulations': the various stringent European, national or regional regulations often overcomplicate our activities and restrict opportunities for innovation.

'Transport': in Belgium and Luxembourg in particular, the transport of personnel and materials is a complicating factor in our work. Employees, subcontractors and suppliers lose a lot of time in the traffic. The problem will only get worse as more cars and trucks come onto the road each year. This means discouraging and long travel time for staff and difficulties with efficient planning of deliveries.

To take the analysis further, consultations continued in which those trends were linked to the seventeen SDGs. This exercise made it possible to define a number of goals that are relevant to our business and also to devise concrete actions to achieve those goals.

On the basis of those findings, a working group brought together all the goals defined earlier and classified them into four themes, thus defining the vision of CFE Contracting and BPI in the area of sustainable development: 'Build for the future', 'Be a great place to work', 'Offer innovative solutions', 'Towards climate neutrality'. The concept of partnership permanently underlies all those themes.

Each theme contains a number of goals. The link with the SDGs is permanently maintained to ensure that the goals are in keeping with the logic of the seventeen SDGs.

OFFER INNOVATIVE SOLUTIONS



LEAN, which is already an integral part of most of our projects, may be extended to all our activities.

The digitalization, the continuous improvement of our processes, the search for innovative solutions in our activities and throughout the production chain are all avenues for a sustainable rethinking of our business.

Four goals have been defined: ‘innovation across our businesses & supply chains’, ‘product as a service’, ‘implementation of LEAN philosophy’, ‘administrative procedures simplification’.

GO TOWARDS CLIMATE NEUTRALITY



CFE Contracting and BPI are also aware of the impact of our activities on society and the environment. The field of transport looks to be a major challenge for the future, and for that reason we are now developing an innovative mobility strategy for our people and our materials. An optimization of material transport that can be combined with an optimization of waste transport is also being developed. A limitation of CO₂ production is also achieved through a reduction of

OUR MAIN OBJECTIVES TO OFFER INNOVATIVE SOLUTIONS	
INNOVATION (ACROSS OUR BUSINESSES & SUPPLY CHAINS)	• • •
'PRODUCT AS A SERVICE' IN OUR BUSINESS OFFERINGS	• •
IMPLEMENTATION OF THE LEAN PHILOSOPHY IN EACH ACTIVITY	• •
ADMINISTRATIVE PROCEDURES SIMPLIFICATION	• •

OUR MAIN OBJECTIVES TO GO TOWARDS CLIMATE NEUTRALITY	
MATERIAL AND WASTE TRANSPORT OPTIMISATION	• •
GHG EMISSIONS REDUCTION (FLEET)	• •
ALTERNATIVE TRANSPORT MODES PROMOTION	• •
100% RENEWABLE ELECTRICITY PROCUREMENT	• • •
GHG EMISSIONS REDUCTION (OFFICES & SITES)	• •
RENEWABLE ENERGY PRODUCTION	• • •
GHG EMISSIONS REDUCTION (EQUIPMENT)	• •
BIODIVERSITY	• •
ENERGY STORAGE	• •
SOIL POLLUTION	• •

emissions by our headquarters, offices and building site equipment, as well as through an optimal use of renewable energy.

Ten goals have been defined: ‘material and waste transport optimisation’, ‘GHG emissions reduction (fleet – offices & sites – equipment)’, ‘alternative transport modes promotion’, ‘renewable energy procurement & production’, ‘biodiversity’, ‘energy storage’ and ‘soil pollution’.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The CFE Group as a whole has chosen to link its sustainability vision to the seventeen Sustainable Development Goals (SDGs). This exercise makes it possible not only to ensure clear communication internally and to the outside world, but also and above all to make sure that this strategy is well in keeping with the Company’s global vision. The analysis of our internal goals has allowed us to identify the SDGs where each of the three divisions has the greatest impact. DEME, which has actively implemented the SDGs since 2017, has developed through its sustainability approach a number of themes and actions with which it contributes to the seventeen SDGs. All these themes and actions are

explained in detail in DEME’s 2019 sustainability report. For the CFE Group, SDGs 3, 7, 8, 9, 11, 13, 14, 16 and 17 and their related actions have been chosen as the most relevant.

For CFE Contracting and BPI, the most relevant SDGs are 3, 4, 7, 8, 11, 12, 13, 16 and 17.

To bring together the actions of DEME, CFE Contracting and BPI, a concordance matrix has been developed to easily make the link between the themes of DEME and those of CFE Contracting and BPI. To make the annual report easier to read, the names of the themes of CFE Contracting and BPI have been



retained in the value creation diagram and in the different illustrative chapters.

Numerous examples of projects or concrete actions are presented in the main body of the annual report, thus clearly demonstrating the commitment of the CFE Group to those various themes (see pages 26 - 45).

Theme DEME	SDG related	Theme CFE Contracting & BPI	SDG related
Natural Capital	6-14-15	Build for the future	6-9-10-11-12
Waste and resource management	12		
Local communities	1-2-11		
Health, safety & wellbeing	3-8	Be a great place to work	3-4-5-8-10-16
Diversity and opportunity	4-5-10-8		
Ethical Business	16		
Sustainable innovation	9	Offer innovative solutions	8-9
Climate & Energy	7-13	Toward Climate neutrality	7-13-15
Partner For Change - SDG 17			

ANNEX 1.2 : IMPACT AND PRIORITIZATION

DEME

SUSTAINABLE CORPORATE GOVERNANCE AT EVERY LEVEL

In 2018, DEME implemented a new approach to sustainability governance in its organization that provides a solid basis for developing and integrating its sustainable development strategy and framework throughout the organization. This approach is based on a process of analysis and prioritization that was begun in 2017.

This sustainable development governance involves four principal levels: Executive Committee, Sustainable Development Board, Sustainable Development Team, and process owners of the different business lines and support services. Each year, the Executive Committee reviews and approves the sustainable development action programmes and reviews the goals and targets.

The Sustainable Development Board issues recommendations on strategic and operational sustainable development matters in order to ensure that all the strategic and operational decisions are aligned to DEME’s values, strategy and sustainable development goals. The Sustainable Development Team is tasked with integrating sustainable development in the business activities. Together, the Sustainable Development Team:

- translates the sustainable development strategy into clear goals, targets and KPIs ;
- directs and facilitates the development of sustainability action programmes ;
- builds awareness across the organization ;

- communicates with external stakeholders ;
- organizes the monitoring of key outcomes ;
- reports on performance and progress.

The business lines and support services implement the strategic and operational sustainable development goals, targets and actions.

The programme also contains an SDG assessment tool per project, which was developed in 2019. This tool is explained in detail in Annex 1.3

TARGETS 2030

Following its in-depth analysis, DEME managed to set up an ambitious programme for 2030. For each of the previously defined key themes certain DEME one (or more) priority objectives with a strong impact. Each of these eight themes is indeed retained as a high materiality for DEME. In view of the diversity of themes and related SDGs this campaign is anchored in the different axes of ESG: environment, society and good governance. Of all the themes were particularly climate and energy, innovation, business ethics and safety chosen. Biodiversity, preserving ecosystems and water quality are all crucial objectives that were included in the theme preservation of natural capital. Finally, talent management is completed, resource and waste management without natural the partnership forgetting the list of priority themes. All these objectives also became more detailed included in the DEME Sustainability Report.

The themes with a lower materiality shall also be included in the Sustainability Report of DEME.

ENVIRONMENT

Climate change is one of the greatest threats to the planet. Rising temperatures, due in part to CO₂ emissions, lead to rising sea levels, water acidification and extreme climate changes. At the same time, there is a growing demand for affordable, reliable and sustainably produced energy. DEME offers solutions to certain aspects of climate change.

Investments in infrastructure (marine transport, wind energy, embankment protection, etc.) are crucial to the pursuit of sustainable development in a world where more and more people go to live along waterways and by the sea. One challenge in this respect is to permit the simultaneous use of the oceans and seas for conventional maritime activities (shipping, fishing, tourism, etc.) and new activities such as renewable maritime energy and aquaculture.

The installation of offshore wind farms, a field in which DEME holds a leading position, makes a significant contribution to the renewable energy transition. Nevertheless, this may disrupt the local fauna and flora. DEME endeavours to minimize those effects by using underwater bubble screens, for example. The existing offshore wind farms are also becoming nature reserves where the fauna and flora can thrive better than before. Climate change and renewable energy transition mean that the number of offshore wind farms in the world will continue to increase. Furthermore,

DEME is working on other forms of renewable energy such as hydrogen, geothermal energy, tidal energy, ocean wave energy and solar energy, as well as the transportation and storage of that energy. Together, those projects improve access to affordable energy and increase energy efficiency. In November 2019, for example, DEME and several Belgian private and public sector companies signed a partnership agreement to pool their expertise with a view to the development of a Belgian hydrogen economy. In a first phase, they will examine how hydrogen can be brought to Belgium by sea. They will map the financial, technical and regulatory aspects of the different components of the supply chain.

DEME makes a substantial contribution to the SDGs in the form of coastal protection against flooding, innovative technologies in the field of wind, green and blue energy, and the development of decontamination solutions for historical soil and water pollution. DEME endeavours to minimize the adverse environmental impact of its activities by improving the energy efficiency of its processes and thereby achieving a reduction of greenhouse gas emissions. For example, DEME focuses on the transition to energy sources with a lower environmental impact.

The 2030 goal for DEME: DEME wants to become a climate-neutral company by 2050, and wants to use carbon-free fuels and renewable energy for its fleet and other applications in order to achieve by 2030 a 40% reduction of emissions compared to 2008.

On the other hand, DEME wants to continue to reduce waste in its operations and maximize the flow of waste flows in order to minimize its impact on the environment.

Partnerships remain a fundamental vehicle for sustainable change. DEME is one of the driving forces behind 'The Blue Cluster' project, an industrial cluster that uses the 'blue economy' as a driver for sustainable growth. In 2019, DEME, in partnership with five business partners and the University of Ghent, launched the project BlueMarine.com, which focuses on the biological,

technical and economic feasibility of local hatcheries for algae, molluscs and shrimps. This should lead to a pilot project for the installation of hatcheries in Flanders that will serve as an incubator for hatchery initiatives on a larger scale and for the development of an aquaculture industry. Another research project launched in 2019 develops new concepts for a commercial application of MFPV (marine floating photovoltaic). DEME wants to install offshore solar energy parks in the North Sea, where appropriate in combination with offshore wind farms and aquaculture farms. The two projects are supported by the Flanders Innovation & Entrepreneurship Agency.

HUMAN RESOURCES

A safe and healthy workplace for all employees and subcontractors, suppliers, partners and other stakeholders is a permanent concern. By the very nature of its activities, DEME is often obliged to operate in very difficult conditions. The standards of safety and well-being of all employees are very high and are permanently monitored by responsive performance indicators (e.g. observations, inspections, etc.) as KPIs (timely reporting of incidents, etc.). This analyzes every potentially dangerous situation in the work processes and workplaces in order to keep the risks at an acceptable level. Those parameters are monitored in every Board of Directors meeting, with clear goals and an associated bonus policy. The goal is to achieve zero accidents on the vessels as well as in the other workplaces.

Special attention is paid to the recruitment, training and retention of staff, and in 2019 DEME was voted best employer in Belgium by Randstad.

DEME also pays special regard to the local communities in the countries where it operates and contributes to various social projects. It also supports Mercy Ships. DEME naturally endorses the Declaration of Human Rights.

The 2030 goal for DEME: We will continue our efforts to eliminate all incidents and resulting lost time by improving the health, safety and well-being of everyone on our vessels and sites. To achieve this, we will increase our investments in the health and

well-being of our staff. We have implemented a global action plan for health and safety in response to global trends. This translates into annual plans specific to each line of business and is updated and evaluated at least once a year on the basis of full analyses. We are working to increase gender diversity and to promote internationalization between management positions while improving communication on career opportunities, training options and working conditions of employees.

We also offer training opportunities and monitoring of personal career development for all employees.

GOVERNANCE

DEME, operating in high-risk countries in terms of business ethics, displays particular vigilance in this area. DEME's corporate governance policy is founded on sound processes, a constant concern for transparency, and the willingness always to base every activity on DEME's fundamental values, which are summed up in the acronym STRIVE. All of this is reflected in DEME's Code of Ethics and Business Integrity. This code provides effective tools to minimize the risk of fraud and corruption. The section on governance is elaborated in more detail in Chapter 3 (p. 186 - 188).

The 2030 goal for DEME: DEME's 'Code of Ethics and Business Integrity' is linked to a compulsory annual employee awareness programme, which also includes a certificate of achievement. The Code forms the basis of a corporate compliance programme in its own right by which, for example, a due diligence procedure has been worked out with a selection of third parties regarding the risk of fraud and corruption.

We want to increase awareness of business ethics throughout the organization, guarantee decent working conditions for all persons involved, and encourage social dialogue. We only do business with stakeholders who share the same business ethics as us. We also

make ethical information about companies easily accessible.

INNOVATION

In the area of innovation, DEME strongly focuses on internal entrepreneurship by setting up multi-party partnerships. In the area of ESG, emphasis is on energy transition, circular economy and environmental protection. To accomplish this, DEME has several innovation programmes in progress, such as DEMEx and DEME innovation diver, and plays a leading role in various ecosystems, such as the Blue Cluster. In 2019, eleven innovation initiatives were approved by the Innovation Board of DEME. Those initiatives are the outcome of the DEMEx innovation programme. Every idea owner must underscore the contribution of his idea to the SDGs.

The 2030 goal for DEME: We want to keep promoting sustainable entrepreneurship within the organization by setting up multi-party partnerships that support sustainable R&D and espouse projects that foster global energy transition, the circular economy and the environment.

CFE CONTRACTING AND BPI

MATERIALITY PRINCIPLE

In a spirit of continuous improvement, the materiality assessment allows a reassessment of the impact of different goals and to focus efforts on the most strategic areas. This assessment involves an internal analysis as well as awareness of the real needs of the outside world and its evolution.

The different stages of validation and consultation made it possible to secure the support of the Board of Directors and of every level of the organization. Thanks to this strong support and the fact that the particularities of the different entities are taken into account, this sustainable strategy will filter down to all employees through targeted actions.

METHODOLOGY

Each goal (as cited in section 1.1) was incorporated in a materiality matrix, taking into account the importance for the different stakeholders and the im-

act on the business.

So it is a matter of assessing the importance of a particular goal for the different stakeholders. This level of importance can take on three values: low, medium and high. In addition to the internal consultation of the staff, the current sectoral trends were taken into account. Those trends were analyzed by specialized external consultants. The employees were involved throughout the process. As a first step, the Executive Committees of the different entities were consulted. Next, a working group composed of a representative of each entity completed this analysis. This working group is an essential part of the process as its members also have the role of ambassador in their respective entities. Those members have not only been chosen for their knowledge of the company and their experience in the business, but also for their ability to implement the sustainability strategy established within their entity and to ensure that it is put into practice by every employee.

Next, the importance of the goal had to be assessed in terms of impact on the business. This analysis was performed in consultation with the Executive Committees of CFE Contracting and BPI. On the basis of their detailed knowledge of the business, the impact of each goal was rated as low, medium or high. The pooling of those data made it possible to identify the most relevant goals for CFE Contracting and BPI. Since those two poles have widely different ways of impacting on the goals, it naturally follows that each has developed its own materiality matrix.

All the high materiality goals (priority goals), i.e. having a high impact on the business of CFE Contracting and BPI and high importance for the stakeholders, will be closely monitored. Short, medium and long-term actions are defined for each of those goals. By means of specific KPIs, the impact of those actions will be monitored and will be clearly communicated internally and to all stakeholders.

Certain medium materiality goals will be treated in the same way as high materiality goals. The other medium materiality goals and the low materiality

goals will at first not be closely monitored.

The priority goals concern all areas of sustainability. They include in particular the health and safety, in the broad sense, of all workers; optimization of the transport of materials and waste; reduction of waste and of material packaging in particular; ensuring decent working conditions for all workers; fostering the recruitment, retention and training of talents; establishing strong governance and stimulating innovation at all levels of the production chain.

The three medium goals chosen as the most relevant are taken into account in the same manner. They are: 'career development', 'clear sustainability reporting' and 'alternative transport modes promotion'.

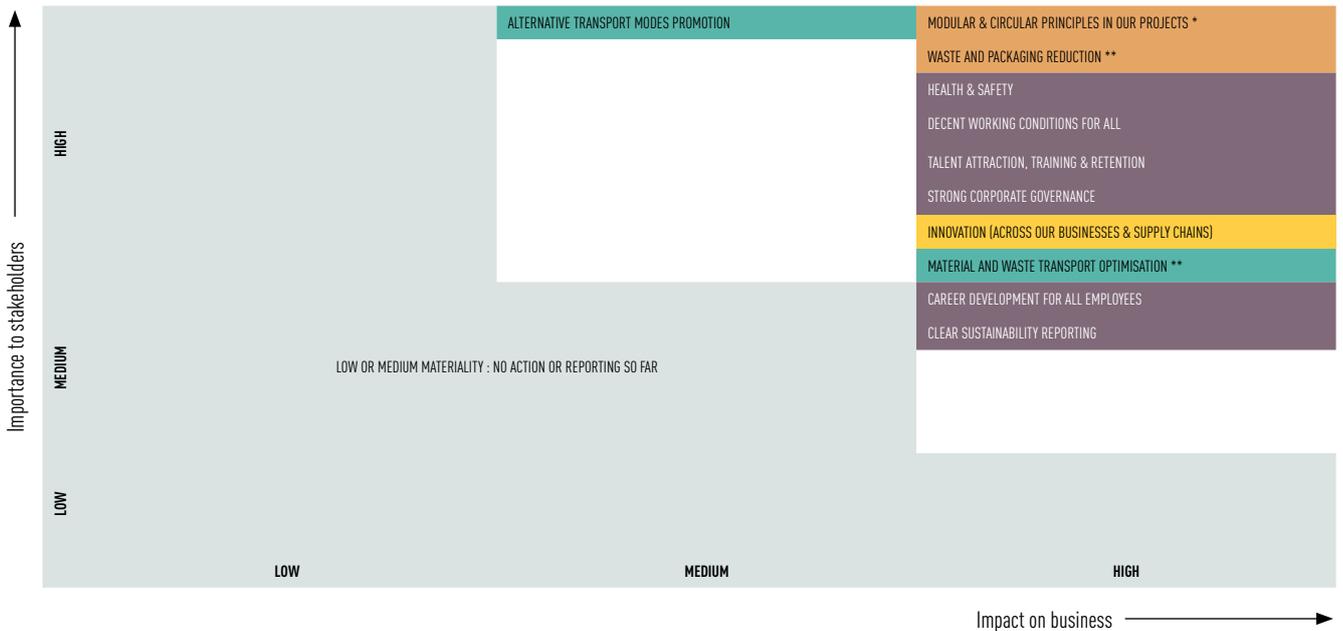
HUMAN RESOURCES

People are a central concern of the CFE Group. Attention to safety is part of the group's DNA, since all people come to work to earn their living, not to lose it! The same applies to the health and well-being, in the broad sense, of all employees. Prevention, awareness-building and training are the key tools to achieve this. In the same sense, the mental and physical health of all employees must be preserved. Special attention is paid to allowing employees to achieve a healthy work-life balance. The well-being of all has to be worked on every day, and several concrete actions take place during the year at the different entities.

The priority goals linked to those themes are: 'Health & safety: Provide a safe and healthy workplace for all & Continuously work on a healthy work-life balance for both our office and on site workers' and 'Reduce traffic time to and from site or office'.

The same attention should be paid to the different parties involved in our projects, and subcontractors in particular. The corporate governance charter and the procedures specify the minimum measures in the area of ethics, non-discrimination and respect for human rights. Beyond that, it is our responsibility as a company to ensure that every person involved in our projects is treated with dignity. **The priority goal linked to this theme is: 'Guarantee re-**

Figure 1: Materiality matrix



* High Materiality for BPI

** High Materiality for CFE Contracting

spectful and decent working conditions for all’.

The greatest asset of our group are the men and women who work for us. It is also very difficult nowadays to find new qualified staff. Remaining a first-rate employer to attract and retain competent and motivated employees who are proud to belong to the CFE Group

is therefore a major challenge. The training and follow-up of the personal career development of all employees, irrespective of their status, are equally important to allow the development of a climate where confidence is built and talent can thrive within the CFE Group and to build a true corporate culture.

The priority goals linked to those themes are: ‘Inspire people to join

our company’, ‘Provide training opportunities, both for our office and on site workers’ and ‘Follow-up personal career development for all employees’.

ENVIRONMENT

CFE Contracting and BPI are also aware of the impact of our activities on society and the environment. The field

Figure 2: List of priority goals for CFE Contracting & BPI

	OBJECTIVE	SIMPLIFIED OBJECTIVE	ESG / INNOVATION
HIGH	Incorporate modular and circular principles in our project design	Modular and circular principles in our projects	Innovation
	Collaborate (with suppliers) to reduce packaging waste and reduce waste in general	Waste and packaging reduction	Environment
	Provide a safe and healthy workplace for all & continuously work on health work-life balance for both our office and on site workers	Health and Safety	Social
	Reduce traffic time to and from site or office		
	Guarantee respectful and decent working conditions for all	Decent working conditions for all	Social / Governance
	Inspire people to join our company	Talent attraction, development & retention	Social
	Provide training opportunities, both for our office and on site workers		
	Develop a governance model based on integrity and respect and fight social fraud	Strong corporate governance	Governance
	Develop systemic innovative solutions across our divisions and throughout our supply chains	Innovation (across our divisions & supply chains)	Innovation
Optimise materials and waste transport systems	Material and waste transport optimisation	Environment	
MEDIUM	Follow-up personal career development for all employees	Career development for all employees	Social
	Transparently communicate on our sustainable performance and progress	Clear sustainability reporting	Governance
	Promote and stimulate the use of alternative transport modes for our employees	Alternative transport modes promotion	Environment

of transport looks to be a major challenge for the future, and for that reason we are now developing an innovative mobility strategy for our people as well as for materials and waste. To achieve this, **the priority goals linked to those themes are: ‘Optimise materials and waste transport systems’ and ‘Promote and stimulate the use of alternative transport modes for our employees’.**

Special attention should go to limiting waste on our building sites and in our offices. Besides reuse, recycling or a circular view on our materials, we also need to minimize the production of waste by developing a culture of sensible consumption and also by involving our partners in that process. This applies to materials as well as to the optimization and reduction of packaging. On the latter point, close collaboration with our main suppliers is obviously necessary.

The priority goal linked to this theme is: ‘Collaborate (with suppliers) to reduce packaging waste and reduce waste in general’.

GOVERNANCE

Finally, CFE Contracting and BPI provide strong governance by means of a charter and specific procedures. This goal is elaborated in more detail in Chapter 3 p. (186 - 188).

The priority goal linked to this theme is: ‘Develop a governance model based on integrity and respect and fight social fraud’.

To ensure total transparency and satisfy the goal of clear sustainability reporting, regular internal communication with all employees will be put in place. The implementation of specific KPIs for each goal allows real transparency as well as the regular assessment of progress made and the effects of the actions taken.

The priority goal linked to this theme is: ‘Transparently communicate on our sustainable performance and progress’.

INNOVATION

All these goals call for close collaboration between the entities as well as with all the other partners. It is also necessary to stimulate innovation in our lines of business as well as across the whole value chain. Innovation begins at the conception of a new project, an area in which BPI holds many trump cards.

Opening up to the outside world and to other partners should not be neglected. Innovation is fostered by partnerships with other players in the industry such as ADEB, research centres, universities or suppliers, as well as by knowledge sharing between the different entities and business lines of the group. **The priority goal linked to this theme is: ‘Develop systemic innovative solutions across our divisions and throughout our supply chains’.**

More particularly, the synergy between the two divisions makes it possible from the outset to design innovative buildings from an architectural and stability point of view, as well as the use of special techniques. In this sense, the introduction of new materials and of modular or circular construction is a goal in itself.

The priority goal linked to this theme is: ‘Incorporate modular and circular principles in our project design’.

PROOF BY EXAMPLE

The examples and projects shown on pages 26 - 45 highlight the attention already being paid to the different themes and goals for the three divisions.

ANNEX 1.3: ACTIONS AND DEFINING THE KPIS OF THE HIGH MATERIALITY OBJECTIVES

For the group's three divisions, mastering clear KPIs and closely monitoring concrete actions is a priority. Thanks to this control, it will be possible to assess the impact of the actions taken as quickly as possible and, consequently, take any appropriate measures.

This data collection goes hand in hand with an alignment of the actions per division in the various entities to ensure a significant impact. Structured objectives and actions will therefore be clearly prioritised.

Lastly, the three divisions are committed to instilling sustainability in all employees and making it a true corporate culture. For this purpose, targeted actions will concern both large-scale projects and small, simple everyday gestures. However simple they may be, these gestures will help to raise awareness among all employees. Secondly, it is also essential to integrate all the links in the production chain in this approach.

DEME

A TOOL THAT PUTS SUSTAINABILITY INTO PRACTICE

An SDG assessment tool has been developed at project level at DEME that provides information on the entire project. Every project assessment includes a climate profile, an innovation profile and an overview of the project's link with one or more SDGs. An objective and semi-quantitative approach is adopted. Ten medium- to large-sized projects were already assessed in 2018, followed by 23 additional projects in 2019. Together, all the projects represent almost half of the operational result and include all DEME's business lines and areas of activity. The main goals of this tool are, of course, to better understand the projects' potential environmental and societal risks and benefits, to provide a structured communication framework with all the stakeholders, have a clear image of the

positive or negative contribution of each project to the SDGs, and to make it a real decision-making tool in the early phase of the projects. The use of SDGs enables clear and easily understandable communication with the external stakeholders: customers, governments, NGOs, etc.

Among other things, the following was established thanks to this tool:

- Some projects (dredging projects, integrated brownfield developments) have a significant impact on almost all the SDGs. Other projects (renewable energies, restoring infrastructures and sites, etc.) only concern a limited number of SDGs;
- The majority of DEME's projects provide strong incentives for local economic development in developed and developing regions, creating opportunities for employment, economic activity and economic growth (more than 80 % of the projects assessed);
- More than 75 % of the projects assessed contribute to a durable infrastructure that improves security, prosperity and human well-being. Almost half of the projects contribute to fighting climate change. Offshore wind energy contributes to enabling the energy transition;
- DEME constantly strives to reinforce the resilience of local communities without influencing the climate and depleting the planet's resources. DEME is aware of its impact on the marine and freshwater ecosystem and is constantly looking for applications that reduce its impact.

CORPORATE CULTURE AND ALIGNING THE VARIOUS SUBSIDIARIES

DEME began its in-depth analysis of sustainability and the prioritisation of objectives in 2017. On the strength of this experience, DEME has been able to observe the impact of its actions. Wishing to go even further and be even more efficient, DEME is currently actively working to instil these values and

this sustainable approach in each employee. To achieve this, DEME is working to further structure its approach and to align all its sectors of activity. DEME has a dashboard with all the most relevant KPIs in terms of sustainability. With a focus on continuous improvement, DEME is continuing to perfect its selection of KPIs.

CONCRETE EXAMPLES

DEME has the ambitious objective of becoming 'climate neutral' by 2050. The analyses carried out by DEME have shown that almost 90% of GHG emissions were directly linked to the equipment and fuel used. To tackle this, we are investing in the implementation of future-oriented technology on board our vessels and heavy equipment. We are taking the lead in the industry by implementing dual fuel (DF) technology on our new vessels. DF engines are capable of running on liquefied natural gas (LNG), reducing carbon dioxide emissions and virtually eliminating SO_x, NO_x and the other particulate matter emitted.

Currently, the cleanest energy that can be used to power our dredging fleet is renewable energy derived from wind or solar resources. 'Blanew', our first autonomous all-electric dredger, has recently joined our fleet. The vessel is specially designed for dredging in marinas, canals and lakes. Power is supplied to 'Blanew' by means of a floating umbilical electric cable that is directly connected to the renewable energy grid on shore.

Two of our innovation programmes – DEMEx and DEME Innovation Diver – aim to improve our technological solutions and capabilities in favour of a low carbon, circular and resilient society. One of the results of the DEME Innovation Diver is an exoskeleton suit for manual lifting tasks on our vessels.

DEME is also playing a leading role in the Blauwe Cluster (Blue Cluster). This is an industrial cluster that uses the 'blue

economy' to drive sustainable growth. The idea is to align R&D priorities with national and international sustainable development priorities in order to increase the impact of R&D investments. This type of innovative collaboration allows sustainability knowledge and best practices to be shared.

Other concrete examples can be found in the DEME sustainability report as well as on pages 26 - 45 of this report.

CFE CONTRACTING AND BPI

DRAWING INSPIRATION FROM GOOD IDEAS

In the same spirit of analysis as DEME, CFE Contracting wants to develop a tool to assess the SDGs in major projects. Pilot projects will be analysed first in order to develop the most suitable tool.

2020 YEAR ZERO OF NEW KPIS

For each priority objective, CFE Contracting and BPI have selected adapted KPIs. An automated dashboard is being developed to gather the requested KPIs in each subsidiary as easily and as smoothly as possible, and to consolidate them.

Obviously, the first step consists of a clear and unambiguous definition of the data to be collected, the frequency of the measurements per KPI and, lastly, to define within each subsidiary the person or persons responsible for this collection as well as the measures taken to ensure the quality and traceability of the data collected.

In the past, some KPIs weren't monitored on a regular basis. Therefore, 2020 should be considered as the reference year for the majority of non-financial KPIs.

THINK GLOBALLY ACT LOCALLY

With the help of a working group, composed of one representative from each entity, a series of priority actions were

defined for the short, medium and long term. Some actions will be deployed in a uniform manner for all the subsidiaries of CFE Contracting and BPI. Other actions, on the other hand, are closely linked to the specific functioning of CFE Contracting and BPI, and must therefore be adapted by each one. The goal is for each employee to feel directly involved in the actions undertaken while ensuring that the overall impact is maximised.

CONCRETE EXAMPLES OF 2019 ACTIONS AND AMBITIONS FOR 2020

Many actions from 2019 are presented in the body of this report. I would particularly like to mention my creation of Wood Shapers. This joint venture between CFE Contracting and BPI is a concrete example of a partnership between group entities. Together we are stronger! And, above all, it is by working together that we can best meet today's environmental and economic needs by offering innovative and faster construction methods that better respect the planet.

2019 was also a year with plenty of training sessions at all levels. Another effective way of putting people at the centre of our concerns and confirming that CFE really is 'a great place to work'.

The other actions are mentioned in detail on pages 26 - 45.

The sustainability working group identified 35 ambitious actions for 2020 that will allow us to meet the 11 priority objectives defined above. For each of these actions, a decision was taken whether to carry them out in a uniform manner or to break them down according to the entities' specificities. A manager or a group of managers was appointed for each action to ensure that it is properly implemented and followed up. This person is also required to ensure that the KPIs are properly monitored. For instance, a working group has been entrusted with monitoring the progress

of the pilot projects concerning the transport of materials and the consolidation centres. This group will also be in charge of monitoring and assessing the logistics applications developed around this theme. In 2020, an award for innovative ideas concerning sustainability will also be set up. This prize will reward projects combining both partnership and sustainability, and will enable each employee to become personally involved in the sustainability approach initiated and to contribute their own ideas.

ANNEX 2: NON-FINANCIAL REPORTING AND KPIs

SOCIAL

To analyse the impact of the targeted actions around social themes, a series of KPIs have been adopted in the past number of years by the three divisions. Those KPIs relate to safety, well-being, diversity and training.

NUMBER OF EMPLOYEES BY DIVISION	CFE	DEME	TOTAL
2017	3.982	4.707	8.689
2018	3.524	5.074	8.598
2019	3.276	5.134	8.410

NUMBER OF EMPLOYEES BY CATEGORY	Blue-collar workers	White-collar workers	TOTAL
CFE CONTRACTING + BPI	1.745	1.531	3.276
DEME	2.261	2.873	5.134
TOTAL	4.006	4.404	8.410

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)
2017	3.040	1.016	4.569	64
2018	3.272	1.064	4.201	61
2019	3.289	1.115	3.934	72

NUMBER OF EMPLOYEES BY TYPE OF CONTRACT FOR THE WHOLE CFE GROUP (incl. DEME)				
	Open-ended contract	Fixed-term contract	Work & studies	Total
2017	7.733	949	7	8.689
2018	7.939	648	11	8.598
2019	8.065	334	11	8.410

AGE PYRAMID OF EMPLOYEES FOR THE WHOLE CFE GROUP (incl. DEME)			
by 5-year bracket *	2017	2018	2019
<25	382	377	380
26-30	1.160	1.207	1.165
31-35	1.374	1.320	1.242
36-40	1.267	1.267	1.250
41-45	1.189	1.182	1.176
46-50	1.105	1.049	973
51-55	1.072	1.040	1.026
56-60	754	770	785
>60	386	386	413

*Note that DEME uses slightly different intervals from CFE Contracting and BPI (ex: 25-29 years instead of 26-30 years)

SENIORITY OF EMPLOYEES FOR THE WHOLE CFE GROUP (incl. DEME)			
by 5-year bracket	2017	2018	2019
<1	1.344	1.144	912
1-5	2.866	2.652	2.928
6-10	1.847	1.767	1.509
11-15	960	1.104	1.352
16-20	682	701	685
21-25	379	352	344
>25	611	878	680

ABSENTEEISM			
	2017	2018	2019
Number of days of absence due to illness	70.954	70.871	90.498
Number of days of absence due to work-related accidents	4.109	4.488	6.957
Number of days of absence due to commuting accidents	36	492	122
Number of days of absence due to occupational disease	0	0	0
Number of days worked	1.824.046	1.892.886	1.802.571
Absenteeism rate	4,12%	4,01%	5,41%

TRAINING			
Number of hours	2017	2018	2019
Techniques	44.029	56.785	68.119
Health and safety	55.325	41.912	60.580
Environment	1.581	1.062	907
Management	12.235	16.192	17.129
IT	6.899	10.850	17.656
Admin/Accounting/Management/Legal	13.029	13.499	14.039
Languages	3.484	6.289	8.598
Diversity	64	326	310
Other	6.808	7.409	13.247
Total hours of training	143.454	154.324	200.585
Total hours of training per employee	16,5	17,9	23,85

Since safety is a paramount concern, CFE Contracting and DEME have developed QHSE dashboards to keep close track of the trend in the figures and to take the necessary remedial action as soon as possible.

Safety for CFE Contracting	2017	2018	2019	industry average *	industry average for the member-companies of ADEB-VBA **
Frequency rate	16,76	19,42	13,72	32,45	19,86
Severity rate	0,49	0,49	0,44	1,06	0,75

* latest known industry figure (2018) - 2018 industry average, source: fedris.be (NACE codes 41, 42 and 43 taken into account)

** latest known figure of ADEB-VBA members (2018)

Safety for DEME	2017	2018	2019	industry average *
Frequency rate	0,27	0,21	0,24	3,93
Severity rate	0,03	0,072	0,097	0,75

*2018 sector average, source: fedris.be (NACE codes 08.12, 39, 42.13, 42.911 and 42.919 taken into account)

Frequency rate CFE = number of accidents with incapacity x 1 million divided by the number of working hours

Frequency rate DEME = number of accidents with incapacity x 200,000 divided by the number of working hours

Severity rate = number of calendar days of absence x 1,000 divided by the number of working hours

ENVIRONMENT

This year, too, non-financial environmental reporting concerned the CO₂ production by the three divisions. CFE follows the Greenhouse Gas Protocol and reports its GHG emissions according to the operational approach of the three scopes:

SCOPE 1

The direct greenhouse gas (GHG) emissions are linked to the use of fossil fuels. Only the CO₂ emissions are taken into account, not the other greenhouse gas emissions.

It only concerns fossil fuels purchased and used on own installations, engines and vessels or on own projects. The fuel used in own power generators is also included in scope 1.

SCOPE 2

The indirect greenhouse gas (GHG) emissions are linked to the consumption of electricity purchased. Only the CO₂ emissions are taken into account, not the other greenhouse gas emissions.

The electricity that the entities purchase originates in many cases from both renewable and non-renewable sources. A breakdown for each part can only be given if the quantity of renewable energy purchased by an entity is expressly specified by contract. In the other case, it is not possible to know exactly the quantity of renewable energy received. This report therefore gives no breakdown of this aspect.

SCOPE 3

This includes other forms of indirect greenhouse gas emissions. Those emissions are the result of CFE's activities but originate from sources which CFE neither controls nor owns. In this case, the collected data relate only to emissions from air travel.

DEME includes carbon dioxide (CO₂), nitrous oxide (N₂O) and methane (CH₄) emissions in its carbon footprint.

The global measures and those relating to Belgium and the Netherlands are analyzed separately. DEME and CFE use different calculation methods.

CFE Contracting and BPI follow the ADEME carbon balance method.

CFE Contracting & BPI	unit	2017	2018	2019
CO ₂ emissions (scope 1)	Tonnes CO ₂	13.290	19.298	14.754
CO ₂ emissions (scope 2)	Tonnes CO ₂	2.583	4.565	3.063
CO ₂ emissions (scope 1&2)	Tonnes CO ₂	15.873	23.863	17.817

For DEME, in the Netherlands and Belgium only, dedicated emission factors are used in accordance with the CO₂ performance ladder. (<https://www.co2emissiefactoren.nl/>).

DEME (Belgium + The Netherlands)	unit	2017	2018	2019
CO ₂ emissions (scope 1)	Tonnes CO ₂	109.178	126.356	147.773
CO ₂ emissions (scope 2)	Tonnes CO ₂	4.740	5.376	7.796
CO ₂ emissions (scope 1&2)	Tonnes CO ₂	113.918	131.732	155.569

For DEME's global GHG emissions, two types of emission factors are used:

- In the choice of emission factors or conversion factors, sectorial emission factors of the IMO are used for the vessels.
- For all other equipment, the global emission factors of DEFRA (the UK Department for Environment, Food & Rural Affairs) are used.

DEME (Worldwide)	unit	2018	2019
GHG (CO ₂ + N ₂ O + CH ₄) emissions (scope 1)	Tonnes CO ₂ -eq.	/	676.000
GHG (CO ₂ + N ₂ O + CH ₄) emissions (scope 2)	Tonnes CO ₂ -eq.	/	5.000
GHG (CO ₂ + N ₂ O + CH ₄) emissions (scope 3)	Tonnes CO ₂ -eq.	/	12.000
GHG (CO ₂ + N ₂ O + CH ₄) emissions (scope 1,2 & 3)	Tonnes CO ₂ -eq.	687.087	693.000

New KPIs are measured from January 2020 at DEME and at CFE Contracting so that the evolution of the different goals and actions that have been fixed can be tracked more accurately and in a more targeted way.

We have found that the CO₂ emissions of the construction entities of CFE Contracting are particularly influenced by the type of projects and works carried out during the year. Projects involving large-scale structural works in particular consume a lot of electricity and fuel to make all the construction machinery and tower cranes work. Building projects nearing completion during the winter period require a huge energy supply to heat and dry the buildings. The fuel consumption of vehicles will also be strongly influenced by the distance between home and workplace.

All those factors are highly variable from one year to the next.

The CO₂ emissions of multitechnics firms are relatively more stable.

For that reason, the different consumption levels need to be closely followed to allow a more accurate and targeted monitoring of the actions being taken. Targets should therefore be set first of all.

GOVERNANCE

Good governance of the different divisions is assured by charters and procedures.

	CFE	CFE Contracting	BPI	DEME
corporate governance charter	ok	ok	ok	ok
procedures	*	ok	ok**	ok
anti-corruption code	*	ok	ok	ok

* Transferred to CFE Contracting and BPI

** Internal policy on financial transactions

ANNEX 3: FOCUS ON CORPORATE GOVERNANCE

Respect for fundamental values such as human rights and ethics is one of the key concerns of DEME, CFE Contracting and BPI, and is part of the sustainable policy of the three divisions, and in particular of SDG 16. Respect for those issues is guaranteed by the strict application of the charters and procedures.

CFE's corporate governance charter was updated in 2019. This charter is public and available on the Internet site of the CFE Group, as are the articles of association. The corporate governance charter defines the governance structure of the company, the composition, roles, obligations and responsibilities of the different boards and committees, as well as the rules of conduct in financial transactions.

DEME

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.

RESPECT FOR HUMAN RIGHTS

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. DEME creates a workplace where all employees are treated fairly and without discrimination.

DEME respects and protects human rights in general and the fundamental rights and freedoms as defined in the United Nations Universal Declaration of Human Rights. The group will never tolerate slavery, child labour, forced or compulsory labour, or trafficking in human beings.

The implementation of the policies ensures that all the partners are aware of the importance of respect for human

rights and know when and where to report any breaches.

DEME operates in several foreign countries with different sets of laws and risk profiles in terms of human rights. The presence in countries with a higher risk profile in terms of human rights violations constitutes a threat to DEME's reputation. It is therefore particularly necessary to be vigilant when hiring temporary staff abroad or with third parties that employ personnel on our sites such as subcontractors, suppliers, freelancers, etc.

A careful selection of firms, agencies and other third parties is a precondition before doing business with them and before entering into a partnership. DEME's policy is always clearly contractually defined in the matter of respect in general and respect for human rights in particular.

A procedure developed for those firms and agencies in the pre-recruitment and post-recruitment phases clearly highlights our standards and how they must be observed. Regular audits and inspections of the firms, agencies and other third parties employing staff on our sites guarantee that our standards are respected and effective.

FIGHT AGAINST FRAUD AND CORRUPTION

DEME has a clear policy to carry out its activities with integrity and fights against all forms 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 this compliance programme, those anti-corruption policies also form part of the annual employee awareness programme. In addition, this policy is in turn accompanied by specific proce-



SAFETY



TECHNICAL LEADERSHIP



RESPECT & INTEGRITY



INNOVATION



VALUE CREATION



ENVIRONMENT

dures 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.

The 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, DEME advises 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. The group also monitors the third parties it does 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, DEME ensures that those parties effectively comply with the policies and procedures in the area of corruption.

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

On 20 March 2018, a search was conducted at the offices of DEME in Zwi-jndrecht (Belgium) in connection with

the role that a former employee had played in the award of a dredging contract in Sabetta (Russia) in 2014. The investigation, in which DEME lends its full cooperation, is still in progress. So far, no one is under suspicion. Since the investigation is strictly confidential, no details can be given about the case or the trial. This incident was an additional reason to further refine and formalize the existing procedures.

CFE CONTRACTING AND BPI

The corporate governance charter of CFE Contracting was also updated in 2019 and was approved by the Executive Committee and subsequently circulated to all employees. This completes the corporate charter of the CFE Group. This charter defines the structure of CFE Contracting, the roles and responsibilities of the different boards and committees, as well as the minimum applicable procedures, and breaks down into several internal policies.

The structuring of CFE Contracting is intended to provide a clear and solid framework to organize the development of the activities of the company and of the entities of the Contracting division, and the successful course of their business. The structuring of the Company is intended to reflect the rules of good governance while at the same time being adapted to the needs of the business. The minimum procedures, also called internal policies, are updated by the Board of Directors in close consultation with the Executive Committee. The same is true for BPI, whose governance charter has been updated and approved by its board of directors in December 2019.

A list of 12 principles of good project management was worked out for the

projects. A risk analysis was also conducted in 2019 for each entity. Each of the policies contained in the charter is fundamental. Let us now highlight the theme of respect for human rights and integrity.

RESPECT FOR HUMAN RIGHTS

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. 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.

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.

So far, no violation of our human rights policy has been reported in the Contracting and Real Estate Development divisions.

The activities of the two divisions involve working with subcontractors, suppliers and partners who do not nec-

essarily share the same values as CFE in terms of respect for human rights. The reality on the sites can easily lead to confusion and have serious repercussions for the reputation of the group. For that reason, CFE takes a whole range of measures to prevent those risks as much as possible. Those measures are centred around:

- **Prevention:** A 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 by the management and internal audits.

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. To mitigate those risks, CFE pursues a strict 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 various concrete measures taken by the entities to ensure the application of those rules.

FIGHT AGAINST FRAUD AND CORRUPTION

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. 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 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 2019.

In the construction business, the financial stakes are often high, competition is sometimes fierce, and many projects

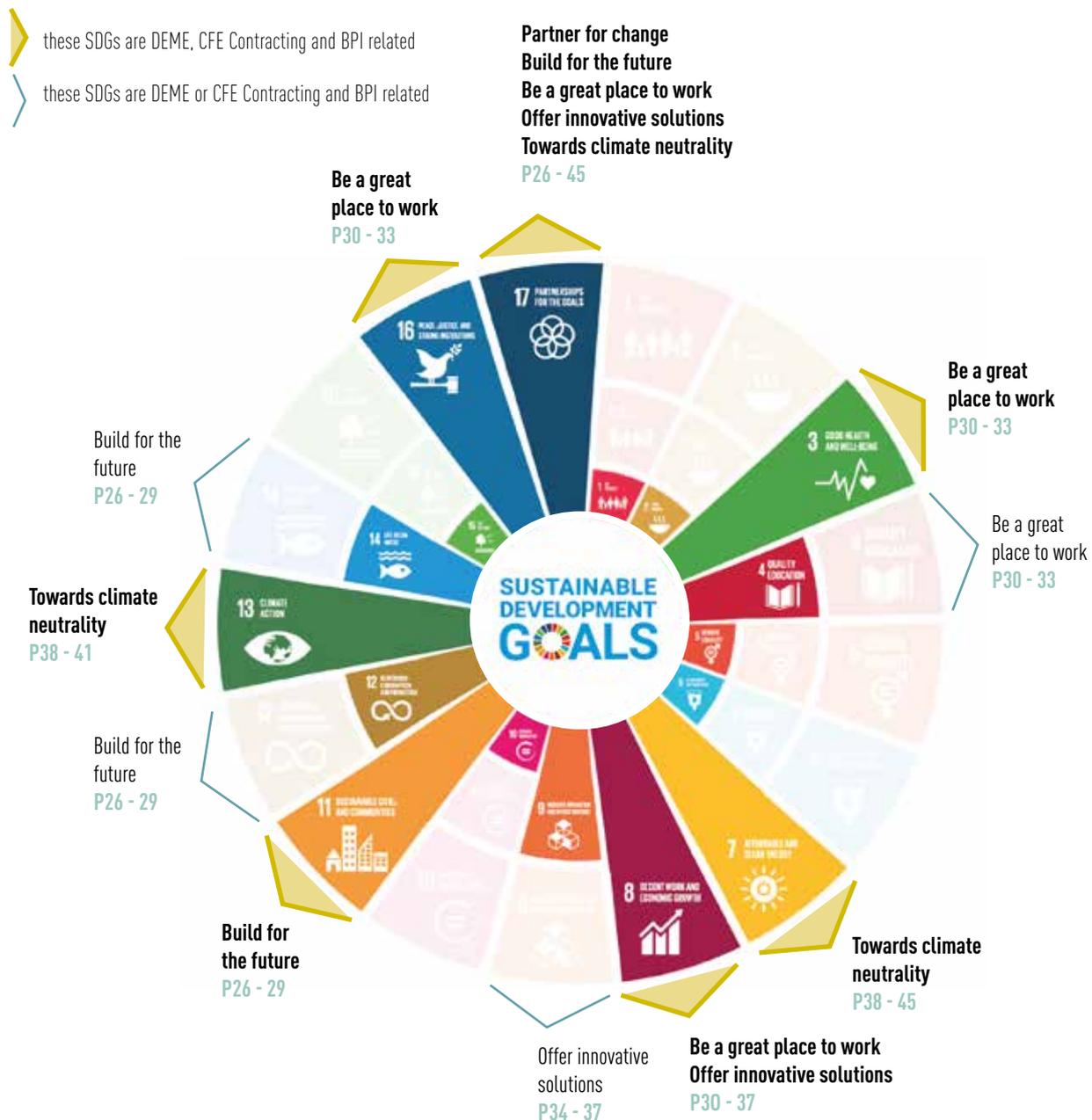
ANNEX 4 : HOW TO FIND THE SDGs IN THE ANNUAL REPORT

The perspectives of people, the climate and resources are discussed throughout this annual report. As explained earlier, we prioritise our efforts by focusing on areas where our company can have the greatest impact. All of this analytical

work is described in detail in annexes 1 to 1.3 (pages 169-181).

The United Nations' Sustainable Development Goals (SDGs) describe the world agenda for 2030 and we are fully

committed to contributing to it through our actions. The diagram below makes it easy to find the link between the SDGs and the chapters in which they are discussed.



COLOPHON

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Art & Build Architects

CFE Polska

De Kemphanen

DEME

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DESIGN:

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This annual report is available in Dutch, French and English.

In case of differences, the French version prevails.



WWW.CFE.BE



COMPAGNIE D'ENTREPRISES CFE SA
139TH CORPORATE FINANCIAL YEAR