

The Report

Annual Report 2017



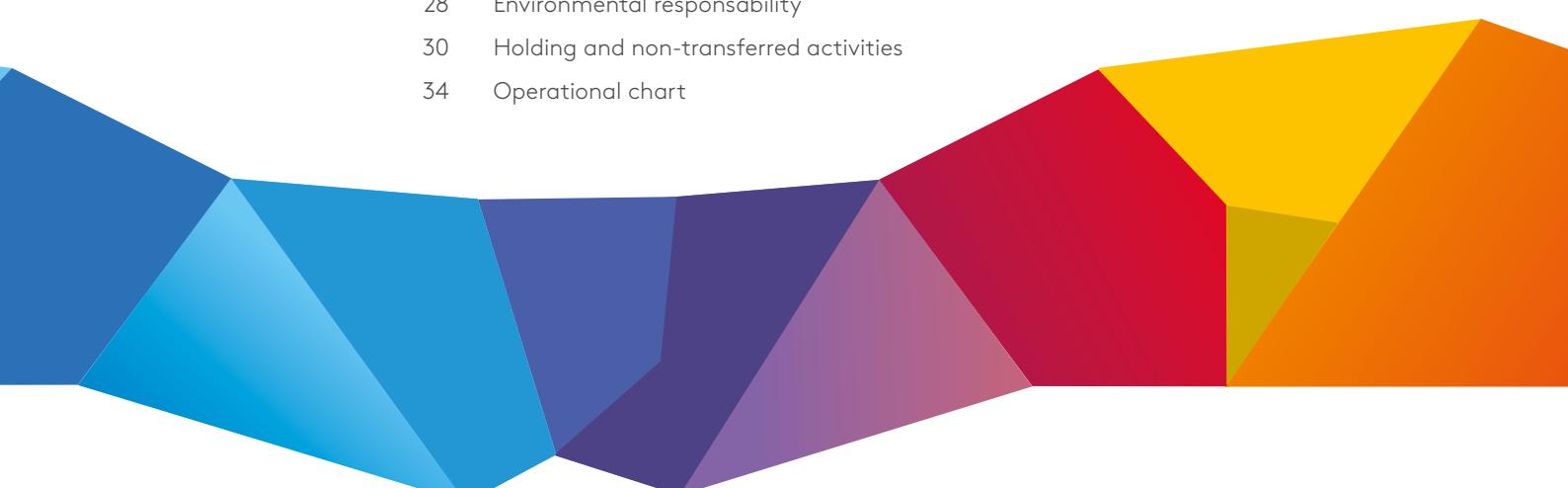
Together shaping
tomorrow's world

Dredging, Environment,
Offshore and Infra
Contracting
Real Estate Development



SUMMARY

OF THE 137TH CORPORATE FINANCIAL YEAR



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Ongoing successful development

CHAIRMAN'S STATEMENT

Having assumed the chairmanship of CFE in mid-2016, I finished the group's first full financial year in 2017. Not only am I not disappointed, I am actually very satisfied with the development of each of CFE's divisions.

In an economic climate perhaps rather less buoyant than it was before - a passing phase, I am sure - DEME managed to hold its own remarkably well thanks to the installation of offshore wind farms, as well as to the dynamism of the teams. The substantial investments that we carried out, will allow us to remain very competitive in the future.

For Real Estate Development, 2017 was an exceptionally positive year. BPI, which took on a new visual identity, confirms its position as one of the leading property developers in Belgium, Luxembourg and Poland. The investors were not wrong, and responded favourably to calls for corporate funding on the financial market.

The Contracting division made substantial progress. Its figures for 2017 were up to expectations, and we are convinced that this division still holds plenty of opportunities for growth.

When the Ackermans & van Haaren group acquired a majority shareholding in the CFE group in 2013, many believed that we were only interested in DEME and that the other activities, Contracting and Real Estate Development, would be neglected. Those people do not know us! The recent acquisition of the Van Laere group is proof - if that was still needed - of Ackermans & van Haaren's attachment to CFE, as it strengthened CFE's position in Contracting.

Our ambition is to keep improving the operational excellence of every one of the companies in which we are active. The work done by the managing directors and their teams was shown to pay off in 2017. I am sure it will continue to pay off in the years to come.



LUC BERTRAND
CHAIRMAN OF THE BOARD OF DIRECTORS

The CFE group: riding on the crest of a wave!

Editorial

CFE ended 2017 with a net result after tax of €180.4 million, which is more than in 2016. The past year thus clearly confirms the upturn realized by the CFE group.

This positive result can be seen across the three divisions. Not only DEME reported results in line with the particularly excellent performance of 2016, the Contracting and Real Estate Development divisions also confirmed the favourable outlook at the beginning of the year. When we also look at the all-time high order book (with in particular a more than € 350 million increase compared with the previous year for the Contracting division), we see that the CFE group is evidently on the right track.

The trend observed in 2017 also bears out the logic of our organization: while the results of Dredging remained stable, Contracting and Real Estate Development reported a considerably better performance. The synergies that we will continue to develop between the divisions will further consolidate our economic model. That will become evident very soon.

The group should take another step forward in 2018, given the quality of the orders that have been won, in particular by DEME, which today can rely on the most efficient fleet in the dredging industry and related services. This leap forward will become a reality for the Contracting division in particular, which was joined by the Van Laere group in December. The arrival of this new member will substantially strengthen the construction business in Belgium and will enable the



RENAUD BENTÉGEAT
MANAGING DIRECTOR



PIET DEJONGHE
MANAGING DIRECTOR

extended group to take on the future challenges more effectively.

After this year's excellent performance, the Real Estate Development division is well placed to progressively become a major real estate player in Belgium, Luxembourg and Poland. To this end, we must in 2018 continue the current programmes and further strengthen the development capabilities.

The holding and non-transferred activities, which remain in CFE SA, underwent thoroughgoing reorganizations in 2016, particularly the international and civil engineering activities. Those reorganizations permitted in 2017 the continuation and, in some cases, the completion of contracts that were concluded several years ago and of which the results could have constituted a risk factor for the company.

We can all be proud of CFE's performance in 2017, for it is the exceptional commitment of the entire workforce of the group that made it possible to achieve those results and that is still our greatest asset for the continuation and success of our future development.

2017 Highlights

01

DIMCO won, in joint venture, the contract for the construction of the RijnlandRoute, the new road link between Katwijk and Leiden, which is intended to make the area more easily accessible, improve traffic flow, and stimulate economic growth.



02



GeoSea, the marine offshore engineering subsidiary of the DEME group, will design, build and install 71 wind turbine foundations for the Hohe See offshore wind farm in the German North Sea, for which GeoSea is the EPCI partner of Siemens. This partnership enables Siemens to provide offshore wind turbines including foundations to EnBW.

03

BPI sold its stakes in the project development companies of the 'Oosteroever' site in Ostend to the Versluys Group.

BPI Luxembourg SA, IMMOBEL SA, and BESIX RED SA finally sold the shares of the company PEF KONS INVESTMENT SA to AXA IM – Real Assets on behalf of AXA Belgium.





04

CLE began construction work on the modern residence 'Fuussbann' in Differdange, with spacious apartments, retail outlets, and a supermarket.

Amart started up a new phase of the residential project 'Les Hauts Prés' in Uccle for the property developers BPI and Belgian Land.

05

BPC won the first contract for the construction of a building and hotel for the China Belgium Technology Center in the science park of Louvain-la-Neuve, the first Chinese incubator in Western Europe. This first Chinese incubator complex will become an Intelligence Valley for Chinese businesses. The works are expected to last eight years. The China Belgium Technology Center will eventually comprise five incubators for high-tech Chinese companies specializing in biotechnology, nanotechnology, IT and telecommunication, optoelectronics, and sustainable development.



DEMÉ officially launched 'Minerva' in the port of Zeebrugge. This 3,500 m³ hopper dredger is the first dual fuel dredger in the world able to run entirely on liquefied natural gas (LNG). This vessel has a Green Passport and a Clean Design certificate, and meets the strictest international emission standards.

The boards of directors of Ackermans & van Haaren and CFE examined the possibility of bringing together the activities of the Van Laere group and of CFE Contracting under CFE. The Van Laere group, a leading general contractor in Belgium, is 100% owned by Ackermans & van Haaren. The main entities of the Van Laere group are Algemene Aannemingen Van Laere NV, Groupe Thiran SA and Arthur Vandendorpe NV.

CFE Polska signed several contracts for international customers, such as the construction of the residential project Riverview in Gdansk for VASTINT, the real estate division of the IKEA group, and the extension of the Platan shopping centre for ROCKCASTLE.

2017 highlights



07
GeoSea signed an agreement with DONG Energy and Siemens to acquire full ownership of A2SEA. A2SEA will continue to operate from Denmark for the maintenance and installation of offshore wind turbines.



09

The joint venture Sassevaart will build the New Terneuzen Lock. The Belgo-Dutch joint venture Sassevaart consists of construction firms such as Van Laere, and includes two subsidiaries of DEME, namely the dredging company Dredging International, and DIMCO, which specializes in civil and hydraulic engineering structures. The joint venture will design, build and maintain the New Lock for a two-year period. It will be put up in the present Terneuzen lock complex, between Westsluis and Oostsluis. It will be 427 metres high, 55 metres wide, and 16 metres deep. Work is due to start at the end of 2017 and will take about five years. The first ship is expected to pass through it in 2022. The New Lock will improve access to the ports of Ghent and Terneuzen, and will facilitate maritime shipping between the Netherlands, Belgium and France. It will also give a fresh boost to the economy of Zeeland Flanders and the Flemish Region.

08
CLE began construction work on the residential project 'Domaine de l'Europe - Kiem' on the Kirchberg plateau in Luxembourg for the property developer BPI.



10

GeoSea signed an agreement with Moray East for the design, supply, construction and installation of around 100 wind turbine foundations and three offshore substation platform foundations, and for the transport and installation of three offshore substation platforms. The agreement is subject to financial close which is expected in the second half of 2018. Moray Offshore Windfarm East is a joint venture between EDP Renewables (77%) and ENGIE (23%).

11

GeoSea announced the acquisition of a majority shareholding (72.5%) in G-tec. This company, based in Milmort in the Liège area (Belgium), specializes in offshore geotechnical and geological exploration, marine geophysical and environmental surveys, and deep-sea marine engineering services. The remaining shares are held by SRIW (Société Régionale d'Investissement de Wallonie).



12

CFE Contracting acquired full ownership of the company Aannemingen Van Laere NV for the price of € 18.4 million. This acquisition had been approved beforehand by the boards of directors of CFE and CFE Contracting after having been submitted to the committee of independent directors. The Van Laere group will continue to operate under its own trade names. Its activities will complement those of the other Belgian construction companies of CFE Contracting. The CEO of the Van Laere group, Manu Coppens, joined the executive committee of CFE Contracting.

CFE Contracting acquired the company SA José Coghe-Werbrouck. This company, established in 1966 and headquartered in Hooglede, has a plant in Péruwelz and specializes in railway works. Its strength lies in the skill of its highly qualified workforce and in an extensive array of machinery. Coghe recently invested in a state-of-the-art Tracklayer machine to replace railway switches, enabling it to fit prefabricated switches with concrete sleepers in one whole unit.

After changing its company name into BPI Real Estate Belgium for a better description of its activity, BPI launched a new website and strengthened its image. This came with a new logo in new colours expressing the dynamism of this company, which is one of the leaders on the Belgian, Luxembourg and Polish property markets. BPI successfully launched the first bond issue in its history. The private placement was subscribed on the first day up to the desired maximum amount of € 30 million. The bonds have a five-year maturity and pay an annual coupon rate of 3.75%.

GeoSea signed a partnership agreement with CSBC Corporation to develop offshore wind energy in Taiwan. The Taiwan government outlined an ambitious programme to reduce the island's dependence on fossil and nuclear energy, and instead to tap its vast resources of offshore wind power. A target of at least 3 GW offshore wind power capacity to be installed in the strait of Taiwan has been set for 2025. GeoSea and CSBC will together set up a Taiwanese joint venture for the transport and installation of the necessary foundations and wind turbines for those wind farms.

CFE in figures

In 2017, CFE Contracting presented Practice Awards for the first time.

Revenue

3066 million €

Increase of DEME's revenue by

19.6 %

The project «Erasmus Gardens» in Brussels won the «Best Sustainable Real Estate Project» award in Belgium.

Employees

8 689

Net income part of the group

180.4
million €

The operating income (EBIT)
increased
by 10% to

249.4
million €

ENGEMA
Caténaires and
VMA Nizet achieve

0
lost-time
accidents in 2017.

Order book

4 851
million €

The order book of CFE Contracting
increased by

44.6 %

which is explained by the
incorporation
of the group Van Laere.

DEME will remain focused, will pioneer and innovate, and continue to look to the future.

A strategy staking on a winning combination of collaboration, operational excellence and innovation

2017 was a good year, but there is still plenty of room for improvement. To ensure continued and profitable growth, the strategy of the CFE group will therefore focus in 2018 more than ever on three important levers: retention and intensification of synergies and partnerships within the group, operational excellence, which is essential to achieve our goals, and innovation, which involves thinking about tomorrow's world.



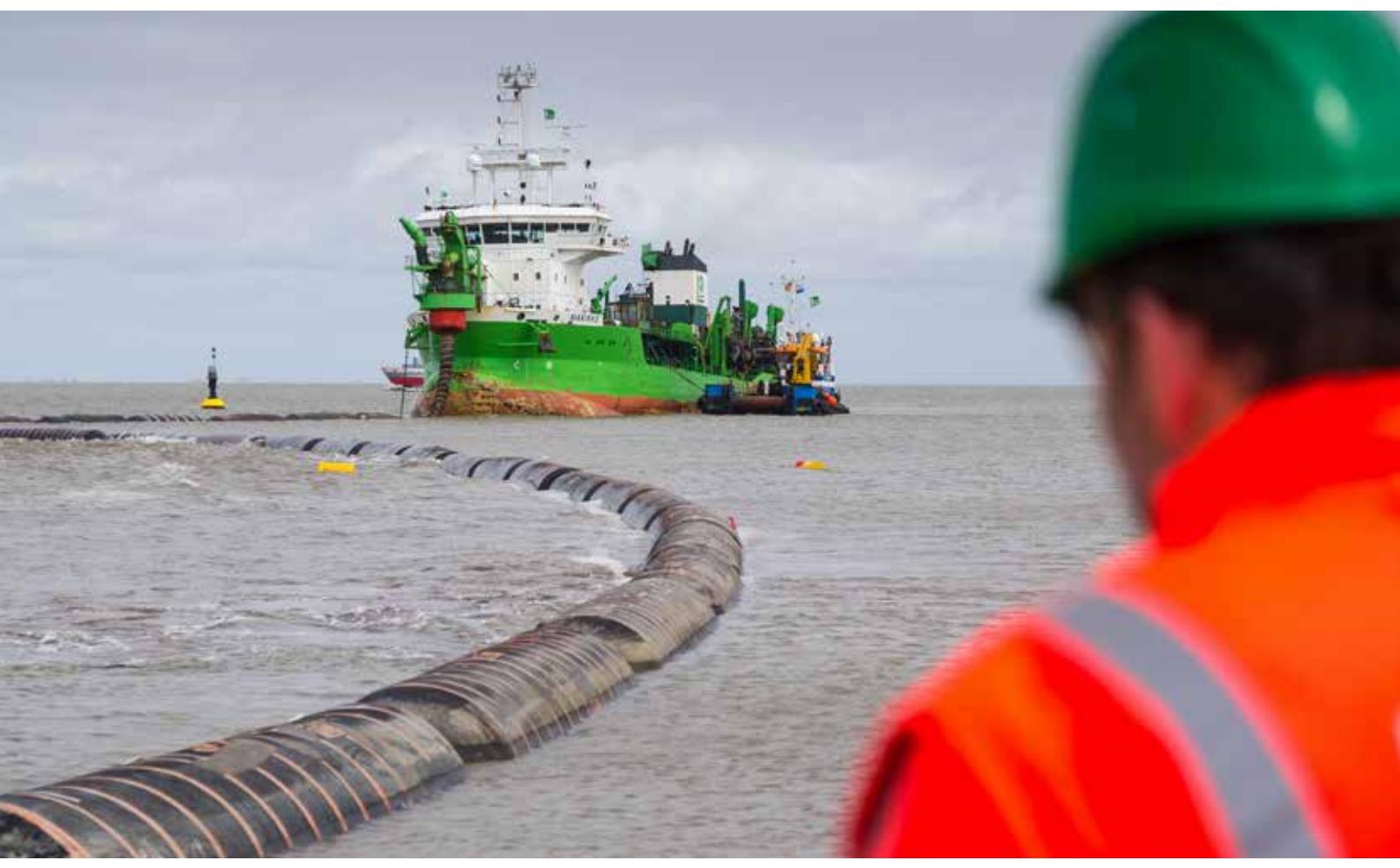
Valuable synergies between divisions...

This year we have seen growing synergies and partnerships between subsidiaries of the same division as well as between the three independent divisions of the CFE group, notably between DEME with its dredging and marine and environmental civil engineering activities, BPI with all its real estate development activities, and CFE Contracting with its construction, multitechnics and rail activities in the Benelux area, Poland and Tunisia.



Artist impression of the project 'Entrée en Ville' at Differdange, a mixed-used project of 25,000 m².

Those synergies have proved beneficial in many respects. For instance, the continuation of civil engineering activities, which were transferred to DEME, created employment and solid skills within the group as a source of numerous successes internationally and in the Benelux area. Collaboration between Real Estate Development and Construction resulted in highly effective technical solutions for the benefit of property developer and contractor alike. This collaboration confirms - if that was still necessary - that we have complementary skills for the future within the group.



... and between teams of the same division

This collaboration is also essential between different teams of the same division, and brings added value to each entity. 2017 proved the relevance of those partnerships, which will be intensified at all levels in 2018 and in the coming years. How? By sharing knowledge and experience beyond the confines of each entity, working together on projects that call for different skills, prioritizing the use of the group's own competences, sharing opportunities according to the geographical location, or by transferring activities between entities.

This willingness to work together not only involves the management of the entities, but also calls for the deployment of the group's communication and human resources departments to ensure that knowledge is shared in the best possible way and to

make known what each of the entities' competences are throughout CFE, so that priority is given to internal solutions within the group.

Within the Contracting division, the sharing of knowledge and skills is already made possible by the creation of three clusters, each covering all the activities of a particular segment: electricity, HVAC and rail. Very interesting synergies and complementarities are also systematically being investigated between the entities of the Construction segment.

Operational excellence: essential for profitable growth

Growth requires a carefully considered approach. There lies the essence of our pursuit of operational excellence. The



More and more productive synergies within the HVAC cluster and, more generally, within the Contracting division.

Strategy

The potential of new technologies such as BIM is really tremendous - AMS De Boogkeers - Antwerp.



construction entities of the group took an important step in 2017 with the implementation of *Lean management*. But that is just a start. The lean approach now has to be systematically put into practice on the building projects, as well as in the other segments and in the offices, in order to facilitate and simplify the different management processes.

Innovation: enormous potential!

Continuous improvement also calls for an innovative approach. The potential of new technologies such as BIM, 3D printing, robotics and prefab is really tremendous. Special emphasis will be on the application of BIM technology, which will allow us to play a central role in the process of digital construction. We are convinced that this approach will not only be conducive to the CFE group's growth, but will also hold many benefits for our customers.

As a company with a maritime heritage of more than 140 years, DEME has always been a pioneer in innovation and new technologies. Last year's highlights include the addition of two pioneering dual-fuel hoppers to the dredging fleet, 'Minerva' and

'Scheldt River'. The delivery marked a major milestone in the dredging industry, as these are the first dredgers in the world to operate on LNG.

In addition, the DRIVE programme covers a wide range of operational improvements during all project phases. The Opportunity & Risk Management system was further refined based on the 2016 insights and lessons learnt. This has resulted in an improved, and deeply embedded, risk-aware entrepreneurship by all stakeholders in the DEME entities.

What will tomorrow's construction industry look like?

Innovation means thinking about how tomorrow's world will evolve. This reflection is obviously crucial in the area of real estate, where projects only begin to take concrete shape for investors four or five years later. More than ever, we will focus in 2018 more extensively on what form tomorrow's homes, offices and shopping centres will take, as well as on mobility, which is in full development and affects all infrastructures.

The entities active in special techniques are also particularly attentive to the sustainable aspect of HVAC installations.





Environment and renewable energies: advanced solutions

Global developments are fundamentally changing our markets. But DEME is not standing still. We are continually looking forward and currently we are focusing on a series of initiatives with the goal to develop breakthrough innovative solutions, tackling challenges like the 'plastic soup' threatening our oceans, the storage of energy to balance electricity demand and supply, or the Blue Cluster, a partnership in Belgium where we look to smartly combine sustainability and economic growth. For example, DEME is a pioneer in renewable energy developments and coastal protection, two of the initiatives driven by the partners of the Blue Cluster platform.

New acquisitions

The CFE group not only made financial progress in 2017. It also acquired the three construction companies of the Van Laere group, which have an excellent reputation. A great opportunity for CFE, whose Contracting division benefited from a new

highly skilled workforce and full access to the markets offered by our reference shareholder to all its entities.

The CFE group also acquired the company Coghe, attesting to its ambition to strengthen its activity in the rail segment. This acquisition is an investment that is all the more important for the future since it will give us the benefit of a substantial increase of top-quality equipment.

Finally, it should be mentioned the acquisition of the Danish offshore wind company A2SEA and the Belgium-based, geotechnical and geological offshore site investigation specialist G-tec. This will enable DEME to further reinforce its fully integrated services and solutions portfolio.

The results of the past year and the increasing order books confirm for us the appropriateness of the strategic choices we made over the past few years. In order to offer our group the best possible opportunities for the future, we will further strengthen the synergies and partnerships at all levels, with a particular emphasis on operational excellence and innovation.

A state-of-the-art machine to replace railway switches.



The group Van Laere, a leading general contractor in Belgium.

Board of Directors





PHILIPPE DELUSINNE

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

PIET DEJONGHE
MANAGING DIRECTOR

JOHN-ERIC BERTRAND

DIRECTOR
CHAIRMAN OF THE AUDIT COMMITTEE

RENAUD BENTÉGEAT
MANAGING DIRECTOR

ALAIN BERNARD

DIRECTOR

KOEN JANSSEN
DIRECTOR

Ever greater safety



The Exxon Mobil Safety Award presented to MBG

A fine achievement, since the conditions of this prize awarded by Exxon Mobil are highly stringent (zero accidents, daily safety reports, regular safety meetings, etc) and the slightest incident can jeopardize any chances of winning the prize. MBG won this Safety Award for the excellent level of safety that was maintained on the building site of a factory for Exxon Mobil in Antwerp.

Safety is more than ever a top priority throughout the CFE group. The first Safety Day held in all entities of the Contracting division at the beginning of 2017 was a success, and a second edition has already taken place at the beginning of 2018. A similar day has existed at DEME for several years already. However, this is just one of the many initiatives that are taken to improve safety at all the entities.



The constant efforts being made in the CFE group are paying off: accident figures reveal a favourable trend in terms of both frequency and seriousness. Several entities achieve a 'zero accident' score, such as ENGEMA Caténaires and VMA NIZET (zero lost-time accidents).

First Safety Day at CFE Contracting!

The Safety Day took place on the same day at all the Belgian and international entities of CFE Contracting. Work stopped for a whole day and all employees were specifically urged to be aware of the importance of safety and to change their behaviour to improve safety. Among the many events that took place on that day were interactive workshops on various topics such as falling from a height or fires on building sites, eyewitness accounts of people who became disabled after an accident, guided site visits, first-aid courses, coaching, stress management, an ergonomics workshop, and many other activities.



Another Safety Moment Day at DEME

For several years now, DEME has organized a worldwide Safety Moment Day. The theme in 2017 was all forms of hoisting. All hoisting procedures were catalogued so that every employee can find the good practices identified for each type of hoisting equipment.

Numerous training programmes at all entities

Besides this exceptional safety day, many other initiatives took place, such as a substantial increase in the number of health and safety advisers at all CFE entities.

The companies also organized numerous technical training programmes specific to their line of business. CFE Bâtiment Brabant Wallonie (CFE BBW) continued its training programme on working at heights to make sure that every worker or crane operator working on a building shell is properly trained and equipped with a personal safety harness. Training sessions were also organized on sling operations, electrical works, scaffolding etc. at various entities of CFE Contracting, while the Rail Infra & Utility Networks segment focused on the very specific safety aspects of working on railway sites and the installation of high-voltage power lines in training courses organized by Infrabel.

At DEME, a special Task Force was set up composed of representatives of the marine engineering activities, QHSE-S and hoisting specialists. This Task Force systematically visits all the vessels of the fleet to explain the new safety procedures and train the crews.

The importance of risk analysis

Awareness campaigns, training programmes and toolbox meetings were also held in the different clusters and subsidiaries of the Contracting division, in Belgium and internationally, to raise safety awareness among the management and to reiterate the basic principles of safety management, as well as for training in fire prevention and first aid in case of accidents.

Emphasis was on the importance of risk analyses, with an optimization of those analyses at CFE BBW and the creation of innovative smartphone applications at MBG and CFE Polska.

Safety apps for smartphone

Those apps are used to report and communicate details of an incident or a dangerous situation very quickly, so that preventive safety measures can be taken. During the first month, some fifty incidents or dangerous situations were reported in this way at MBG, compared with just a hundred during the whole of 2016!



CHILD5

The CHILD (Colleagues Help Injuries to Leave DEME) safety programme took its normal course.

The CHILD 5 safety awareness sessions, which address various topics such as leadership, communication, cooperation and commitment, were attended by more than 800 staff members in 2017. An awareness campaign was also organized on the subject of blind spots on earth-moving machinery.



The Karolina safety app developed by CFE Polska also makes it easy to run audits, statistics and reports, and was accoladed with a Best Practice Award.

In addition to those various initiatives, unannounced on-site visits and continuous improvements to protective equipment (harnesses, cameras on tower cranes, fall protection, etc) help to increase safety throughout the group.

A new system of high-potential incident analysis (HIPO)

In 2017, DEME introduced a system of high-potential incident analysis (HIPO) focusing on incidents that may have serious consequences for the company's quality, health, safety and environmental standards.

HIPO analyses are conducted on a quarterly basis throughout the DEME group. They highlight worrying incidents or developments that need to be addressed as soon as possible. By analyzing QHSE incidents that occurred during marine, hoisting, earth-moving and other operations, potential problems are identified immediately, so that the management and QHSE-S team can use this information to work out a targeted action plan. This may include poster campaigns, additional training sessions or toolbox meetings, inspection rounds by the management, and general process improvements.

The results of the HIPO analysis also constitute an important tool to help the staff of DEME take the necessary measures immediately in their area of responsibility, whether on board a vessel, on site, or on a project.

A first for DEME: a worldwide 'safety pause'

The idea of this safety pause came after a QHSE-S performance score for the first quarter below the usual high standards, and a serious incident on one of the dredgers. The QHSE-S team decided to act immediately and called for a safety pause, a course of action that received the full support of the management and shareholders of DEME. Work was interrupted for half a day at every project site, office and vessel to allow DEME to re-emphasize the message 'safety first'. A detailed analysis of the incident subsequently resulted in an action plan containing more than 40 items.

'Risk hunts' were organized on all vessels and in the offices, during which staff members identified every potential risk or hazard in their work environment.

At the same time, DEME launched a Safety Charter which asks everyone to look out for each other. All employees were asked to sign the Charter. An accompanying safety video was produced in which the team involved in an incident urges its colleagues to take safety seriously.

CFE's greatest asset: the men and women who work for the group

CFE has always set great store by the men and women who work for it. This was all the more so in 2017, a year marked by renewed major investment in human resources at different levels.

In a context marked by numerous mergers and combinations of subsidiaries, the human resources teams were strengthened in all entities, more particularly in the Contracting division at CFE Bouw Vlaanderen, CFE BBW, VMA, the HVAC cluster, and the rail activity. A central human resources department was also set up at group level to foster synergies and generate interactions between all the subsidiaries.

Encouraging and facilitating knowledge sharing

The different HR managers meet every two months to exchange best practices, knowledge and experience of their teams between entities as well as between divisions. In the context of Ambition 2020, a digital platform was set up to facilitate those exchanges, and a team from CFE Polska came to Belgium to visit projects of the group that implement Lean and Bluebeam; this visit led to fruitful exchanges and cooperation projects.

The Ambition 2020 project was initiated in 2016 in the Contracting division, and clearly highlights the paramount importance of human resources in the group's development. The aim is to pool energies in a forward-looking common project. In 2017, several meetings of managers and inter-subsidiary working groups centring on specific topics (procurement, finance,

HR, etc) took place in a knowledge-sharing perspective.

This sharing process also stimulates in the companies the search for internal competences within the group that meet the needs of their assignments. This will be further intensified in 2018 by the creation of networks between managers and by other initiatives to foster interaction.

'Spencer for DEME' app for the staff

The app 'Spencer for DEME', which was introduced in 2017, is also part of this sharing and cooperation process. It is a mobile application that keeps employees up to date on the latest DEME news and gives them easy access to work-related content and tools while out of the office. With Spencer, DEME wants to improve communication and cooperation by bringing together all information and the various business applications in one central place, a true mobile 'hub'. This approach is particularly necessary as most of DEME's operations take place on an international level.



Young people are the future!

What the youngest employees have to say does not always get the attention it deserves in the world of work. CFE BBW and MBG want to change this by making the most of what those young people have to offer. Brought together in the 'Comité des jeunes' and the group 'Jonge Wolven', the junior members of the teams get a respectful hearing for the innovative vision they bring to the company.

A healthy mind in a healthy body!

Employee well-being has been gauged in surveys, followed by on-site improvement plans and various training programmes, such as on burnout prevention at BPC. By the same token, sports and health programmes have been set up at the different entities to improve health and well-being, reduce stress and, ultimately, ensure not only that every worker can flourish in his or her job, but also has a healthy mind in a healthy body.



CFE, a group that is good to work for

The CFE group, which already boasts an outstanding reputation as an employer, strengthened that image further in 2017 by its highly proactive human resources policy. To make employees aware of their skills and to enable them to develop in their job, a programme was set up with tools for career planning, training and internal mobility, as well as talent assessment and employee satisfaction.

At the local level, the various clusters and entities benefit from this strong image when they take part in events at schools and universities where employers and students meet, or when they recruit staff. The subsidiaries are also maximizing their own strong points to attract prospective employees by offering coaching, employee induction programmes, training sessions, career development opportunities and mobility between entities. Those assets have become even more attractive as the HR teams and internal interactions were strengthened in 2017.

Mobility solutions

The idea of 'hubworking', allowing employees to work in a satellite office closer to home, is also gaining ground, and is already beginning to be put into practice at DEME and MBG. Working from home is also on the agenda, particularly at DEME.

Pursuing its objective of becoming an "employer of choice" in the dredging and environmental and marine engineering industry, in Belgium and internationally, DEME is making considerable efforts to become a more flexible employer and has launched a number of initiatives in the area of homeworking, mobility and flexible working hours. In the summer of 2017, the HR team of DEME conducted a survey on mobility issues and possible solutions. As traffic congestion on the outskirts of Antwerp is a serious problem, employees can now work from home or make use of several fully equipped and state-of-the-art satellite offices situated on main roads that are well served by public transport. The staff's response to this new policy has been very positive.

DEME is confident that these measures will assure its workforce of a more stable work-life balance and will diminish the departure of workers wearied by the daily transport problems.

A highly professional recruitment process

The recruitment process has been improved with the help of professional experts in this field. The idea is to use competence as the only criterion, without discrimination on grounds of gender, cultural background or age, but also to meet the needs of candidates by taking into account their personality and discovering what the employer can offer them. This method



In 2017, DEME received the 'Randstad Award' for the most attractive employer in Belgium. This award is based on the results of a survey held among 11,000 respondents. DEME also won the 'Lifetime Achievement Award' on the basis of the ratings which the company has obtained since 2009 in the 'Randstad Employer Brand Research'.



Wide range of training programmes

Broadly speaking, the training programmes are designed to give people the best possible opportunities and to help them grow and develop throughout their career.

Besides numerous training programmes in safety and technical training specific to the group's various activities, training in financial and analytical aspects etc, emphasis in 2017 at all entities was on training in more general and personal competencies, such as leadership, feedback, stimulating personal growth, as well as Lean management at MBG and BPC, and on-the-job coaching of junior employees at CFE BBW.

DEME extended its already wide range of training programmes with the launch in November of 'EPC Community'. This virtual training platform assists staff members with the more technical aspects of EPC projects. It testifies to DEME's intention to expand its range of virtual training programmes and thereby give its staff and crews greater flexibility. Furthermore, the performance management tool 'Time To' developed by DEME helps staff and managers to assess their performance, skills and development needs. A specific 'Time To' tool for vessel crews will be implemented in 2018.

Fine boost for a Polish primary school

CFE Polska, together with two other companies involved in Majaland Park (Plopsa and Momentum Capital), fitted out an ICT room in the primary school of Boczów in Poland. The equipment comprises 27 laptops, printers and TV and multimedia materials. It will be used for numerous purposes: IT classes, interactive teaching, research and rapid information transfer, and communication with pupils and parents. Unquestionably a very useful present!

of recruitment also makes it possible to identify the talents of people who do not necessarily have the qualifications required for the job. Internal training programmes have been developed specially for them. This is the case in particular for the job of optical fibre welder, of which there is currently a shortage: the company Louis Stevens & Co has developed a short but highly valued training course which ensures that new recruits who are talented but not specifically qualified are not discouraged by the complexity of the task.

International recruitment campaign at DEME

DEME launched a major international recruitment campaign in 2017. In view of the success of all its entities, the company wants to further strengthen its international workforce. The recruitment campaign seems to have paid off, as evidenced by a recent welcome day for some 200 new employees. Thirty nationalities were represented. DEME was particularly active in Spain, Portugal and Eastern Europe, visiting university campuses, attending regional events, and working together with local employment agencies. It was an effective way to reinforce its international brand image as an employer, which was already strong in Belgium and the Netherlands.

Innovation: key lever for operational excellence



The Tivoli building project, a sustainable district in the Brussels Region, is a prime example.

The importance of innovation is beyond doubt. The contribution of new technologies to the construction activities is a decisive productivity factor by its direct impact on operational excellence and in several respects also allows a better protection of the environment and greater safety.

Innovation and the desire to push the envelope also remain part of DEME's DNA. DEME's investments in new technologies show how important innovation is to the company. Throughout the world, its employees participate in technological developments to introduce sustainable solutions on its markets. Within DEME, this approach calls for close collaboration between the sites, vessel crews, project management teams and the technical and engineering departments.

Working more efficiently

Lean Management responds to this expectation. Applied to construction, it optimizes the organization of the site by eliminating all forms of inefficiency such as unnecessary actions and movements, overproduction of materials, time-consuming procedures, etc. Planning is an essential aspect of Lean Management. Based on deadlines, needs and other information supplied by all the parties involved in the project - on-site workers, subcontractors, suppliers, architects, etc. - this calls for the participation and collaboration of all the parties and makes it possible to cope with any problems that arise. This method was rolled out in 2017 across the projects of the

CFE group in Belgium and internationally. The Tivoli building project, a sustainable district in the Brussels Region, is a prime example of this approach.

BlueBeam, an original formula at MBG

Like BIM (Building Information Modelling), BlueBeam is a software program that allows team members to work digitally and in real time and facilitates the transmission of information. The big difference is that the information in the BIM model is transmitted in PDF format. This alternative to BIM was developed by MBG to reflect more closely the real situation in the field and make the

Realized ideas in 7 categories

Equipment, Tools, Processes & Techniques - 61 contributions



Equipment, Tools,
Processes & Techniques

Health, Safety, Environment & Human Resources - 23 contributions



Health &
Safety



Sustainable
development



People aspects

Business Administrations - 28 contributions



Management &
Quality systems



Finance &
Business
development



Marketing &
Dissemination

information accessible without having to use 3D software. BlueBeam was tested this year on MBG's Antwerp Management School project in Antwerp, which is still in progress. The system clearly proves its relevance on that project: all the partners involved (designers, suppliers, subcontractors, administrative staff, etc.) have easy access to the information, which is also very efficient to manage.

Innovative initiatives in all respects

Everyone can have a good idea. That is why DEME has set up innovation initiatives that are intended for its employees and really create value.

'DEMEx' emphasizes disruptive innovation by calling on young talents to identify bold commercial opportunities for DEME. 'Co-creating our future', an event that was organized at the beginning of 2017, brought together workers and management staff to reflect on the commercial trends of the future and to explore innovative ideas together.

In 2017, the 'DEMEE Innovation Diver' called upon all employees across the world to resolve thirteen challenges and to submit ideas for innovative solutions. Some 700 staff members joined forces on an online innovation platform. More than 300 new ideas - an impressive figure - were entered. Several of those were selected, successfully implemented, and accoladed with an 'Innovation Diver Award'.

Within the CFE group, innovation increasingly manifests itself in widely diverse areas, as is testified by the development of several applications in the areas of training and safety, such as, for example, the apps developed by MBG and CFE Polska to report and communicate an incident or dangerous situation quickly on a digital platform. Another novelty is the introduction in the Rail segment of an innovative safety and test system to prevent accidents when rail cranes are used.

More than 300 new ideas were entered, selected, successfully implemented, and accoladed with an 'Innovation Diver Award'.

Partnerships for innovation

DEME has always entered into partnerships with other companies and with universities, academic institutions and government organizations with a view to working together in the area of research and innovation. This sharing of knowledge and creativity has led to new ideas for sustainable solutions to meet different environmental and economic challenges of our planet.

The Flemish Institute for Agriculture and Fisheries Research (ILVO) and the University of Ghent launched the Edulis pilot project to examine the possibility of growing mussels on the wind farms off the Belgian coast. These institutions are conducting the project - called 'Noordzee Aquacultuur' (Aquaculture in the North Sea) - in partnership with a consortium of seven companies, including DEME. The first lines for mussel farming were installed on the C-Power wind farm in May 2017. Within two years, the experts should be able to deliver a final opinion on the ecological and economic feasibility of mussel growing on the wind farms.



The first lines for mussel farming were installed on the C-Power wind farm in May 2017.

Sharing good ideas

In 2017, CFE Contracting presented Best Practice Awards for the first time. This initiative stemmed from the desire to share good ideas with everybody. This first edition of the Best Practice Awards clearly showed that there is no lack of good ideas in the group.



Best Practice Awards, the desire to share good ideas with everybody.

There were 65 entries, which were assessed by a panel composed of Renaud Bentégeat (CFE), Piet Dejonghe (CFE), Frederik Lesire (BPI), Theo Van De Kerckhove (DEME), Bernard Heiderscheidt (SECO) and Emmanuel Tual (VINCI).

And the winners are...

In the category "Human Capital": Louis Stevens & Co for a training course in optical fibre welding

There are very few candidates on the labour market with training in optical fibre welding. Faced with this shortage, the company decided to train new employees "in the field". However, many were discouraged by the complexity of the task: nine out of ten workers gave up quickly. The solution was to come up with a two-week training course in

optical fibre welding. Louis Stevens & Co set to work, and this investment in time paid off immediately: half the workers decided to stay. This training course was an excellent idea, short and well targeted!

In the category "Office": MBG for the Bluebeam software

Based on a digital 3D model, BIM (Building Information Modelling) is a working method that facilitates the transmission of data of a building model between all the partners involved. MBG uses it, but has also tested a more user-friendly alternative, called BlueBeam, on the Antwerp Management School project. Like BIM, BlueBeam allows team members to work digitally and in real time and facilitates the transmission of information. The big difference is that the information is transmitted in PDF format and that it is very easily accessible for everyone, including on tablet. BlueBeam thus more closely reflects the real situation in the field, as not all partners are able to use 3D software. This system has helped to simplify the process and save a lot of time. A good idea that has won the interest of other entities.



In the category “On Site”: CFE Polska for a safety app

With the safety app Karolina Safety System, all the details of a dangerous situation, with photos if necessary, can be reported immediately on a digital platform. This is a major asset in the area of safety, as it allows preventive action to be taken and accidents to be avoided. The application, developed by CFE Polska, can also be used for safety audits, keeping safety statistics, and drawing up reports. The Karolina Safety System will soon be shared and used by the whole group: after the English version, which was ready at the end of 2017, French and Dutch-language versions are planned for 2018.

Finally, the “Grand Prix”: BPC for Lean Management

On the Tivoli project - involving the construction of an entire sustainable district in the Brussels Region - the team of BPC implemented the Lean Management principle, an approach that increases efficiency and avoids waste of resources of every kind by eliminating unnecessary movements and travel, overproduction of materials, time-consuming procedures, etc. This approach involves maximum collaboration between everyone involved in

the project (team leaders, subcontractors, etc), frequent meetings and precise but flexible planning, all imbued by a desire for continuous improvement. BPC embarked on the project with great skill, and its brilliant Lean Management approach incited teams from several other entities of the group, including Poland, to visit the Tivoli site.

Conclusion

Although four awards were presented, all 65 entries provided great inspiration, and were all shared on One Drive among the entities of the group!

Category ‘Grand Prix’: on the Tivoli project - involving the construction of an entire sustainable district in the Brussels Region - the team of BPC implemented the Lean Management principle.

There were more than 65 entries which were assessed.



Building a sustainable future

The CFE group has pursued a policy of sustainable development for many years now, with ever higher standards both in construction and in all its activities and related practices.



The entities in special techniques are increasingly active in passive buildings.

The skills acquired in sustainable building not only enable the group to meet current expectations in energy and environment-related matters, but also to anticipate future expectations by getting ahead of the regulations currently in force.

Natural materials and low-energy buildings for a sustainable future

This year, numerous building projects testify once again to this know-how. Examples include the new head office of AXA in Brussels, which won the BREEAM Excellent certification (BPC and VMA); the Renaissance project in Liège, developed by BPI, and the first low-energy project in the Liège area, and Erasmus Gardens in Brussels, which won the "Best Sustainable Real Estate Project" award in Belgium. BPI also initiated a sustainable accommodation project for students, the Woodskot, with its timber structure.

The entities active in special techniques are also particularly attentive to the sustainable aspect of HVAC installations (Procool and

Druart) with which they fit out buildings that are being constructed or renovated. The company be.Maintenance, which is increasingly active in passive buildings, effectively limits energy consumption by fine-tuning settings and alerting its customers to good practices and to the significance of technological advances to reduce energy consumption.

Certain activities of the group are also environmentally friendly by their very nature. This is the case, for example, with the activities to maintain and improve the railway network carried out by the Rail Infra & Utility Networks segment, and which contribute to a less polluting mobility policy, or activities of wastewater treatment and power generation by wind farms.

Protecting the environment day by day...

Environmental awareness is also put into practice on a daily basis in the office and on site in many different ways, such as by sorting and processing waste, reducing energy consumption, increasing digitalization to cut down on paper consumption, and rationalizing travel movements. In this respect, the opportunities of hubworking and homeworking are being investigated, and certain entities are already putting this into practice.



The new head office of AXA in Brussels, which won the BREEAM Excellent certification.

... today and tomorrow

Other initiatives worth mentioning are the development by CFE BBW of more energy-efficient site office containers, and the compilation by CFE Tunisia of a guidebook on good environmental practices and the on-site implementation of performance indicators in that area. BENELMAT has fitted out its buildings in Gembloux with highly efficient insulation and heating systems, ventilation systems with heat recovery, and lighting systems that received congratulations of the Walloon Regional Energy Consulting Agency.

DEME rewarded for its integrated environmental management

The reduction of greenhouse gas emissions is essential to control climate change. DEME contributes in its projects to a reduction of its own greenhouse gas emissions and to a diversification of energy sources.

To achieve that objective, all the necessary plans are drawn up by different departments (QHSE, technical department, DRIVE, etc) at both project and corporate level. The reduction of greenhouse gases is a constituent part of DEME's integrated environmental management system. This

won DEME once again a CO₂ Awareness Certificate Level 5 on the CO₂ Performance Ladder.

Reducing greenhouse gas emissions with a green fleet

Targets are set for DEME's direct and indirect greenhouse gas emissions from its own activities and from the supply chain. The new vessels that have joined the fleet are all designed as 'green' vessels fitted with the latest-generation dual fuel engines with very low gas emissions. They include the brand-new 'Minerva' (3,500 m³) and 'Scheldt River' (8,400 m³) which joined DEME's fleet in 2017; they are the first dredgers in the world to be fitted with dual fuel engines and capable of running entirely on LNG.

As a matter of fact, DEME continues to explore ideas, initiatives and sustainable technical solutions in the worldwide effort to control greenhouse gas emissions. Although currently no targets have been set for the reduction of worldwide emissions in the maritime industry, DEME is constantly looking for sustainable alternative energy sources in all its activities.



The brand-new 'Minerva' (3,500 m³) which joined DEME's fleet in 2017.

Various competences

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

Concessions

The most important concession, Green Offshore, concerns the wind farms in the North Sea. Construction works on the Rentel wind farm should be completed at the beginning of 2019 while the works on the Seastar and Mermaid offshore wind farms has not started yet. However, the green certifications have been obtained for these future projects.

Good prospects for Rent-A-Port

In 2017, Rent-A-Port was mainly active internationally, such as in Vietnam where the firm consolidated its position, and in the Middle East where it was able to hold its own despite a temporarily difficult political and economic context.

Rent-A-Port specializes in the study, development and management of greenfield port projects and industrial port zones. The company can ensure the overall management of everything to do with distribution of electricity and water, the collection and processing of waste, and wastewater treatment; it can also finance renewable energy and drinking water supply projects in collaboration with its subsidiary Rent-A-Port Green Energy, which specializes in renewable energy generation.

Both Rent-A-Port and its Green Energy subsidiary put their concern for environmental protection into practice in their working methods and by the very nature of their activities, as was testified in 2017 by various 'green' initiatives in the field of solar energy, wind energy and wastewater treatment.



Vietnam

Rent-A-Port worked closely together with the authorities of the Port of Azov in Russia for the joint management of the liquids jetty for diesel and LPG imports, where a capacity utilization rate of 80% was attained in 2017. This collaboration with the Port of Azov will also extend to the joint management (50/50) of the new port area that is planned on the Tien Phong peninsula, in the Province of Quan Ninh. As a matter of fact, Rent-A-Port has very good relations with the Vietnamese authorities in the context of consultancy services for the privatization of the state-owned port authority (Vinalines).

Thanks to the good local contacts and the fact that Rent-A-Port manages a power grid that serves more than 60 industrial customers, the subsidiary RAP Green Energy will be able to start up two new projects in 2018, one for solar energy and the other for wind energy.

Qatar

In Qatar, 2017 was a year troubled by the decision of some neighbouring countries to boycott all supplies to Qatar, particularly aggregates for concrete and asphalt from the Emirates. This boycott came at a time when Rent-A-Port, after considerable engineering efforts, won a five-year contract for the management of port, sorting and warehousing operations for 10 million tonnes per year. Because of the boycott, Qatar was forced to cancel the contract.

However, by way of compensation, the Qatari government awarded another contract to Rent-A-Port for the Khatmat Millaha project, involving the start-up of a new aggregate production site. This project was initiated in October 2017.

In the Netherlands, the exit from the Zuiderzeehaven project in 2016 should generate a substantial cash flow in the spring of 2018.

Holding and non-transferred activities

Oman

Under the terms of the concession agreement that was signed six years ago with the Antwerp Port Consortium (60% RAP and 40% PAI), the Sultanate of Oman is in charge of the completion of the port's construction, while the Antwerp Port Consortium is entrusted with the development of the industrial sites.

Unfortunately, the fall in oil prices since 2015 has had a significant impact on the Sultanate's national budget; consequently, the port infrastructure will only be finished in 2019, delaying the arrival of new customers.

Nevertheless, thanks to the dynamism of the local team in Duqm and Muscat, more than two-thirds of the operating costs have been covered by the first customers in 2017, and in view of the current situation and the commercial contracts in progress, the operation of the port is expected to start showing a profit in 2020.

A steady future

2018 looks favourable for Rent-A-Port and its subsidiary, with a solid order book in Vietnam, a steadily improving situation in Oman, and the probable confirmation of new projects in the renewable energy segment. In the Netherlands, the exit from the Zuiderzeehaven project in 2016 should generate a substantial cash flow in the spring of 2018. Rent-A-Port has also carried out studies in Gabon and Guinea that are likely to expand its activities on the African continent in the future.

Civil Engineering

Intense activity at the Brussels-South wastewater treatment plant

The biggest civil engineering project (not transferred to DIMCO) is the Brussels-South wastewater treatment plant (STEP). Activity on this project was intense throughout 2017 and is set to remain so in 2018. The



civil engineering and the electromechanical activities should lead to the completion of phase B, and a large part of the plant should become operational at the beginning of 2019. The stakes are high: the entire second phase of this huge wastewater treatment plant should be delivered by 31 December 2018. This challenge meant having the whole workforce work 24 hours a day, six days a week, on this project during last November and December in order to guarantee delivery by the end of 2018.

In Wallonia, the Kain dam project on the river Scheldt is progressing to the customer's satisfaction and is due for delivery in June 2018, as is the water pumping station in Jemeppe (Liège), which is now in the process of being awarded the certificate of completion.



Activity at the Brussels-South wastewater treatment plant was intense throughout 2017 and is set to remain so in 2018.

International Construction

Activity continues in several countries, more particularly in Africa

In Algeria, performance of the maintenance contract for the head office of BNP continued. This building remains a reference for this customer, which considers it to be the most attractive office building in Africa. In Chad, the company continued its efforts to secure payment of the outstanding receivables on the Grand Hotel contract in N'Djamena, which was officially opened in July 2017 under the banner of the Radisson group. Negotiations are in progress with the financial institutions to secure payment of all

or part of the amounts due, although by the end of February 2018, the date on which the financial statements for 2017 were drawn up, no payments had been made yet. Activity in Nigeria was buoyant, with the Eko Tower II building in Lagos having been delivered and currently occupied by Total.

In Romania, the hospital project in Bucharest progressed well in 2017, and the works will definitely be finished in April 2018. All amounts due to CFE in Romania were settled during 2017. In Hungary, we ended by mutual agreement the company Bayer-CFE which will continue its activities as Bayer.

Operational Chart

March 2018 – main entities





Dredging Environment,

2017, once again a good year

DEME had again a very good year in 2017. The offshore wind market and infra marine solutions were particularly strong performers with our subsidiaries GeoSea, Tideway and DEME Infra Marine Contractors (DIMCO), while the other activities (dredging, environment, oil & gas, resources) performed well, taking into account the challenging market conditions in these sectors in 2017. Thanks to our multi-disciplinary, innovative approach and a broad range of activities we were able to keep our results at a healthy level.

It has been an exceptionally busy year for DEME's infra marine solutions provider DIMCO, with three prestigious contracts awarded for major infrastructure projects in the Netherlands. With the RijnlandRoute,

New Lock Terneuzen and Blankenburg tunnel, we can optimally exploit the synergies in our activities within the DEME Group. Projects in the Benelux home market are important for the further development of our global operations. In the meantime DIMCO, together with its partners, are preparing the works for the massive Fehmarnbelt project including a tunnel of 18 km between Germany and Denmark.

GeoSea expanded its global footprint to Asia. In a unique joint venture partnership with COSCO – CDNE (COSCO DEME New Energies), the first offshore wind farm is being realised off China's east coast. We also entered into a Cooperation Agreement with CSBC Corporation to develop offshore wind projects in Taiwan. As a pioneering company in offshore renewable energy, this is an excellent opportunity for exporting the experience and knowledge we

have gained from projects in Belgium and Europe.

In the dredging market, activities are still dominated by the Tuas Terminal Phase 1 mega project in Singapore. A new contract was secured by DIAP (Dredging International Asia Pacific) for Ayer Merbau Reclamation Phase 2, which is another addition to the land surface area of Jurong Island on which one of the world's largest oil refining and petrochemical hubs is being built as part of Singapore's national development. In the Middle East, DEME will execute dredging works for the Old Port Redevelopment Project in Qatar. A high level of activity was maintained in Africa, Europe, India and Latin America. A major contract was secured in Latin America for the deepening and maintenance dredging of the Canal Martín García, located between Uruguay and Argentina. In Belgium, DEME was awarded the contract

Offshore and Infra

for Elia's Modular Offshore Grid in the North Sea, including the supply, installation and maintenance of the submarine power cables.

Against the background of a growing population and an increasing scarcity of resources, DEME's marine harvesting specialist Global Sea Mineral Resources (GSR) is developing breakthrough, deep sea mining technologies. The so-called tracked soil testing device 'Patania' was successfully tested at a water depth of 4,500 m in the Pacific Ocean. The 'Patania' serves as a testing vehicle that will lead to the development of a larger tracked nodule collector, expected to be ready in 2019. With this pioneering vehicle, the actual harvesting of the nodules can begin.

The fleet investment programme will continue this year, with the offshore installation vessel 'Apollo' and cable laying vessel 'Living Stone' joining the fleet. This ambitious fleet investment

programme means that DEME will operate the youngest, most modern and versatile fleet in the dredging, offshore renewables and oil & gas industry. DEME seized the opportunity when steel prices were favourable and shipyards had ample capacity, ensuring its investment in a new fleet was made at precisely the right time.

Outlook

Looking ahead, we are well positioned for a strong 2018. The year got off to a good start with important contract awards in several different sectors and areas. Major projects are starting such as the Hornsea Project One offshore wind farm in the UK, the New Lock Terneuzen and Blankenburg Tunnel in the Netherlands. The multitude of projects led to the launch of a big recruitment campaign

in 2018 in search of additional staff and crew in different fields of activity.

We are proud of last year's achievements. But DEME is not resting on its laurels. In 2018 we will remain focused, we will pioneer and innovate, and continue to look to the future to make sure we are fully ready for developments to come.

ALAIN BERNARD
DEME NV

Management team DEME

BERNARD PAQUOT
AREA DIRECTOR MIDDLE
EAST

PIERRE CATTEAU
AREA DIRECTOR
MEDITERRANEAN,
SOUTH AND MIDDLE
AMERICAS

WIM BIESEMANS
MANAGING DIRECTOR
DEME CONCESSIONS

HANS CASIER
HUMAN RESOURCES
MANAGER



STEVEN POPPE
AREA DIRECTOR AFRICA

ERIC TANCRÉ
AREA DIRECTOR
NORTH EUROPE

PHILIP HERMANS
AREA DIRECTOR ASIA,
OCEANIA AND NORTH
AMERICA
GENERAL MANAGER
DREDGING INTERNATIONAL

ELS VERBRAECKEN
CHIEF FINANCIAL OFFICER

TOM LENAERTS
CHIEF LEGAL OFFICER

DIRK POPPE

AREA DIRECTOR
EASTERN EUROPE AND
RUSSIA
MANAGING DIRECTOR
ECOTERRES HOLDING

HUGO BOUVY
GENERAL MANAGER
TIDEWAY

LUCAS BOLS
GENERAL MANAGER
TIDEWAY

BART VERBOOMEN

MANAGER
TECHNICAL DEPARTMENT
GENERAL MANAGER
BAGGERWERKEN DECLOEDT
& ZN.

LUC VANDENBULCKE
DEPUTY CHIEF OPERATING
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MANAGING DIRECTOR GEOSEA



ALAIN BERNARD
DIRECTOR
CHIEF EXECUTIVE OFFICER

CHRISTEL GOETSCHALCKX
SECRETARY TO THE
MANAGEMENT TEAM

PIERRE POTVIEGE
AREA DIRECTOR INDIAN
SUBCONTINENT

MARTIN OCKIER*
AREA DIRECTOR BENELUX

**THEO VAN DE
KERCKHOVE**
CHIEF OPERATING OFFICER

(*) It is with deep regret that we announce the death of our friend and colleague Martin Ockier, Area Director Benelux, who sadly passed away on March 5, 2018. Martin's career with DEME spanned more than 30 years. Given his vast experience and wisdom, Martin became a beacon, guide, mentor and coach for many of us within DEME, the management team, the Area Benelux and DIMCO. His entrepreneurship, leadership, technical and strategic mastery and social ingenuity will be truly missed.

Dredging,
Environment,
Offshore and Infra



Dredging



Dredging and land reclamation

Benelux

In Belgium DEME continued a number of long-term maintenance dredging contracts on main waterways and the North Sea. Early 2017 a new four-year contract has been awarded for the maintenance dredging and treatment of contaminated sediments on the canal Ghent-Terneuzen. DEME executed sand suppletion works in Bredene to restore the beach after a severe winter storm. In October DEME deployed the newest dual fuel hopper 'Minerva' for beach nourishment works in Nieuwpoort. DEME also executed dredging, trenching and backfilling works for the 309 MW Rentel offshore wind farm, located in the Belgian North Sea.

In the Netherlands de Vries & van de Wiel is working alongside DIMCO in a weir renovation on the rivers Nederrijn and Lek. Other projects included a maintenance dredging programme for rivers in the West of



In October DEME deployed the newest dual fuel hopper 'Minerva' for beach nourishment works in Nieuwpoort.

the Netherlands, the River Maas deepening and widening and the development of Kooyhaven at the port of Den Helder.

Northern Europe

In France SDI secured the contract for the maintenance dredging at the ports of Boulogne-sur-Mer and Calais, the Gironde and the access channel to the port of Gravelines. Early 2017 SDI completed the deepening works on the Seine in the Courval-Duclair section. As part of a joint venture, SDI is involved in the construction of the new heavy loads terminal in the port of Brest.

In Germany DEME's German subsidiary, Nordsee Nassbagger- und Tiefbau (Nordsee), has acquired the maintenance dredging contract on the River Elbe. Nordsee is also executing the two-year maintenance dredging contract on the River Weser. In October 2017 Nordsee successfully completed the dredging and land reclamation works for the expansion of the Europakai in Cuxhaven.

As part of the Dawlish Warren Beach Management Scheme, DEME's UK subsidiary NewWaves Solutions executed dredging and beach nourishment works in June and July 2017. Capital dredging works were carried out on the approach channel and inner harbor at Portsmouth. NewWaves Solutions was awarded a contract for the deepening of the access channel and basin



Fleet investment program

DEME's fleet investment program is focused on further increasing efficiency, both in terms of productivity and environmental performance. The dual fuel trailing suction hopper dredgers 'Minerva' and 'Scheldt River' joined the fleet, being the first dredgers in the world equipped with dual fuel engines and capable of operating in full LNG mode.

With the 15,000 m³ 'Bonny River', DEME is investing in a new generation of trailing suction hopper dredgers, which is trendsetting in terms of coastal protection and for dredging hard soils. In September 2017 the first steel cutting ceremony marked the start of the

construction of the 44,180 kW cutter suction dredger (CSD) 'Spartacus'.

The cable laying and multipurpose vessel 'Living Stone' and jack-up vessel 'Apollo' will join the fleet in 2018. Another giant DEME is investing in, the 'Orion', will largely serve the offshore wind market. The 216.5 m long offshore construction vessel features a crane with an unseen lifting capacity of 5,000 tonnes.

The 4,000-tonnes crane vessel 'Gulliver', due to be operated by Scaldis, is set to enter service in 2018.

at Able Seaton Port. A contract was secured for capital dredging works on the access channel to the port and the maintenance dredging contract for the ports of Harwich and Felixstowe.

Mediterranean

Following on from several successful projects for the Egyptian Navy in Alexandria, DEME was awarded a contract to dredge the access channel and new quay wall for the navy base. The project for the Combined Cycle Power Project in Burullus, Egypt was in full swing in 2017, including more than 600,000 m³ of dredging and backfilling, as well as pipe laying.

In Spain DEME carried out a contract for dredging works in the Port of Barcelona for the construction of a new quay wall. In Italy DEME was again busy in the port of Livorno, where works were completed at the end of the year. Additionally, in Italy, a maintenance

dredging project started in the Port of Naples.

In Turkey DEME was awarded a contract to dredge the foundation pits for the new Canakkale Bridge, the largest suspension bridge in the world. In Algeria DEME will dredge a trench and carry out the backfilling for the water intake of a new power plant, close to the port of Mostaganem.

Eastern Europe

DEME had its first project in Ukraine when it carried out maintenance works for the Port of Yuzhny. Completed in November 2017, the project involved dredging a volume of 500,000 m³.

Asia-Pacific

The contours of the future container terminal at the Tuas Terminal Phase 1 mega port project in Singapore are clearly taking



shape, with 143 of 222 caissons placed in December 2017 to form the future quay wall, and 33.7 million m³ of the platform reclaimed, out of a total of 70 million m³.

In August 2017, DIAP has been awarded a major Design and Build contract for 35 ha of land reclamation that will further extend Jurong Island. Works at the Jurong Island Westward Extension project in Singapore, where 38 million m³ is being reclaimed, are progressing according to schedule and are expected to be completed in 2018.

The Lower Ok Tedi project in Papua New Guinea celebrated its 20th year of operations in 2017. The contract includes the removal of potentially polluted sediments from the Lower Ok Tedi River system.

Middle East

In September 2017 Hamad Port in Qatar was officially inaugurated. The Middle East Dredging Company (MEDCO), DEME's subsidiary in Qatar, carried out dredging and

land reclamation works on the project for nearly three years. Building on a strong track record in the Middle East, and the successful early delivery of Hamad Port, MEDCO was awarded the contract for the Old Doha Port Redevelopment project in Qatar in August 2017.

The vast La Mer Jumeirah Open Beach project in Dubai was officially handed over in 2017. DEME reclaimed an area of 2.9 million m², mainly located along the Jumeirah beachfront.

Latin America

DEME again returned to the historic Panama Canal project in 2017. After the successful completion of the further widening and deepening of the Pacific Access Channel in 2016, DEME was also awarded a similar contract for the Atlantic Access Channel.

In Brazil Dragabras completed its first year carrying out a maintenance dredging project on the access channel and inner harbour



Works at the Jurong Island Westward Extension project in Singapore, where 38 million m³ is being reclaimed, are progressing according to schedule.

Dredging, Environment, Offshore and Infra

DEME further reinforced its footprint on the African continent with a first project in Sierra Leone.



In Spain DEME carried out a contract for dredging works in the Port of Barcelona for the construction of a new quay wall.

of the Port of Santos. Following the first project, the client renewed the maintenance contract for another year. In addition, DEME executed several projects for private clients in the Sepetiba Bay area. DEME was awarded a major, five-year contract in a joint venture for the deepening and maintenance of the Canal Martín García.

Africa

DEME further reinforced its footprint on the African continent with a first project in Sierra Leone. A consortium including DEME is working on the extension of the Freetown Terminal in Sierra Leone.

In Nigeria DEME continued the maintenance dredging works to ensure the channel to the LNG terminal in Bonny and the ports of Onne and Port Harcourt remains accessible. After the successful completion of phase 3 of land reclamation works at Eko Atlantic, DEME is set to execute phase 4 when works will resume on the site. In April the capital dredging works at the Lagos Deep Offshore Base (LADOL) were completed. Dredging and land reclamation works started on



Elegushi Island in the Lagos Lagoon and will continue in 2018.

As part of a long-term contract maintenance dredging works were carried out in the port of Conakry. Early 2017 dredging works were completed at the port of Kamsar as part of the expansion of the mineral wharf owned by the Compagnie des Bauxites de Guinée. In the same port a maintenance dredging campaign was carried out at the Kamsar Container Facilities for the Guinea Alumina Corporation.

In April 2017, DEME has been awarded a contract in Ghana for the Tema Port expansion project. Also in Ghana dredging works were executed for the water inlet of the Kpone Power Plant in Ghana.

A five-year maintenance dredging contract has been awarded by Angola LNG to a joint venture including DEME to maintain a safe navigation to the terminal in the Port of Soyo.

Early 2017, 'Orwell' carried out a maintenance dredging campaign on the Congo River to guarantee a 26 feet draught and a safe access to the ports of Boma and Matadi.



The Lower Ok Tedi project in Papua New Guinea celebrated its 20th year of operations in 2017.



In Benin DEME was awarded a contract for coastal protection works at the Cotonou shoreline. Works will include beach nourishment with a total volume of 1,5 million m³ as well as revetment works and groyne construction. The project started in September 2017 and will continue for the whole of 2018.

In 2017 DEME also returned to Liberia for maintenance dredging works in the Freeport of Monrovia.

Indian Subcontinent

A contract has been awarded for the dredging, reclamation and soil improvement works for the Seabird Phase II project in a joint venture. These works are part of a major expansion project located near Karwar, on the west coast of the country. End 2017, ISD also started with the maintenance dredging of the approach channel, turning circle and berth basin at the civil port in Karwar.

The annual pre-monsoon maintenance dredging works in the access channel and turning basin of Dhamra Port, on

the northeast coast of India, were completed by February.

Indian Ocean

In La Réunion works continued at pace for the 'Nouvelle Route du Littoral'. SDI executes the dredging, gravel bed installation and backfilling works of 48 gravity-based foundations for the 5,400 m viaduct. Three reclamation projects were executed at Embboodhoo Lagoon, Rah Falhu Huraa and Hulhumalé in the Maldives. In June 2017 DEME successfully completed the capital dredging works at Port Louis for the extension of the Mauritius Container Terminal.

In Nigeria DEME continued the maintenance dredging works.

Dredging,
Environment,
Offshore and
Infra

Dredging-Plus



Marine and offshore solutions



The company G-tec owns the unique offshore geotechnical investigation vessel 'Omalius'.

engineering services. The other shares are owned by SRIW (Société Régionale d'Investissement de Wallonie). The company owns the unique offshore geotechnical investigation vessel 'Omalius'. The company operates in the markets of offshore renewables, oil & gas, civil works and offshore mining.

In the UK GeoSea successfully completed the foundation installation at the Race Bank and Galloper offshore wind farms. At the end of 2017 GeoSea started the mobilisation for offshore construction at Hornsea Project One, where 174 monopile foundations will be installed.

GeoSea has been awarded a contract for the transportation and installation of 90 wind turbine generators for the 860 MW Triton Knoll Offshore Wind Farm. An agreement was also signed with the Moray East Offshore Wind Farm for ca. 100 wind turbine foundations and 3 offshore substation platform foundations, and the transport and installation of 3 offshore substation platforms.

In April 2017 installation works started at the Merkur offshore wind farm in Germany. GeoSea is executing a full Balance of Plant EPCI contract including an offshore substation.

GeoSea

In August 2017 GeoSea completed the acquisition of the Danish company A2SEA, a market leader in the transport and installation of offshore wind turbines. The activities of A2SEA are a strong and complementary fit to the activities of GeoSea. While GeoSea is mainly specialised in foundation works and EPCI contracts, A2SEA is a pioneer in installing turbines and their maintenance.

GeoSea also acquired the majority of the shares (72,5%) of G-tec, a Belgium based contractor specialised in offshore geotechnical and geological site investigations, marine geophysical and environmental surveys and deep-sea



In April 2017 installation works started at the Merkur offshore wind farm in Germany.

GeoSea will provide the design, manufacturing and installation of 71 turbine foundations for the 497 MW Hohe See offshore wind farm. GeoSea will also provide the design, fabrication and installation of foundations at the 112 MW Albatros offshore wind farm.

In July 2017 construction started at the 309 MW Rentel offshore wind farm in the Belgian North Sea. The last foundation was hammered in September 2017, followed by the installation of the offshore substation foundation.

Monopile installation kicked off at the 406,7 MW Horns Rev 3 wind farm in Denmark.

DEMЕ and COSCO Shipping are partnering in a joint venture to develop offshore wind energy in China. With the extensive know-how in developing, building and maintaining offshore wind farms, DEMЕ can support COSCO Shipping's offshore wind ambitions to become a significant player in this market segment. In December 2017 the first turbine has been installed at the Binhai H2 wind farm for CDNE, the joint venture between COSCO and GeoSea in China. The scope

of the project includes the installation of 60 turbines on the foundations at the 400 MW wind farm.

GeoSea entered into a Cooperation Agreement for the Taiwanese offshore wind market with CSBC Corporation, Taiwan's largest shipyard. Together, GeoSea and CSBC will now form a Taiwanese joint venture that will undertake the transportation and installation of the foundations and wind turbines required for these wind farms. Subject to regulatory approval procedures, the joint venture will be incorporated in Taipei by the middle of 2018, and will start bidding for the upcoming offshore renewables developments immediately thereafter.

In 2017 GeoSea Maintenance reinforced its market leading position in the maintenance of +5 MW wind turbines. Major component exchange campaigns were carried out for different customers.

In Ghana GeoSea Civils operated as a subcontractor at the Kpone Independent Power Plant project, providing engineering and advice for the jacking works. In the UK GeoSea has been appointed as a



A contract was secured for Elia's Modular Offshore Grid in the North Sea, including the supply, installation and maintenance of the submarine power cables.

subcontractor for the Hinkley Point shaft construction.

In 2017 EverSea secured a contract for the decommissioning of seven satellite platforms in the North Sea.

Tideway

Tideway has been awarded, in a joint venture, all pre-trenching and backfilling landfall works for the Saudi Aramco Hasbah Offshore gas facilities. A contract was secured in Bangladesh for the Moheshkali Floating LNG Terminal project, including the dredging and pre-trenching works for the access channel to enable the client's pipe lay barge to perform the shore pull operation of a pipeline. Another contract was secured in the gas market for pre-trenching and backfilling works at the Leviathan project offshore Israel.

In Egypt Tideway successfully completed the works at the Burullus power plant, including the installation of a double HDPE pipe and water intake structure between the gas-fired power station and the shore.

A contract was secured for Elia's Modular Offshore Grid in the North Sea, including the supply, installation and maintenance of the submarine power cables.

At the Rentel offshore wind farm Tideway installed all inter-array cables and the export cable.

Tideway was awarded all inter-array cable installation works for the Merkur offshore wind farm. Tideway has been awarded all cable installation, pre-trenching, backfilling and rock placement works for the world's largest offshore wind farm Hornsea One.

Rock placement for the cable protection at the Caithness-Moray power link project in Scotland started in 2017 and will continue in 2018.

DEME Blue Energy (DBE)

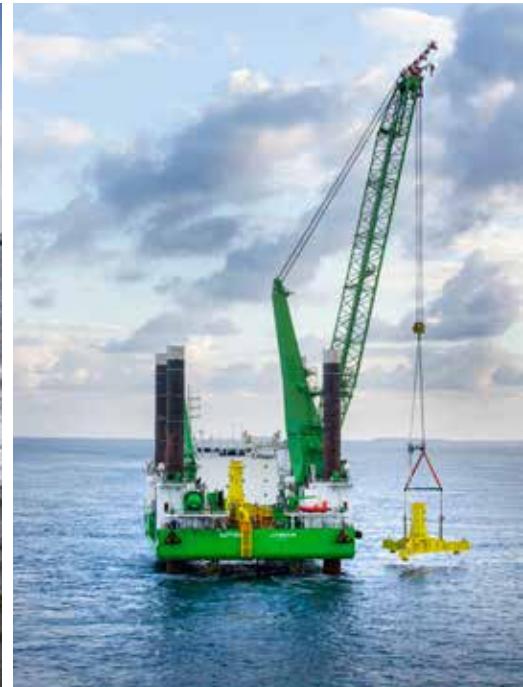
DBE plays a leading role in the development of blue energy, which mainly concerns tidal and wave energy projects. To further this ambition DEME Concessions acquired a minority interest in the Scottish development

Dredging-Plus

MeyGen, located at Pentland Firth in Scotland, is seen as the reference project for the global blue energy industry.



The 'CTOW Eli', which entered service in November 2017, joined the Bonny fleet.



company Tidal Power Scotland Limited (TPSL), which controls the MeyGen project, the world's first tidal stream turbine array power station connected to the electricity grid. MeyGen, located at Pentland Firth in Scotland, is seen as the reference project for the global blue energy industry. At the end of 2016, DEME's subsidiary GeoSea installed the four gravity-based foundations for Phase 1A, (each of 1.5 MW), and these are now successfully operational.

Late last year, the UK Government announced the cancellation of a separate support mechanism for wave and tidal energy projects. This has led to the postponement of the financial close for MeyGen Phase 1B, originally foreseen in 2017.

In addition to the participation in TPSL, DEME Blue Energy is involved in two other tidal energy developments – the West Islay Tidal Energy Park in Scotland and Fair Head in Northern Ireland.

CTOW

At Bonny Island LNG terminal, CTOW was awarded an extension of a contract to operate two newbuild 60-tonne bollard

pull ASD tugs which support Nigeria LNG Ltd (NLNG). Meanwhile in Onne, CTOW continued to provide harbour towage services to the port's container terminal.

After the award of a second contract by NLNG, the Bonny fleet was joined by a Stan Tender 1905 pilot launch - the 'CTOW Eli' - which entered service in November 2017. In 2018, two additional newbuild tugs will join the vessels in Bonny.

Scaldis

In the oil & gas market Scaldis installed the unmanned gas platform L13-F1 for NAM and carried out the decommissioning of the Horne & Wren platform and three Perenco gas platforms. In the offshore renewables segment Scaldis was contracted to transport and install the Rampion substation for EON. WPD contracted Scaldis to install the first bolted substation for the Nordergrunde offshore wind farm.

Infra marine solutions

DEME Infra Marine Contractors (DIMCO)

DIMCO secured the contract for the RijnlandRoute. The COMOL5 joint venture, including DIMCO, will be responsible for the reconstruction of the Leiden West motorway junction and the construction of the 4 km new road N434, including a 2.2 km bored tunnel.

The Flemish-Dutch Scheldt Commission awarded the Sasveaart joint venture, including DIMCO, the contract for constructing the New Lock Terneuzen. The joint venture will be responsible for the design, construction as well as the maintenance of the New Lock for a period of two years.

Rijkswaterstaat awarded the project A24 Blankenburgverbinding to BAAK Blankenburg-Verbinding, a consortium including DEME. The project consists of the design, build, financing and maintenance for a period of 20 years of the existing and new infrastructure, including an immersed tunnel.

DIMCO successfully concluded the works at the Offshore Terminal in Rotterdam and continued the upgrading works of the lock and weir complex on the river Lek.

An impressive project executed by DIMCO: construction of a rail tunnel and underground station for Spoor & Stad Delft.





It was a busy year for DBM with among others the major contract to supply gravel for the new IJmuiden Lock in Amsterdam.



The 'Patania' was successfully tested on land in to make sure it was ready for its first expedition offshore in May.

Fluvial and marine resources

DEME Building Materials (DBM)

It was a busy year for DBM as the European economy showed a definite improvement and the construction industry picked up further in the UK, France, Germany, Belgium and the Netherlands. The aggregates' facility reopened in Amsterdam and DBM added a third vessel to its fleet. A major contract was awarded to supply gravel for the new IJmuiden Lock in Amsterdam.

An increasing demand for marine aggregates is highlighted by the addition of 'Mellina' to the fleet, a standard hopper converted into a dry-discharging aggregate dredger, with a capacity of 5,000 tonnes. Since joining DBM's other gravel trailers, 'Charlemagne' and 'Victor Horta', the vessel has not stopped work and has a healthy order book.

Global Sea Mineral Resources (GSR)

GSR is well on the way to developing the world's first tracked nodule collector.

The so-called tracked soil-testing device 'Patania' was successfully tested on land in to make sure it was ready for its first expedition offshore in May. The 'Patania' was then shipped off for a 45-day expedition in the Central Pacific. At the same time, the nodule collector 'Patania 2' is under development.



Environmental solutions

DEMÉ Environmental Contractors (DEC) – de Vries & van de Wiel - Ecoterres

After a three-year project DEC, with a joint venture partner, cleaned up nine former Eandis gas sites in Flanders. A major project, which highlights DEMÉ's proactive way of tackling brownfield sites, is Blue Gate Antwerp. DEC is involved to remediate and redevelop a 63 ha site into a top location for eco-innovation.

DEC will also remediate the former Ford site in Genk, the former premises of UCB and Taminco in Ghent and a brownfield site from Bayer in the port of Ghent. At a nearby brownfield site in the port, DEC worked on the remediation of a former gas works site. Completed in 2017, the site will now be used to establish a new chemical cluster, 'Dockland'.

The first phase of the prestigious 'New Docks' project in Ghent has been successfully executed. The former docks were bought by project developers and DEC is working in partnership with them to remediate the ground to the highest environmental standards.

DEC has a 15-year contract for the AMORAS facilities in Antwerp. This is a major design, construction and operation contract for sediment treatment and storage in the port of Antwerp.

Remediation work continued on a former refinery site located at Valløy near Tønsberg in Norway.

In the UK Phase 3 of the remediation project of a 100 ha coking site near Chesterfield was completed in mid-2017.

DEC was awarded a contract to dredge an outlet and to treat the dredged material using a soil washing installation at the ILVA steel plant in Taranto, Italy.

De Vries & van de Wiel was involved in several major remediation projects in Amsterdam, Haarlem, Den Helder and their surrounding areas.

Ecoterres carried out depollution works at sites in Belgium and France. Ecoterres' soil and sediment recycling centres performed well. More than 250,000 tonnes of polluted soils and sediments have been treated in the facilities in Belgium and about 150,000 tonnes in France.

Purazur built a new water treatment installation for Indaver, including the design, construction and commissioning of the new facility. Purazur is also building a new water treatment installation for the chemical company Borealis.

After a three-year project DEC, with a joint venture partner, cleaned up nine former Eandis gas sites in Flanders.

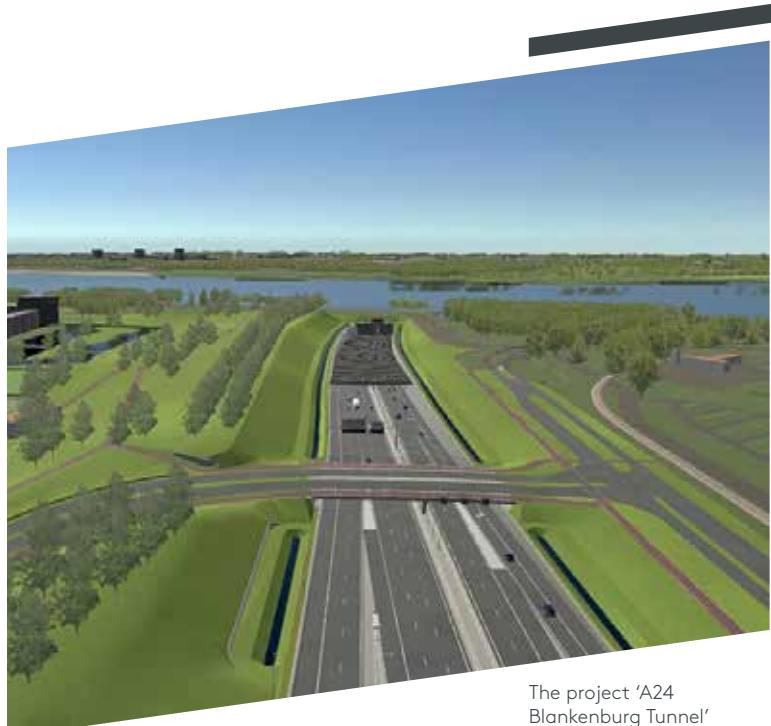


Remediation work continued on a former refinery site located at Valløy near Tønsberg in Norway.

Dredging,
Environment,
Offshore and
Infra

DEME Concessions





The project 'A24 Blankenburg Tunnel' comprises the design, build, finance, management and maintenance for a period of 20 years of the existing and new infrastructure.

DEM Concessions has a 12.5% share in the 396 MW Merkur offshore wind farm in Germany. Close to EUR 500 million in equity was provided by a consortium of five partners, including DEME Concessions. The Rentel project will be the fifth offshore wind project in the Belgian North Sea. The total investment is EUR 1.1 billion. Together with the other shareholders of Otary, DEME holds a participation in the concessions for the Seastar (246 MW) and Mermaid (266 MW) offshore wind farms in Belgium. The French energy regulator pre-selected DEME Concessions, amongst others, to potentially develop an offshore wind farm with a capacity of 750 MW off Dunkirk. The tender is expected to take place in the first half of 2018.

DEM Concessions acquired a minority interest in the Scottish development company Tidal Power Scotland Limited (TPSL). Together with Scottish Enterprise, TPSL controls the MeyGen project, the world's first tidal stream turbine array power station connected to the electricity grid. DEME and the MeyGen partners are hoping to get financial close for Phase 1B in 2018. Besides the participation in TPSL, DEME is involved in DEME Blue Energy (70% DEME Concessions - 30% ParticipatieMaatschappij Vlaanderen) and in cooperation with Nuhma, it is also a partner (50% - 50%) in BluePower, another tidal energy development company. DEME takes part in two other tidal energy developments - the West Islay Tidal Energy Park in Scotland (30 MW) and Fair Head in Northern Ireland (100 MW).

Rijkswaterstaat has awarded the EUR 1 billion, Public-Private Partnership (PPP) project 'A24 Blankenburg Tunnel' to the BAAK Consortium, which includes DEME. The project comprises the design, build, finance, management and maintenance for a period of 20 years of the existing and new infrastructure.

Contracting

2017, an important stage on our Ambition 2020 journey

Our figures saw substantial progress in 2017, thanks to the outstanding work done by all the teams of the division and the progress made in the implementation of the actions set out in our strategic plan. We also benefited from fairly favourable market conditions, with a satisfactory volume of business on our traditional markets in Belgium, Luxembourg and Poland, the latter of which even saw an amazing level of growth. In Tunisia, however, we faced difficulties presented by the country's economic situation, which had a significant impact on our results.

People are at the heart of our operational excellence, innovation and partnerships

Emphasis this year was on operational excellence, with careful risk management, more thoroughgoing upstream studies and methods, and roll-out of the Lean approach on a large number of projects.

Operational excellence will remain a key factor in the professionalization of our activities in the years to come, but will also be accompanied by greater innovation efforts. Emphasis will be on digitalization, which will ultimately revolutionize the way in which all the parties involved in a project work together and the way the project is managed for

the benefit of the end customer. Sustainable development will quickly become a major issue and at the same time a catalyst for innovation in all our lines of business, with profound changes across the whole chain of design, logistics and production. We will also investigate new forms of collaboration and partnerships so that we are better equipped to meet the challenges of a world in perpetual change.

Our prime focus of attention, however, will always be on the good management of our main capital asset, our men and women who by their competence, daily involvement and team spirit offer innovative solutions to our customers in keeping with our commitments.



A year marked by business combinations

The integration of all our electrotechnical activities in the new VMA cluster has already proved its worth in 2017. It will be followed by the gradual integration of the HVAC activities in that same cluster, which will constitute a solid entity capable of offering our customers a full and integrated range of multitechnics services.

The past year was also marked by the acquisition of the company Coghe, whose human and technical skills have come to strengthen our Rail activity, which is also in the process of being integrated in a cluster called MOBIX, a partner of choice capable of offering all-in solutions in the transport, utilities and telecom segments.

The combination with the Van Laere group will enable us to further consolidate our presence on the Belgian construction market. Although the Van Laere group experienced a difficult past year, it holds a real wealth of talent and best practices, and 2018 looks to be a year of stabilization and creation of valuable synergies that are perfectly in keeping with our Ambition 2020 programme and will benefit all our subsidiaries.

Positive business outlook

2018 looks to be a positive year with a growing order book for most of the division's activities. The investment climate in the public and private sectors is expected to remain stable in our traditional markets in the coming years.

In general, our lines of business are evolving more and more quickly, and the new technologies will play a decisive role in the near future. However, in view of the difficulties we are encountering in workforce recruitment and in attracting young people to our activities, it is essential that all parties search for new ways to make the industry more attractive, and this should unquestionably be one of our priorities in the coming years.

RAYMUND TROST
CFE CONTRACTING SA

Contracting



MANU COPPENS
MANAGING DIRECTOR
GROUP VAN LAERE SA

FRÉDÉRIC CLAES
MANAGING DIRECTOR
CFE BÂTIMENT BRABANT WALLONIE SA

RAYMUND TROST
CEO CFE CONTRACTING SA



FABIEN DE JONGE
CHIEF FINANCIAL OFFICER
OF THE CFE GROUP

YVES WEYTS
MANAGING DIRECTOR CFE
BOUW VLAANDEREN SA AND
GENERAL MANAGER OF THE
MULTITECHNICS SEGMENT AND
RAIL INFRA & UTILITY NETWORKS

Executive Committee

Van Laere has joined CFE

The Van Laere group has been part of Ackermans & van Haaren since the late 1980s. It joined the ranks of CFE in December 2017. This is excellent news, as this combination strengthens the position of CFE on the Belgian construction market and already proves fruitful in terms of new complementarities and opportunities for all the entities of the Contracting division.

The Van Laere group: three successful companies

Based in Zwijndrecht, the Van Laere group enjoys an excellent reputation on the Belgian construction market. Its history began in 1938, and over the years its activities have developed and became divided over three companies:

- *Algemene Aannemingen Van Laere NV* which constructs buildings worth upwards of seven million euros, as well as civil engineering projects in the public and private sectors; the firm operates primarily in Flanders and in Brussels, and sometimes also in the north of France and in the Netherlands.
- *Groupe Thiran SA* which puts up buildings worth approximately between two and fifteen million euros, mainly in the public

sector and in the Walloon and Brussels regions of Belgium.

- *Arthur Vandendorpe NV*, which specializes in the restoration of buildings and is active in East and West Flanders, as well as in Antwerp and Brussels.

Importance of the human aspect

Like CFE, Van Laere attaches the utmost importance to the human aspect. The small company of the nineteen thirties that has developed into a business employing 450 people at its three entities has always managed to preserve the family spirit, as is testified by the importance that it attaches to training and its determination to foster cohesion and collaboration between all employees.





The Herman Teirlinck passive office building, designed for the Flemish Government in Brussels and delivered in the summer of 2017.

A fine diversity of projects

The Van Laere group builds residential properties as well as offices, schools, cinemas, and civil engineering projects such as the new lock under construction in Terneuzen.

One of the latest projects was the Herman Teirlinck passive office building, designed for the Flemish Government in Brussels and delivered in the summer of 2017. The building, situated on the Tour & Taxis site, comprises offices, reception rooms, auditoriums, information and exhibition areas, a lounge, a restaurant, and a two-storey underground car park. Designed by the architect Neutelings Riedijk, the Herman Teirlinck project begins next to the Brussels Canal in the shape of a low horizontal building and ends on a 60 metre-high tower block.

Another iconic project: the underground car parks of the "Gedempte Zuiderdokken" in Antwerp.

Until the 1960s, the Kooldok, Steendok and Schippersdok (which together make up the Zuiderdokken, or South Docks) were used as docking places by the boatmen. In 1969, those docks were filled in, and since then the area between the Flemish and Walloon Quays (Vlaamse en Waalse Kaai) has been used as car park and fairground. This area will now be transformed into a large urban park, where Van Laere will build two large four-storey underground car parks for Q-Park (car park operator for the City of Antwerp), with parking space for a total of 2,000 vehicles. The first excavation works have revealed the old quay walls, which will be preserved and remain visible in the final project.



The group Van Laere builds also civil engineering projects such as the A11 motorway between Bruges and Westkapelle.

Contracting

The kindergarten of
the Lycée Français du
Luxembourg, which was
finished in record time.

Construction



CFE Contracting was in good health in 2017, with buoyant activity in Belgium and internationally (Poland and Luxembourg) and a net growing order book. Additionally, the division, reporting a volume of business in 2017 in excess of € 700 million, acquired the Van Laere group at the year-end.

New low-energy headquarters for BENELMAT

BENELMAT moved into its new premises in Gembloux in 2017, allowing it to optimize the streamlining of its hardware resources. This puts the company in the best position to carry out its mission of providing technical assistance to the operational teams in the choice, study and supply of the equipment needed on the construction projects. What is more, BENELMAT initiated a series of works at its new establishment aimed at optimizing its energy management. Those amenities won so much admiration from the energy consultants of the Walloon Regional Agency that they wanted to organize a seminar at BENELMAT for heating experts. A fine endorsement!



Work on the AZ Sint-Maarten hospital in Mechelen progressed well, with the provisional acceptance of the structural work for the first lot.

Buildings, industrial constructions and renovation

Belgium

Flanders

A highly satisfactory 2017 for MBG and several fine projects in the pipeline

The integration of Atro Bouw and MBG was finalized in May 2017 under the name MBG. The new entity reported a very good year. The fifteen schools of the 'Schools of Tomorrow' programme were delivered and are now under maintenance for a 30-year period. As from March 2018, MBG will start up a new 'Schools of Tomorrow' project worth more than € 5 million in Gierle, involving the construction of a new wing of the municipal school as well as refurbishment and conversion works.

Work on the AZ Sint-Maarten hospital in Mechelen progressed well, with the provisional acceptance of the structural work

for the first lot. In Brussels, the prestigious Gare Maritime project on the Tour & Taxis site for Extensa is in progress, along with the design of the interior. MBG has also been entrusted by the City of Brussels with the Design & Build of a Dutch-speaking school and crèche in Laken.

MBG highly appreciated for the quality of its work

In Bruges, MBG, which presented a project for the development of the new Trade Fair and Congress Venue together with the architects Eduardo Souto de Moura de Porto and the Belgian META, was selected as sole 'preferred bidder'. It was awarded this title in December 2017, and the final decision is expected in the spring of 2018.

MBG distinguished itself in many other ways during the past year. The company won the CFE Best Practice Award in the category 'Office' for the BlueBeam software that is used as a user-friendly digital alternative to BIM. It was also presented with the Safety Award by its customer Exxon Mobile for its outstanding site safety performance, and the Fritz Höher 2017 prize for the splendid masonry work on residential tower blocks 5 and 6 on the Kattendijkdok in Antwerp.

Contracting

Inaugurated in December 2017, the new Chirec Delta hospital in Brussels regroups, on a ultra modern site, the former hospitals of Edith Cavell and Parc Léopold.



Twice, an exceptional residential project in Boitsfort.

Brussels and Wallonia

The CFE group leads the Brussels construction market

In Brussels and in Brabant, the group's construction activities are presently divided between two entities: BPC, which emerged from the amalgamation of CFE Brabant and BPC Brabant, and is now market leader on the Brussels construction market with projects equally divided between the public and private sectors, and Amart, which since 2017 encompasses the entities Amart and Leloup Entreprise Générale, and is primarily active on the medium-sized markets. BPC Hainaut, BPC Liège and BPC Namur ensure all the building projects of CFE in the southern part of Belgium.

Numerous large projects delivered or in progress for BPC

In 2017, BPC delivered the head office of Axa Belgium and two office buildings converted into apartments for Atenor, next to the Palais de Justice, and in December the large CHIREC Delta hospital (more than 100,000 m²). The firm also continued work on many other projects, such as the sustainable Tivoli district in Laken, consisting of twelve buildings with residential units, crèches and retail outlets, as well

as roadways and greenery: a large-scale project perfectly managed according to the Lean Management approach. Other projects in progress include the construction of an underground depot for the Brussels public transport company STIB at Erasme, the extension of the Bordet hospital in Anderlecht, the Agora project in Louvain-la-Neuve, and the second phase of the Papeteries de Genval (Genval Paper Mill) site. BPC also launched a dozen new projects, such as the new city Hall of Etterbeek (15,000 m² divided over six floors) and an office complex in Louvain-la-Neuve for the China Belgium Technology Centre. This year, its construction activities encompassed a total of twenty-five projects, ten of which are worth more than € 50 million. In view of its order book, BPC expects its volume of business to increase in 2018, with a concomitant growth in its workforce.

A year marked by very high order intake for Amart

Amart finished several projects during the year: Bluestone Invest, Evere Housing, Château Ste Anne sports club, and in particular Twice, an exceptional residential project in Boitsfort for the property developer Eaglestone. Several major projects are still in progress, such as a building with student rooms for BPI, noteworthy for its sustainable design in cross-laminated



timber. For Amart, 2017 was marked by a very high order intake, including a contract for the construction of a research and innovation centre for Deltatech in Evere and several projects for Redevco, Atenor, BPI and AG Real Estate (renovation of the commercial centre City 2), Anima Care, among others. All of this is expected to boost business significantly in 2018.

A wide diversity of projects across Wallonia

Activity in Wallonia saw a temporary downturn due, among other things, to the postponement to 2018 of projects in the public sector, which represent two-thirds of the business of BPC Wallonie. Nevertheless, several fine projects were delivered or continued this year in various segments. In industrial construction, BPC Hainaut renovated the 20,000 m² car park of Charleroi Airport and built a 200 metre-long access ramp over the roads without inconveniencing passenger traffic: the project was efficiently completed in four months under difficult conditions, on an occupied site and during the holiday departure period! The year was also marked by other major construction or renovation projects: the head office of CBC in Namur, the Médiasambre building, the head office of RTBF in Charleroi, the steel structure of

the bridge at Mons railway station (architect Calatrava), and in the healthcare sector the large CHC Montlégia hospital in Liège, of which the structural work is finished. In partnership with Moury, BPC Liège is also building the future aquatic centre of the city of Eupen on the site of the old Wetslarbad swimming pool and the new swimming pool for the city of Liège at Jonfosse.

BPC Hainaut renovated the 20,000 m² car park of Charleroi Airport and built a 200 metre-long access ramp over the roads without inconveniencing passenger traffic.

International

Luxembourg

CLE maintains a high level of activity

In Luxembourg, the year was marked by the delivery of several major building projects, such as the prestigious Kons project in Luxembourg City, which accommodates the head office of ING Luxembourg, for the investor Axa; the Aloyse Kayser school, a remarkable project that was completed in just one year for the City of Luxembourg; the kindergarten of the Lycée Français, which was also finished in record time, and a residence with 63 apartments for the property developer CLP. Other projects are in progress, more particularly with BPI.

In civil engineering, CLE started up two new projects: railway crossings in Schifflange and a bridge in Dudelange. The rollout of

CFE Polska ensures the Design & Build of the 'Platan' shopping centre in Zabrze.



The theme park 'Holiday Park Kownaty' (Majaland) will open soon.

the Lean approach in the construction of buildings clearly has a highly positive impact, and the company, which this year maintained the high level of business achieved in 2016, plans to diversify its activities in 2018 by stepping up synergies with the other entities of CFE Contracting.

Poland

Solid growth and new important customers for CFE Polska

In Poland, CFE Polska reported a further increase in revenue and margins. The company enjoys the confidence of a growing number of big international names. The international property developer NEPI Rockcastle chose CFE Polska for the Design & Build of the 'Platan' shopping centre in Zabrze, in the south of the country. Work started this year. Similarly, VASTINT, the real estate division of the IKEA group, chose CFE for the construction of a prestigious residential complex in the centre of Gdansk; GOODMAN for a large logistics centre that was built this year in just eight months;

MATEXI for the residential project 'Kolska od Nowa' in Warsaw, of which the third phase has been delivered, as well as Arcelor Mittal and Coca Cola for various projects.

But CFE Polska also works together very closely with BPI, as is evidenced by the residential complex 'Bulwary Ksiazce' in the centre of Wroclaw, of which the first phase will be delivered, and the 'Four Oceans' project in Gdansk, which is now finished. The 'Marina Royale' project in Darlowo, delivered this year, was built for the Belgian property developer POC Partners. Several other projects were delivered or are in progress, such as 'Holiday Park Kownaty' (Majaland). And the future looks favorable, with the size of the order book and the proven loyalty of its customers opening up very good perspectives for CFE Polska.



Laminated Timber Solutions reported solid growth in the segment of glued and cross-laminated timber solutions.

Tunisia

New major projects in the public and private sectors

For CTE, which has seen a solid growth in contracts for deep foundations, 2017 was marked by the acquisition and start-up of two major projects: for the Ministry of Infrastructure, the construction of a motorway junction on the intersection of the X20 bypass and the X3 axis northwest of Tunis - a project comprising two tunnels and three viaducts; and civil engineering works on four power transformers for Siemens in Sousse, Chotrana, Radès and Ben Arous. CTE also worked on the construction of a hospital in Bizerte, an office building for the real estate company Miniar, and the industrial platform of Sahline (roadworks and networks). Bearing in mind the difficult economic situation in Tunisia, caution is recommended when deciding to take in new orders.

Industrial construction and laminated timber solutions

Timber is popular in the construction business

Groep Terryn changed its name at the beginning of 2018 in Laminated Timber Solutions. The company reported solid growth in the segment of glued and cross-laminated timber solutions. The new management team actively concentrated on the development of its portfolio, particularly in the segment of schools, offices, sports complexes and industrial buildings. The firm contributed to various projects involving the use of timber, such as the Trilogiport in Liège, the STIB depot in Haren, several swimming pools and sports centres, several schools in Brussels, as well as the passive residential building Perle, built by Amart, and industrial constructions in Watelle and Santele. In a construction market that is increasingly resorting to timber, Groep Terryn is seeing a substantial growth in its order book across all its activities, offering a positive outlook for 2018.



Multitechnics



Electrotechnics

2017 saw the formation of a VMA 'Electrotechnics Cluster' comprising VMA, VMA West, VMA Vanderhoydoncks and Nizet as well as several international entities

The cluster generated a substantial part of its revenue in the sector of health care and office facilities

The Electrotechnics Buildings segment of VMA and VMA West handled the installations for AZ Delta in Roeselare, ZNA-Cadix in Antwerp and numerous retirement and nursing homes. Business was particularly thriving in the office facilities sector with, among others, installations for the passive building Herman Teirlinck on the Tour & Taxis site, the Passport project at Zaventem Airport, the new head office of AXA, and the Van Eyck building in Ghent for Belfius. VMA Vanderhoydoncks worked on projects such as Corda Campus in Hasselt and EnergyVille 2 for IMEC in Genk, as well as for Nike in Laakdal, Punch Powertrain in Sint-Truiden, and Colruyt.

The 'Automotive' segment of the VMA cluster carried out major automation works in the automotive industry, such as for Audi in Brussels on the assembly lines of the new electric Audi model, and for Volvo in Ghent. The company also took its first steps on the US automotive market for Kuka and Volvo in Charleston.

At VMA Nizet, the Tertiary department carried out electrical

works for the retirement and nursing home 'La Plaine' in Liège, as well as for the hospitals Erasme, St Jean, Iris Sud and St Michel in the Brussels Region, CHC in Dinant, St Elisabeth in Namur, and Jolimont in La Louvière. Other major works were completed or continued at the Gare du Nord railway station in Brussels, the International Duty Free offices of Brussels Airport, the new Marconi depot of STIB, and the Konrad Adenauer parliament building in Luxembourg. In 2018, the Infra segment of VMA Nizet will embark on a project of three pumping stations in the province of Ha Nam in Vietnam.

As a whole, 2017 was a good year for the VMA cluster with a favourable outlook for 2018.

HVAC

More and more productive synergies within the HVAC cluster and, more generally, within the Contracting division

Wide diversity of projects across Belgium for Druart and Procool

For Druart, the beginning of the year was marked by the completion of projects at the logistics centre of Lidl in Marche-en-Famenne and the 'Rive Gauche' Shopping Centre in Charleroi, where the firm also fitted out the Novotel hotel. In 2017, Druart also carried out work on the urban complex 'Regatta' and the KBC bank in Antwerp, as well as installations at the Ibis hotel in Wavre and the Vandervalk hotel in Liège (together with Procool), and several buildings in Brussels, such as the 'Square de Meeus' office building

(Van Laere) and the 'Van Oost' school (BPC). A major assignment for Brussels Mobility was landed by Druart, Procool and be.Maintenance in joint venture, involving the supply, installation and commissioning of pressure boosting and cooling units in the utility areas of 80 metro and pre-metro stations.

Although the first six months were often difficult for Druart, the situation improved as the year went on, and 2018 clearly looks promising in light of the well-filled order book. Its subsidiary Procool reported a fresh boost in revenue after a year marked by the projects of Brussels Mobility and the Vandervalk hotel, as well as the installation of cold storage rooms at the new CHIREC hospital in Brussels, the installations for the Agora complex in Louvain-la-Neuve for Imtech, besides other projects such as for GSK and Gaume Logistics.

be.Maintenance continued its growth

be.Maintenance, which specializes in the maintenance and management of technical installations, further consolidated its position as a major player on this market. The synergies established with the other entities of CFE Contracting strengthened its position in several projects. be.Maintenance saw its activities develop in the sector of health care and retirement homes, in the public sector in Brussels and Flanders (CPAS (Welfare Office) and various municipal services, Schools of Tomorrow, etc), and also in the Charleroi area (Police Station, CPAS, Intermunicipal Public Health Agency, etc), along with other interesting assignments such as for the Aspria sports clubs and the Upsite complex in Brussels.

Contracting

Rail Infra & Utility Networks



The Rail Infra & Utility Networks cluster has been renamed MOBIX. Along with ENGEMA, Louis Stevens & Co, ENGETEC and Remacom, MOBIX also includes the company José Coghe - Werbrouck, which CFE Contracting acquired in December 2017.

MOBIX thus sees its revenue increase to over € 70 million in 2018 and now positions itself as a global multidisciplinary contractor for rail-track laying and the installation of signalling and overhead contact lines. Operating throughout Belgium from six business locations, the group also provides services to public utility companies, such as the installation of fibre optic networks, high-voltage power lines, and the maintenance of street lighting, as well as the installation of security systems for fire detection and video surveillance systems.

José Coghe-Werbrouck, another asset for the future of MOBIX

José Coghe-Werbrouck, a firm specializing in railway works, is based in Hooglede and has a plant in Péruwelz. Its highly qualified workforce and extensive machinery constitute a perfect reinforcement. The firm has ten rail-road cranes, special equipment to stabilize the ballast and prepare the rail tracks for railway traffic, and a state-of-the-art machine to replace railway switches.

Reinforcement of the Caténaires segment

In the area of signalling, ENGEMA and Louis Stevens & Co worked on several projects and began preparation work for the ETCS Level 2 project on the Belgian railway network. The segment specializing in overhead contact lines

reported a good well-filled year with several projects for Infrabel and Tuc Rail, and focused on strengthening the 'Rail Caténaires' activities by hiring new employees. The company started or continued several projects involving the installation of cables or overhead contact lines, and electrification works for Infrabel throughout the country, in particular in the Ghent, Brussels and Namur zones.

In the Montage segment, ENGEMA finished the STEVIN project in the Zeebrugge zone and worked on the Mechelen-Schelle, Jodoigne-Tienen and Breughel-Courcelles railway lines, as well as on the Moow tunnel for Fluxys in Antwerp.

Remacom, which specializes in the laying and maintenance of railway tracks, also worked on the renovation of railway tracks, rails and switching points in Brussels, Ghent, Antwerp and West Flanders. Of those projects, the renovation of line L161 in the Schuman tunnel will be accompanied by heavy restoration works necessitated by nearby ground subsidence.

Growth in signalling activities

In the area of signalling - a growing activity - Louis Stevens & Co deployed its teams on Infrabel projects in Schaerbeek, Huy and in the Denderleeuw and Dendermonde zones. The firm also handled the wiring of cell phone masts for Infrabel and worked on low and high-voltage cables and connections at Brussels Airport and on onshore wind farms.

The Telecom & Security activities were essentially focused on the installation of surveillance cameras and security systems for the Belgian railway company SNCB as part of the anti-terrorism action programme, in partnership with Siemens.



ENGETEC finished the splendid lighting of the Belfry of Mons, which appears on the UNESCO World Heritage List.

The lighting of our built heritage is also part of our stock in trade

ENGETEC, which emerged from the amalgamation of ETEC and ENGEMA Lignes, carried out various low and medium-voltage aboveground and underground works and public lighting contracts for Ores and Resa, while at the same time starting up a railway signalling business unit. Further projects include the very splendid lighting of the Belfry of Mons, which appears on the UNESCO World Heritage List, the installation of high-voltage cabins for 'Les carrières de la pierre bleue belge' in Soignies, and the electrical installations of various buildings in Walloon Brabant.

Real Estate Development

In 2017, a new organization was set up within BPI that is better adapted to the development of our activity. The aim is to improve the coordination of all the projects and ensure a perfect view of their development in keeping with the rapid changes in market demand. In Belgium, this organization was put into practice with the appointment of two Heads of Development for the Brussels-Flanders and Brussels-Wallonia axes. It is also reflected in the successful reconfiguration of our offices into co-working spaces that optimize communication and collaboration.

A new market dynamic

2017 also saw the culmination of the process of redefining our mission and values through a rebranding that was formalized at the end of the year. Our mission, 'Shaping Urban Harmony

through Inspiring Real Estate Developments', drives us in everything we do. It was therefore a logical step to modernize and reinforce our corporate image and to make our projects more visible on the market.

By the same token, our website was redesigned to become more customer-focused, with a search engine that makes it easier to match supply and demand. Within two years we want to have our projects fully digitalized:

- Marketing of our projects (website, social networks, Google referencing) and customer follow-up, thanks to an online customer portal that allows our customers to follow the progress of their apartment, have access to their documents such as plans, notarial deeds, etc;
- Design of our projects: we have also set up an internal committee to reflect on the implementation of new

technologies connected with our activity, connectivity, mobility, flexibility, or more generally the adaptability of our projects to rapid market change.

Connected to the future development of real estate

We keep close track of developments on the real estate market, which are characterized, among other things, by a demand for more modular multi-purpose building solutions and by concepts such as co-working, co-living, etc. Not only our new projects currently going through the planning process take this into account; we are also well ahead in that respect in projects that are already completed or under construction. A case in point is the 'Grand-Poste' site in Liège, which we are transforming into a multi-purpose building that satisfies



the new expectations of the younger generations in the area of economic activity and professional life.

We enjoy the confidence of investors

This year, BPI achieved its financial independence from the group and secured its own financial means by issuing a bond and setting up corporate credit lines. The very good terms on which we were able to accomplish that financial independence show that the investors appreciate the solidity of our position on the real estate market and that they recognize the quality of our projects. Our new identity will only strengthen that confidence of the financial markets and so foster our future development.

Favourable outlook on all our markets

The 2017 result is exceptional, thanks to the considerable advantage we were able to take of the opportunities that presented themselves.

In Poland, BPI Polska was and remains essentially present on the residential market. Sales of projects in progress are remarkably successful; two major new projects were acquired, and several others are in the course of being acquired in 2018. In Luxembourg, BPI Luxembourg sold, delivered, developed or acquired several major projects – such as the iconic ‘Entrée de ville’ in Luxembourg, which was won in a competition – and shows good prospects of future residential and office projects. On the Belgian market, our projects are also evolving positively in terms of sales, progress of work, and planning permissions.

In conclusion, even though we must always keep an eye on the economic or political factors that are likely to have an impact on our business, the outlook is clearly favourable in the present context.

JACQUES LEFÈVRE
BPI REAL ESTATE SA



FREDERIK LESIRE
HEAD OF DEVELOPMENT
BRUSSELS-FLANDERS-POLAND

FABIEN DE JONGE
CHIEF FINANCIAL OFFICER OF
THE CFE GROUP

JACQUES LEFÈVRE
MANAGING DIRECTOR



Artist impression of the Grand-Poste project in Liège, which will become a multi-purpose building that satisfies the new expectations of the younger generations in the area of economic activity and professional life.

MARIUSZ RODAK
HEAD OF BPI POLSKA

CATHERINE VINCENT
HEAD OF LEGAL

ARNAUD REGOUT
HEAD OF BPI LUXEMBOURG

PHILIPPE SALLÉ
HEAD OF DEVELOPMENT
BRUSSELS-WALLONIA

Steering Committee

Real Estate Development

In Anderlecht, sales and construction of the iconic 'Erasmus Gardens' project continued, and the first phase will be delivered during the first quarter of 2018.

In view of the vigorous development of its mission over the past few years, BPI, which encompasses the group's real estate activities in Belgium, Luxembourg and Poland, has reshaped its organization and renewed its corporate identity in order to take on more effectively the challenges of a market that has become increasingly competitive. This new corporate identity is reflected in a new logo, a new website and a graphic charter that is the same for the three countries, as well as a new company name, BPI Real Estate. The company also ensured its financial autonomy by setting up corporate credit lines and the successful issue of a €30 million bond.



Belgium

In the Brussels area, BPI Belgium successfully continued the redevelopment of the former Solvay site in Ixelles with the sale and delivery of the last apartments in the 'Ernest The Garden' project.

BPI has set up an organization closer to its Belgian markets by the appointment of two Heads of Development for the Wallonia-Brussels area and the Flanders-Brussels area.

At the same time, the company moved into new offices that are more open and more flexible to permit a new way of working that allows better communication and better synergies between employees.

**BPI's new mission:
'Shaping Urban Harmony
Through Inspiring Real
Estate Developments'**

A mission based on values that are put into practice on a daily basis: teamwork, customer focus, professionalism and responsibility, openness and transparency, commitment and passion.



Several fine residential projects in the capital

In the Brussels area, BPI Belgium successfully continued the redevelopment of the former Solvay site in Ixelles with the sale and delivery of the last apartments in the 'Ernest The Garden' project and sales of the 'Ernest The Park' project, work on which began in September. In Anderlecht, sales and construction of the iconic 'Erasmus Gardens' project, already accoladed 'Best Sustainable Real Estate Project' in Belgium, continued, and the first phase will be delivered during the first quarter of 2018. Construction and sales of the 'Les Hauts Prés' project in Uccle and of the 'Voltaire' project in Schaerbeek have started.

In Brussels, the Brussels Town Planning Code (CoBAT), which constitutes the legal framework for planning, urban development and built heritage in Brussels, was reformed and approved by the regional authorities. It will allow the creation of a clear framework for urban planning through the Master Development Plan, and reopen the submission of planning and environmental applications for the mixed-use project 'Victor' in the Gare du Midi district, in the municipalities of Anderlecht and Saint-Gilles.

BPI develops the first new-generation buildings in the Liège area

In Liège, the 'Renaissance' project (previously known as Ernest 11), which is part of the redevelopment of the former university site of Val Benoit, made good progress. Construction work has begun, and an 18-year lease was signed with Forem for a building with 5,500 m² office space, which is nearly 45% of the whole complex. It is the first high-quality office building in the Liège area to meet the low-energy criteria.

In Flanders, BPI sold the shares which it held in the companies developing the 'Oosteroever' project in the port of Ostend (previously owned on a 50/50 basis) to its historical partner. This will allow it to reinvest in several major urban projects. BPI also secured final planning permission for the 'Godskespark' in Godskes.

Several other major projects in Belgium are going through the planning process.



In Liège, the 'Renaissance' project, which is part of the redevelopment of the former university site of Val Benoit.

Real Estate Development

BPI Polska finished, with great commercial success, the fourth and final phase of the 'Ocean's Four' project in Gdańsk.



Luxembourg

Delivery of the 'Kons' and 'Glesener 21' projects in Luxembourg City

Certified BREEAM Very Good, the splendid 'Kons' project opposite Luxembourg City station was delivered in February 2017. This mixed-use office, residential and retail complex accommodates the headquarters of ING Luxembourg, and the retail space is already fully let. Also in Luxembourg City, BPI Luxembourg undertakes the delegated project management and sales of the 'Glesener 21' project that was acquired by a private investor. Construction work began in 2016 and is now finished, and the building has been delivered. Silversquare, a firm specializing in the management of co-working spaces, has signed a 15-year lease and is now in the process of fitting out its offices. Furthermore, the sale of the 'Rondriesch' project to a private investor was finalized.

The splendid 'Kons' project opposite Luxembourg City station was delivered in February 2017.

Attractive current and future projects throughout the country

The moderately priced housing units of the 'Domaine de l'Europe' project, currently under construction, are selling very well. The two phases of the 35,000 m² mixed-use project 'Livingstone', developed in joint venture, are now being marketed and are attracting a lot of interest. Decontamination and demolition works have begun.

In the south of the country, work on the mixed-use project 'Fuussbann', comprising 5,000 m² residential and 2,000 m² retail space, began in 2017. Aldi acquired more than three quarters of the retail space.

New acquisitions

BPI Luxembourg acquired two office buildings from the company Swiss Life with a floor area of 3,700 m² on the Route d'Arlon in Strassen. The building will be demolished and rebuilt in order to meet the current energy performance standards.

BPI Luxembourg also won the 'Entrée en Ville' competition organized by the city of Differdange for a mixed-use project of 25,000 m² in the city centre.



Poland

BPI Polska continued or completed several attractive, mainly residential projects

Among those projects, BPI Polska finished, with great commercial success, the fourth and final phase of the 'Ocean's Four' project in Gdańsk. The team was able to take full advantage of the favourable economic environment and the location near the sea, contributing to the total success of its first major project in Poland.

In Wrocław, the 'Bulwary Książęce' project along the river Oder made good progress, and sales are exceeding expectations.

Delivery is scheduled for the second quarter of 2018. Construction and sales of the second phase have already been initiated to sustain the commercial dynamic.

After having remediated the site in accordance with our environmental standards and our values, sales of the 'Wola Libre' project in Warsaw continue with success. BPI Polska will deliver this building during the second quarter of 2018 with much enthusiasm.

A year of organic growth

BPI Polska acquired two new projects in joint venture: the 'Vilda Park' project in Poznań and the 'Ostroroga' project in the Wola district of Warsaw. The site in Poznań has been acquired, and construction and sales will begin in early 2018. In Warsaw, the acquisition will be finalized during the second quarter of 2018, once the seller has finished decontaminating the site according to our environmental standards.

The local team takes special care in handling new developments.

See all our projects and stay up-to-date on BPI news on our new website: www.bpi-realestate.com

The 'Bulwary Książęce' project along the river Oder made good progress, and sales are exceeding expectations.

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This annual report is available in French, Dutch and English.

In the event of discrepancies between the editions, the French version shall prevail.



The mark of
responsible forestry

The Report

Financial Report 2017



Together shaping
tomorrow's world

Dredging, Environment,
Offshore and Infa
Contracting
Real Estate Development



Key figures

Key figures

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

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

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

(3) EBITDA: EBIT + amortization and depreciation + other non-cash items (under IFRS)

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

Ratios

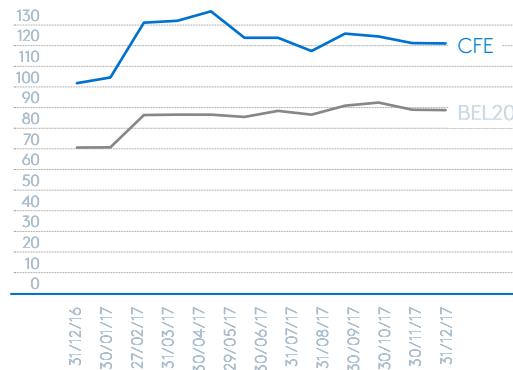
	2013 (published) (**)	2013 DEME 50% (**)	Pro Forma 2013 DEME 100% (**)	IFRS			
				2014	2015	2016	
EBIT/ Revenue	3.0%	1.7%	5.0%	6.9%	8.2%	8.1%	8.1%
EBITDA / Revenue	9.4%	-1.0%	13.8%	13.7%	15.6%	16.7%	16.3%
Net result part of the group/ Revenue	0.3%	0.8%	1.8%	4.6%	5.4%	6.0%	5.9%
Net result part of the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

(*) Amounts restated resulting from the change in accounting method arising from the application of IAS 19 revised.

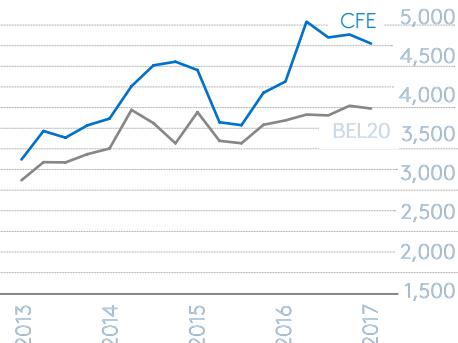
(**) Before items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME arising from the contribution in kind and capital increase, and restated in accordance with changes in accounting methods following the implementation of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

Trend comparing the CFE share price and the Bel20 index

For the year 2017



Over the last five years (at 31/12/2017)



Data in € per share

	2013 (**)	2014	2015	2016	2017
Number of shares at 31/12	25,314,482	25,314,482	25,314,482	25,314,482	25,314,482
Operating result (EBIT)	N/A **	9.5	10.5	9.0	9.9
Net result part of the group	N/A **	6.32	6.9	6.7	7.1
Gross dividend	1.15	2.00	2.40	2.15	2.40
Net dividend	0.8625	1.50	1.752	1.505	1.752
Equity	47.1	52.2	56.7	60.7	65.4

(*) Amounts restated resulting from the change in accounting method arising from the application of IAS 19 revised.

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

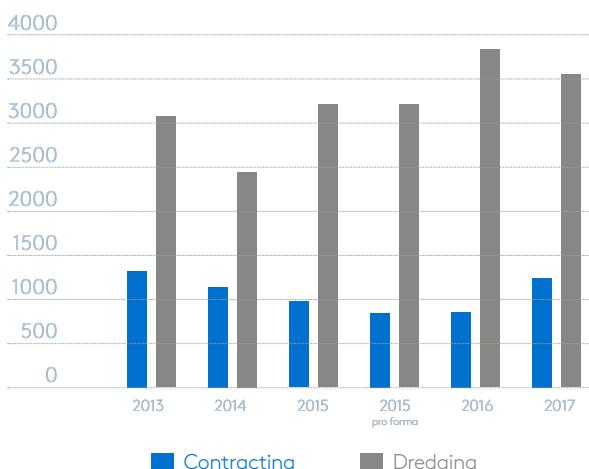
Share price data

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

Data by division

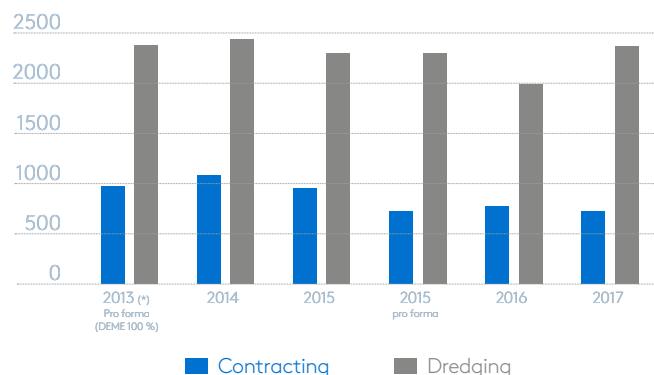
Evolution of the order book

in million €



Evolution of the revenue

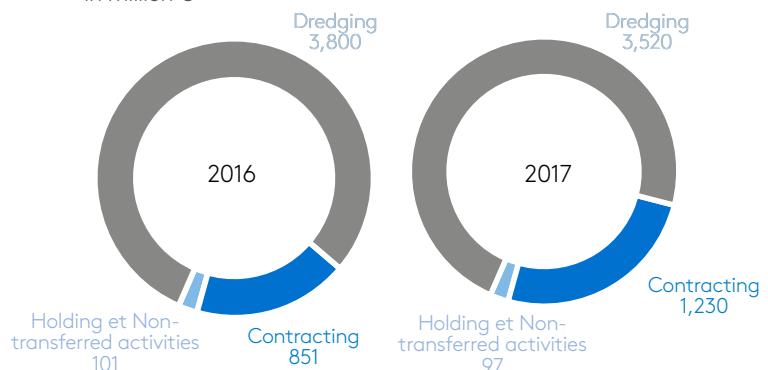
in million €



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

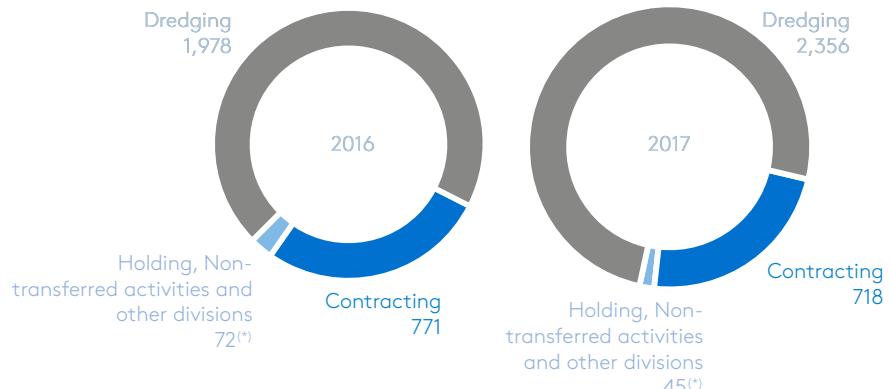
Evolution of the order book

in million €



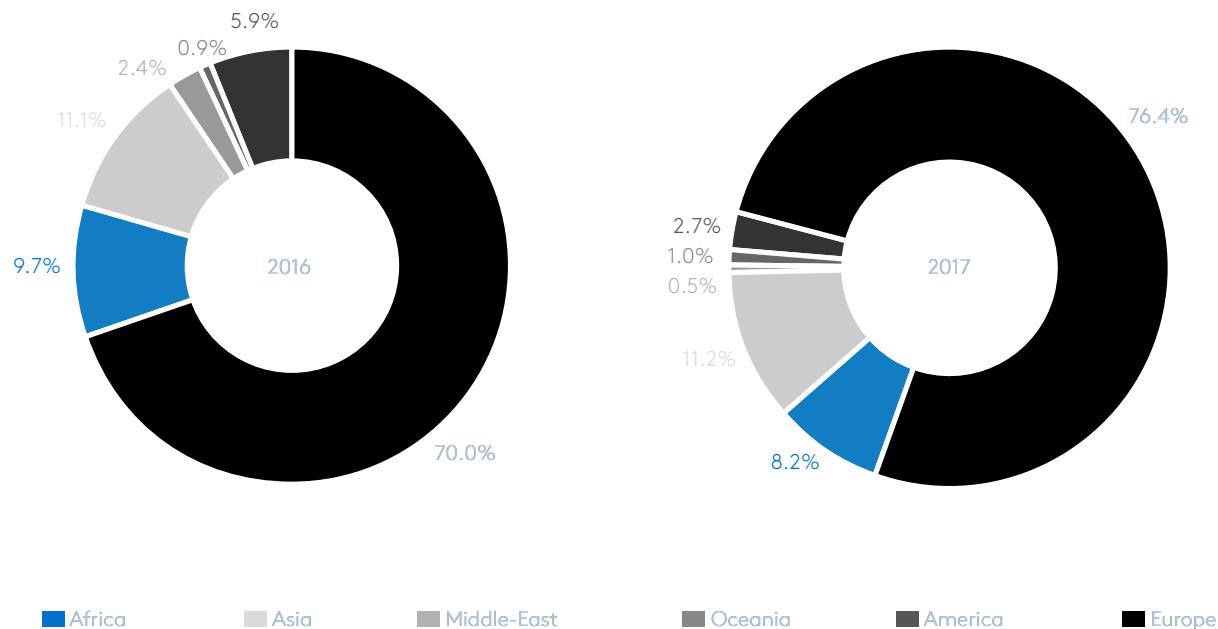
Evolution of the revenue

in million €



(*) before eliminations between segments

Evolution of activity of the CFE group by geographical area



Evolution of operating result (EBIT)^(*)

in million €

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

(*) Including results of associated companies and joint ventures.

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

(***) Including pro forma figures according to the new definition of the segment applicable as of 1 January, 2016

The Contracting division integrates the Construction, Multitechnics and Rail infra activities

Management report of the Board of Directors

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		46	M. NOTICE OF THE GENERAL SHAREHOLDERS MEETING OF MAY 3, 2018

A. Report on the financial statements for the financial year

CFE's board of directors met on 23 March 2018 to finalize the financial statements for the year ended 31 December 2017, which will be submitted to the forthcoming general meeting of shareholders on 3 May 2018.

1. Key figures 2017

In million €	2017	2016	Change 2017/2016
Revenue	3,066.5	2,797.1	+9.6%
Self-financing capacity (EBITDA) (*)	500.7	465.9	+7.5%
% of revenue	16.3%	16.7%	
Income from operating activities (*)	267.2	227.6	+17.4%
% of revenue	8.7%	8.1%	
Operating income (EBIT) (*)	249.4	226.8	+10.0%
% of revenue	8.1%	8.1%	
Net income part of the group	180.4	168.4	+7.1%
% of revenue	5.9%	6.0%	
Earnings per share (in euro)	7.13	6.65	+7.2%
Gross dividend per share (in euro) (**)	2.40	2.15	+11.6%

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

(**) Amount to be submitted for approval to the annual general meeting of 3 May 2018.

In million €	2017	2016	Change 2017/2016
Equity – share of the group	1,641.9	1,521.6	+7.9%
Net financial debt	351.9	213.1	+65.1%
Order book	4,850.8	4,756.7	+2.0%

General introduction

The CFE Group reported € 3,066.5 million revenue in 2017, which is up 9.6% compared to 2016. This increase was expected at DEME, which reported slower activity in 2016. On the other hand, CFE Contracting reported a slight decrease in revenue.

Thanks to the good performance of the three divisions of the group, the EBITDA slightly exceeded the threshold of € 500 million, or up 7.5%.

The operating income (EBIT) increased by 10% to € 249.4 million, while the net result, share of the group, topped the previous record of 2015 at € 180.4 million.

The Contracting and Real Estate Development divisions strongly increased their contribution to the group's net result, while the contribution of DEME remained stable.

The equity, share of the group, amounted to € 1,641.9 million, which is up 7.9%.

Despite the ambitious investment programme for the renewal and expansion of the fleet, and the acquisition of the company A2Sea, the increase in net financial debt was limited to € 138.8 million thanks to the significant improvement in DEME's working capital requirement.

The order book increased slightly to € 4,850.8 million. It remained at a high level for DEME and even grew substantially if we take into account the contracts signed but not yet included in the order book (approximately € 1.7 billion). In Contracting, the order book increased significantly due to, but not only, the acquisition of the Van Laere group.

2. Analysis by division

Dredging, Environment & Marine Engineering division

Key figures

In million €	2017			2016			Change 2017/2016
	DEME	Restatements DEME (*)	Total	DEME	Restatements DEME (*)	Total	
Revenue	2,356.0	0	2,356.0	1,978.2	0	1,978.2	+19.1%
EBITDA (**)	455.5	0	455.5	447.4	0	447.4	+1.8%
Operating income (EBIT) (**)	217.8	-10.5	207.3	213.7	-6.3	207.4	0.0%
Net income share of the group	155.1	1.4	156.5	155.3	0.1	155.4	+0.7%
Net financial debt	285.7	2.0	287.7	151.2	3.8	155.0	+85.6%
Order book	3,520.0	0	3,520.0	3,800.0	0	3,800.0	-7.4%

(*) 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.

Key figures according to the economic approach

The key figures shown below are presented according to the economic approach whereby the jointly controlled companies are proportionally consolidated (accounting rules applicable before 1 January 2014).

In million €	2017	2016	Change 2017/2016
Revenue	2,365.7	1,978.2	+19.6%
EBITDA (*)	456.2	450.1	+1.4%
Operating income (EBIT) (*)	222.6	217.6	+2.3%
Net income share of the group	155.1	155.3	-0.1%
Net financial debt	296.2	154.6	+91.6%
Order book	3,520.0	3,800.0	-7.4%

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

Revenue (economic approach)

DEME's revenue amounted to € 2,365.7 million, which is up 19.6%.

Business was particularly buoyant in the renewable energy segment (GeoSea, Tideway, Dredging International), which reported a vigorous growth in revenue. Four major projects contributed to this performance, two of which (Rentel and Merkur) were co-developed by DEME Concessions:

- The Rentel project, situated off the Belgian coast, involves the design, procurement, transport and installation of 42 wind turbine foundations and transition pieces. The works were already well advanced by year-end 2017. GeoSea also won a second contract for the transport and installation of an offshore electrical substation for the Rentel wind farm.

- The Merkur project involves i) the design, procurement, transport and installation of 66 wind turbine foundations, 66 transition pieces and an offshore electrical substation, and ii) the transport and installation of the 66 wind turbines. The project is situated in the North Sea, off the German coast. By 31 December 2017, all the wind turbine foundations were installed, while the installation of the transition pieces is in progress. Installation of the wind turbines will begin in the first quarter of 2018.
- The Hohe See - Albatros project, situated off the German coast, involves the design, procurement, transport and installation of 87 wind turbine foundations and transition pieces, as well as an offshore electrical substation. Procurement of the foundations and transition pieces is in progress, while installation is due to begin in March 2018.

- The Galloper project, situated in the North Sea off the English coast, involves the design, procurement, transport and installation of 56 wind turbine foundations and transition pieces. The project, which started in mid-2016, is almost completed.

In the dredging segment, DEME continued work on the TTP1 (Tuas Terminal – phase 1) project in Singapore, along

with many other projects in Africa, India and South America. Maintenance dredging activity was buoyant in Belgium, Germany and Africa.

In Panama, DEME successfully completed the widening and deepening of the Atlantic access channel.

Evolution of activity by business area (economic approach)

In %	2017	2016
Capital dredging	21%	34%
Maintenance dredging	14%	12%
Fallpipe and landfalls	8%	7%
Environment	7%	10%
Civil works	3%	3%
Marine works	47%	34%

Evolution of activity by geographical area (economic approach)

In %	2017	2016
Europe (EU)	69%	56%
Europe (non-EU)	2%	4%
Africa	10%	12%
Americas	3%	8%
Asia-Pacific	12%	13%
Middle East	0%	3%
India and Pakistan	4%	4%

EBITDA and operating income (economic approach)

DEME realized an EBITDA of € 456.2 million in 2017, which is slightly up compared to 2016 (€ 450.1 million).

The EBITDA margin came to 19.3% of revenue.

Order book

The order book shrank by 7.4% to € 3,520 million. This decrease needs to be qualified, since several major orders won in 2017 have not yet been included in the order book, as they are conditional upon the financial close of the project by the customer. They are:

- the contract for the design, construction, financing and 20-year maintenance of the A24 Blankenburg link between the A20 and A15 motorways in the Netherlands;
- the EPCI contract for the design, procurement, transport and installation of 100 wind turbine foundations and the transport and installation of three electrical substations for the future Moray East offshore wind farm in the United Kingdom;
- the contract for the transport and installation of 90 wind turbines for the Triton Knoll offshore wind farm, also situated in the United Kingdom.

Another project not yet included in the order book is the contract for the design and construction of the Fehmarnbelt Link, the tunnel linking Denmark and Germany. Work on this project, worth an estimated € 700 million (DEME share), will only begin once the German authorities have delivered the necessary building permits.

The orders not yet included in the order book totalled approximately € 1.7 billion at 31 December 2017.

Order intake reached € 2.1 billion in 2017. The main commercial successes during the financial year include (i) the EPCI contract for the Hohe See offshore wind farm and its extension Albatros, (ii) the contract for the design, construction and two-year maintenance of the new Terneuzen lock in the Netherlands, (iii) the contract for the supply, installation and maintenance of three submarine power cables that will connect the MOG (Modular Offshore Grid, an offshore platform to which four Belgian wind farms will be connected), and (iv) the DBFM (Design Build Finance Maintain) contract for the new Rijnlandroute link in the Netherlands.

Investments

Investments amounted to € 614.2 million in 2017, and primarily consist of down payments on the vessels under construction, the capitalization of maintenance costs,

and the acquisition of the companies A2Sea and G-Tec.

On 31 August 2017, DEME closed the acquisition of A2Sea (Danish company owning two vessels specialized in the installation of offshore wind turbines: the Sea Installer and the Sea Challenger). The impact of this acquisition on DEME's net financial debt amounted to € 166.9 million.

On 7 November 2017, GeoSea acquired the majority of the shares (72.5%) of G-Tec. This company, based in the Liège area, specializes in offshore geotechnical and geological site investigations, marine geophysical and environmental surveys, and deep-sea engineering services. G-Tec owns an offshore geotechnical investigation vessel: Omalias.

Of the eight vessels commissioned in 2015 and 2016, worth a total of € one billion, two have already been delivered: the trailing suction hopper dredgers Minerva and Scheldt River, with a capacity of 3,500 m³ and 8,400 m³ respectively. Those two vessels are the first

of DEME's fleet to run on LNG (Liquefied Natural Gas), thereby substantially reducing the emission of greenhouse gases.

The multipurpose vessel Living Stone, the self-propelled jack-up vessel Apollo, and the crane vessel Gulliver are due for delivery in 2018.

The last three vessels - the dredger Bonny River (capacity of 15,000 m³), the Smart Mega Cutter Suction Dredger Spartacus, and the dynamic positioning crane vessel Orion - are expected to become operational during 2019-2020.

Net financial debt (economic approach)

DEME's net financial debt amounted to € 296.2 million. This low level of debt in relation to the level of investment in 2017 is explained by the operating cash flows and the significant improvement in the working capital requirement.

Contracting division

Key figures

In million €	2017	2016	Change 2017/2016
Revenue	717.6	770.5	-6.9%
Operating income (EBIT) (*)	27.2	20.0	+36.0%
Net income share of the group	15.4	10.4	+48.1%
Net financial debt	90.5	92.0	-1.6%
Order book	1,229.7	850.5	+44.6%

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

Revenue

The revenue of the Contracting division amounted to € 717.6 million, down 6.9%.

This decrease, which was expected, is primarily attributable to the Belgian entities of the Construction segment, due to the delayed start of several major projects.

Internationally, the vigorous growth of the Polish activities

is worth mentioning, while the deterioration of the socioeconomic situation in Tunisia obliged the Tunisian subsidiary to scale down its activities.

The main projects under construction include the Lycée Français in Luxembourg, the ZNA and AZ Sint Maarten hospitals in Flanders, and the real estate complex AGORA in Louvain-la-Neuve.

The Multitechnics and Rail Infra & Utility Networks segments reported a slight fall in revenue (-2.0%).

In million €	2017	2016	Change in %
Construction	499.8	548.5	-8.9%
Buildings, Belgium	346.7	405.6	-14.5%
Buildings, International	153.1	142.9	+7.1%
Multitechnics	155.3	159.2	-2.4%
Rail Infra & Utility Networks	62.5	62.8	-0.5%
Total Contracting	717.6	770.5	-6.9%

Operating income

For the second year in a row, operating income increased substantially to € 27.2 million, or 3.8% of revenue.

All segments made a positive contribution to the division's operating income. Unlike in previous years, it was the Construction segment that reported the most vigorous growth in income, particularly BPC (branch of CFE BBW operating in Brussels and in Walloon Brabant).

Order book

In million €	31 December 2017	31 December 2016	Change in %
Construction	978.8	648.7	+50.9%
Buildings, Belgium	767.3	505.0	+51.9%
Buildings, International	211.5	143.7	+47.2%
Multitechnics	152.6	143.4	+6.4%
Rail Infra & Utility Networks	98.3	58.4	+68.3%
Total Contracting	1,229.7	850.5	+44.6%
Total Contracting (excl. Van Laere and excl. Coghe)	978.5	850.5	+15.1%

The order book increased significantly to € 1,229.7 million. This represents a 44.6% increase (+15.1% on a like-for-like basis), which is explained by the incorporation of the Van Laere group (€ 241.8 million order book as at 31 December 2017) and by a high order intake reported by the entities of the Construction segment operating in Brussels and in Poland, as well as by the entities of the Rail Infra & Utility Networks segment.

Acquisition of the Van Laere group

On 21 December 2017, CFE Contracting acquired 100% of the shares of Aannemingen Van Laere.

This acquisition had been approved beforehand by the boards of directors of CFE and CFE Contracting after obtaining the opinion of the committee of independent directors.

The Van Laere group, composed of Aannemingen Van Laere and its subsidiaries, Thiran Group and Arthur Vandendorpe, is a general contractor operating in the three regions of Belgium. In 2017, it reported € 138.1 million consolidated revenue.

The acquisition price was € 17.1 million, or an initial price of € 18.4 million reduced by € 1.3 million to take account of the evolution of the adjusted net asset value of the Van Laere group at year-end 2017.

Given that the Van Laere group had a net cash position of € 6.9 million at 31 December 2017, the transaction had an impact of € -10.2 million on the division's net cash position.

The consolidated results of the Van Laere group will be incorporated in the group's financial statements as from 1 January 2018.

Acquisition of the company José Coghe-Werbrouck

On 19 December 2017, CFE Contracting acquired José Coghe-Werbrouck for € 7.7 million; this company, based in West Flanders, specializes in railway works (laying railway tracks). The company is now part of the Rail Infra & Utility Networks segment. It owns an extensive machinery, including a Tracklayer machine for replacing railway switches.

Net cash position

Despite the acquisitions of the Van Laere group and the company Coghe, CFE Contracting was able to maintain a virtually stable net cash position in relation to 31 December 2016. This good performance is explained by solid operating cash flows and an improved working capital requirement.

Real Estate division

Key figures

In million €	2017	2016	Change 2017/2016
Revenue	10.9	12.1	-9.9%
Operating income (EBIT) (*)	23.4	4.3	n.s.
Net income share of the group	22.3	1.4	n.s.
Net financial debt	68.8	87.6	-21.5%

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

Breakdown by stage of project development

In million €	31 December 2017	31 December 2016
Unsold units post completion	6	17
Properties under construction	69	35
Properties in development	58	78
Total capital employed	133	130

Breakdown by country

In million €	31 December 2017	31 December 2016
Belgium	82	78
Luxembourg	20	31
Poland	31	21
Total	133	130

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

New developments

In the first half of 2017, BPI Luxembourg won the tender launched by the City of Differdange for the development of a mixed-use real estate complex with a total gross floor area of 25,500 m² ('Entrée de ville' project).

During the third quarter of 2017, BPI Polska acquired a majority stake (90%) in a company owning a building plot in Poznan on which a residential property of 13,000 m² above ground (Vilda Park project) will be built.

In December 2017, BPI Luxembourg acquired a real estate company owning a building plot on Route d'Arlon in Luxembourg. It involves an office development of around 4,000 m² (demolition and rebuilding).

Marketing

In 2017, BPI sold three important stakes which it held in the Kons (Luxembourg), Oosteroever (Ostend, Belgium) and Ronndriesch (Luxembourg) projects.

During the year, several major projects were launched (construction and marketing):

- phase 2 of the Ernest project (former Solvay site in Ixelles) with 198 residential units;
- the Voltaire project in Schaerbeek (84 residential units);
- the Renaissance project in Liège, an office complex with a total floor area of 13,000 m², of which just under half has been let to a public institution on an 18-year lease;
- the Domaine de l'Europe-Kiem project on the Kirchberg plateau in Luxembourg, of which all 99 apartments have already been sold;
- the Fussbann project in Differdange (Luxembourg), comprising 48 apartments; the Vilda Park project in Poznan, Poland.

New phases were also initiated on the sites of Erasmus Gardens in Anderlecht, Hauts Prés in Uccle, and Bulwary Ksiazce in Wroclaw.

On the whole, sales of residential units are going ahead in a satisfactory way.

Real estate projects

The capital employed related to real estate projects increased slightly to € 133 million at 31 December 2017. BPI's projects have a development potential of 630,000 m², BPI's share (mainly residential projects).

During the year, BPI managed to substantially reduce its stock of unsold units post completion, which now just represent 5% of the real estate projects.

Net financial debt

The net financial debt of the division amounted to € 68.8 million, down € 18.8 million compared with 31 December 2016.

In December 2017, BPI successfully issued its first bond of € 30 million with a maturity of five years and an interest rate of 3.75% per annum.

Net result

BPI's net result amounted to € 22.3 million, an all-time high performance and primarily the result of capital gains on the sale of the Oosteroever project in Ostend (residential development sold to its partner) and the Kons project in Luxembourg (office building sold to an institutional investor).

Holding, non-transferred activities and inter division eliminations

In million €	2017	2016	Change 2017/2016
Revenue	-18.1	36.3	n.s.
Operating income (EBIT) (*)	-8.4	-4.9	+71.4%
Net income share of the group	-13.7	1.2	n.s.
Net financial debt	85.9	62.4	+37.7%

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

Revenue

Revenue, adjusted for inter-division eliminations (€ -52.2 million), amounted to € 34.1 million.

In accordance with the strategy that was outlined earlier, the operational activities of the Holding division will be progressively phased out. The main project still in progress is the Brussels-South wastewater treatment plant, which is progressing according to the revised planning.

Operating income

The operating income amounted to € -8.4 million, compared to € -4.9 million in 2016.

The division's operating income was adversely affected by the operating costs of the Grand Hotel in N'Djamena during the first six months of 2017 and the negative contribution of Rent-A-Port.

2017 was a year of transition for Rent-A-Port, marked by shrinking sales of industrial land in Vietnam. This situation is attributable to delays in the construction of a dyke that would allow the development and marketing of a new area of several hundred hectares in the industrial zone of Nam Dinh Vu in North Vietnam. The dyke is due for completion before the end of 2018. Rent-A-Port was also affected by the weakening of the US dollar against the euro, which was reflected in the recognition of unrealized exchange losses.

Net result

The net result amounted to € -13.7 million (€ +1.2 million in 2016).

The 2016 financial year had been marked by the recognition of capital gains realized on the sale of CFE's stakes in two companies owning concessions in infrastructure projects. No disposals took place in 2017.

Risk on chad

There has been no change in the amount of the receivables since 31 December 2016.

3. Overview of the financial statements

3.A.1 Consolidated statement of income

Year ended 31 December In thousands €	2017	2016
Revenue	3,066,525	2,797,085
Revenue from auxiliary activities	116,588	85,794
Purchases	-1,726,761	-1,504,685
Remuneration and social security payments	-546,699	-533,200
Other operating charges	-404,180	-384,649
Depreciations and amortization	-238,316	-232,775
Goodwill Impairment	0	0
Income from operating activities	267,157	227,570
Earnings from associates and joint ventures	-17,710	-784
Operating income	249,447	226,786
Cost of financial debt	-14,362	-31,521
Other financial expenses and income	-7,904	7,567
Net financial income/expense	-22,266	-23,954
Pre-tax income	227,181	202,832
Income tax expense	-48,430	-30,580
Net income for the period	178,751	172,252
Attributable to owners of non-controlling interests	1,691	-3,841
Net income – share of the group	180,442	168,411
Year ended 31 December In thousands €	2017	2016
Net income for the period	178,751	172,252
Change in fair value related to hedging instruments	6,463	2,230
Currency translation differences	-4,754	-340
Deferred taxes	-1,583	1,143
Other elements of the comprehensive income to be reclassified to profit or loss in subsequent period	126	3,033
Remeasurement on defined benefit plans	-2,227	-18,901
Deferred taxes	-3,382	6,510
Other elements of the comprehensive income not to be reclassified to profit or loss in subsequent period	-5,609	-12,391
Total elements of the comprehensive income directly accounted in equity	-5,483	-9,358
Comprehensive income	173,268	162,894
- attributable to owners of the parent	174,771	159,178
- attributable to owners of non-controlling interests	-1,503	3,716
Net income per share (€) (basic and diluted)	7.13	6.65
Comprehensive income per share (€) (basic and diluted)	6.90	6.29
ROE (*)	11.9%	11.8%

(*) 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 €	2017	2016
Intangible assets	91,343	95,441
Goodwill	184,930	175,169
Property, plant and equipment	2,138,208	1,683,304
Investments in associates and joint ventures	140,510	141,355
Other non-current financial assets	147,719	153,976
Non-current derivative instruments	921	510
Other non-current assets	7,798	23,518
Deferred tax assets	104,022	126,944
Total non-current assets	2,815,451	2,400,217
Inventories	138,965	94,836
Trade receivables and other operating receivables	1,132,306	1,160,306
Other current assets	32,963	38,430
Current derivative instruments	4,156	2,311
Current financial assets	34	48
Assets held for sale	0	19,916
Cash and cash equivalents	523,018	612,155
Total current assets	1,831,442	1,928,002
Total assets	4,646,893	4,328,219
Share capital	41,330	41,330
Share premium	800,008	800,008
Retained earnings	840,543	714,527
Defined benefits plans	-25,268	-19,464
Hedging reserves	-2,457	-7,337
Translation differences	-12,252	-7,505
Equity – part of the group CFE	1,641,904	1,521,559
Non-controlling interests	14,421	14,918
Equity	1,656,325	1,536,477
Retirement benefit obligations and employee benefits	53,149	51,215
Provisions	30,183	43,085
Other non-current liabilities	4,497	5,645
Bonds - non current	231,378	303,537
Financial debts	419,093	367,147
Non-current derivative instruments	7,209	18,475
Deferred tax liabilities	130,023	151,970
Total non-current liabilities	875,532	941,074
Current provisions	82,530	65,113
Trade payables & other operating liabilities	1,276,446	1,138,288
Tax liability due for payment	43,275	69,398
Bonds - current	99,959	0
Current financial debts	124,497	154,522
Current derivative instruments	7,445	23,515
Liabilities held for sale	0	6,004
Other current liabilities	480,884	393,828
Total current liabilities	2,115,036	1,850,668
Total equity and liabilities	4,646,893	4,328,219

3.A.3 Consolidated statement of cash flows

For the period ended 31 December In thousands €	2017	2016 (*)
Operating activities		
Income from operating activities	267,157	227,570
Depreciation and amortisation of intangible assets, property, plant & equipment and investment property	238,316	232,775
Net provision expense	4,986	-3,941
Impairment on current and non-current assets and other non cash items	-9,725	9,459
Sales of non-current assets	-9,662	-10,341
Dividends from associates and Joint Ventures	6,507	15,221
Cash flow from operating activities before changes in working capital	497,579	470,743
Decrease/(increase) in trade receivables and other current and non current receivables	107,002	101,564
Decrease/(increase) in inventory	-8,466	-19,113
Increase/(Decrease) in trade payables and other current and non current payables	75,012	-162,691
Income tax paid/received	-42,282	34,111
Cash flow from operating activities	628,845	424,614
Investing activities		
Sales of non-current assets	18,322	7,138
Purchases of non-current assets	-458,210	-188,873
Acquisition of subsidiaries net of cash acquired	-181,370	0
Change in percentage held in associates	0	36,456
Capital increase in investments in associates	-32,323	-19,883
Sales of subsidiaries	574	0
Loans granted	-9,926	-49,342
Cash flow from investing activities	-662,933	-214,504
Financing activities		
Interests paid	-29,347	-40,498
Interests received	13,970	11,125
Other financial expenses and income	-12,218	-10,854
Borrowings	240,289	216,045
Reimbursements of borrowings	-212,271	-203,758
Dividends paid	-54,426	-60,755
Cash flow from financing activities	-54,003	-88,695
Net Increase/(Decrease) in cash position	-88,091	121,415
Cash and cash equivalents at start of the year	612,155	491,952
Exchange rate effects	-1,046	-1,212
Cash and cash equivalents at end of period	523,018	612,155

(*) Amounts restated in accordance with changes in the accounting presentation of the consolidated cash flow statement as adapted by the group with effect from 1 January 2017.

3.A.4 Notes to the consolidated financial statements, cash flow and capex tables

The tangible assets increased by € 454.9 million to € 2,138.2 million. This increase is primarily attributable to DEME, which continued its construction programme of new vessels and acquired the company A2Sea in 2017.

Following the sale of the company Ronndriesch, there are no longer any assets or liabilities held for sale at 31 December 2017.

Taking into account the payment of a dividend of € 54.4 million in May 2017, the consolidated equity amounted to € 1,656.3 million at 31 December 2017.

The net financial debt breaks down into a short-term and long-term financial debt of € 650.5 million and € 224.4 million respectively, and a positive net cash position of € 523.0 million.

CFE SA has confirmed medium-term credit facilities for its general financing needs totalling € 115 million. Those facilities had not been drawn down at year-end 2017.

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

3.A.5 Consolidated statement of changes in equity as of 31 December 2017

In thousands €	Share capital	Share premium	Retained earnings	Defined benefits plans	Reserves related to hedging instruments	Translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total
31 December 2016	41,330	800,008	714,527	-19,464	-7,337	-7,505	1,521,559	14,918	1,536,477
Comprehensive income for the period			180,442	-5,804	4,880	-4,747	174,771	-1,503	173,268
Dividends paid to shareholders			-54,426				-54,426		-54,426
Dividends paid to non-controlling interests								-528	-528
Change in consolidation scope and other movements								1,534	1,534
31 December 2017	41,330	800,008	840,543	-25,268	-2,457	-12,252	1,641,904	14,421	1,656,325

3.A.6 Key figures per share

	31 December 2017	31 December 2016
Total number of shares	25,314,482	25,314,482
Net result part of the group per share (in €)	7.13	6.65
Equity part of the group per share (in €)	64.86	60.11

3.B.1 Profit and loss account of CFE SA (Belgian standards)

In thousands €	2017	2016
Turnover	29,578	46,911
Operating income	-31,507	-8,040
Net financial result excluding non-recurring financial income	57,681	58,969
Non-recurring financial income	518	9,487
Non-recurring financial charges	0	-1,541
Result before taxes	26,692	58,875
Taxes	-170	-17
Result of the year	26,522	58,858

The gradual delivery of the latest projects realized by CFE SA mechanically leads to a decrease in its revenue.

The operating income was adversely affected by increases of provisions.

The financial result consists mainly of € 55.0 million and € 6.0 million worth of dividends paid by DEME and CFE Contracting respectively.

In 2016, the non-recurring financial income included the capital gains realized on the disposal of Locorail and Coentunnel Company.

3.B.2 Balance sheet of CFE SA after appropriation (Belgian standards)

In thousands €	31 December 2017	31 December 2016
Assets		
Fixed assets	1,325,005	1,323,520
Current assets	155,489	236,408
Total assets	1,480,494	1,559,928

In thousands €	31 December 2017	31 December 2016
Equity and liabilities		
Equity	1,163,350	1,197,582
Provisions	81,998	57,272
Non-current liabilities	248	132,580
Current liabilities	234,898	172,494
Total equity and liabilities	1,480,494	1,559,928

The financial assets for the most part consist of the stakes in DEME, CFE Contracting and BPI.

The bond of € 100 million matures at the end of June 2018. On 31 December 2017, it was reclassified from long-term debts to short-term debts.

4. Dividend

At the general meeting of shareholders on 3 May 2018, CFE's board of directors will propose a gross dividend of € 2.40 per share, representing a net dividend of € 1.68, or a total distribution of € 60,754,757.

B. Corporate governance statement

1. Corporate governance

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

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

The corporate governance charter was last modified on 23 February 2017.

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

2. Composition of the Board of Directors

As at 31 December 2017, CFE's Board of Directors consisted of 11 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
Renaud Bentégeat (*)	18.09.2003	2020
Piet Dejonghe (*)	24.12.2013	2021
Luc Bertrand	24.12.2013	2021
John-Eric Bertrand	24.12.2013	2021
Jan Suykens	24.12.2013	2021
Koen Janssen	24.12.2013	2021
Alain Bernard	24.12.2013	2021
Philippe Delusinne	07.05.2009	2020
Christian Labeyrie	06.03.2002	2020
Ciska Servais SPRL, represented by Ciska Servais	03.05.2007	2019
Pas de Mots SPRL, represented by Leen Geirnaerd	07.10.2016	2020

(*) Managing director responsible for day to day management

It will be proposed to the general meeting to nominate Euro-Invest Management SA, represented by Martine Van den Poel, for a period of three years ending after the annual meeting of May 2021. Euro-Invest Management SA, represented by Martine Van den Poel, satisfies the independence criteria set out in Article 526c of the Companies Code and in the Belgian Corporate Governance Code of 2009.

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. 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. She has been curriculum director and executive coach for INSEAD Global Leadership Center since 2003.

It will be proposed to the general meeting to nominate MuCH SPRL, represented by Muriel De Lathouwer, for a period of four years ending after the annual meeting of May 2022. MuCH SPRL, represented by Muriel De Lathouwer, satisfies the independence criteria set out in Article 526c of the Companies Code and in the Belgian Corporate Governance Code of 2009.

Muriel De Lathouwer is the CEO of EVS since 2014 and a member of its Board of Directors since 2013. Before joining EVS, Muriel De Lathouwer spent almost 20 years in the telecom, high tech, IT and media industries. She started her career as IT consultant at Accenture followed by seven years at McKinsey, where she became Associate Principal and advised major cable and telecom operators, as well as media and high tech companies around the world. Most recently, Muriel De Lathouwer was the Chief Marketing Officer and a member of the executive committee of the Belgian mobile telecom operator BASE. She is an Engineer in Nuclear Physics (ULB, Brussels), and holds an MBA from Insead (Paris).

2.1 Corporate offices and duties of Board members

Directors

The table below summarizes the mandates and duties of the 11 Board members as at 31 December 2017.

Luc Bertrand	Chairman of the Board of Directors
Ackermans & van Haaren Begijnenvest, 113 B- 2000 Antwerp	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. In 1985, he was appointed director of Ackermans & van Haaren and was chairman of the executive committee until 2016.
Member of the Appointments and Remuneration Committee	Corporate offices:
	a- Listed companies:
	Chairman of the Board of Directors of Ackermans & van Haaren Chairman of the Board of Directors, SIPEF Director of Atenor Group
	b- Non-listed companies:
	Chairman of the Board of Directors, DEME Chairman of the Board of Directors, Dredging International Chairman of the Board of Directors, Finaxis Director of Baarbeek Director of Bank J.Van Breda & C° Director of Belfimas Director of BOS Director of Delen Investments CVA Director of Delen Private Bank Director of DEME Coordination Center Director of ING Belgium Director of JM Finn & Co (UK) Director of Scaldis Invest
	c- Associations:
	Chairman of the Board of Directors, Institut de Duve Chairman of Middelheim Promotors Member of the Board of Directors, VOKA Member of the Board of Directors, VOKA VEV Member of the Board of Directors, Institut de Médecine Tropicale Member of the Board of Directors, KU Leuven Regent of Mayer van den Bergh Museum Member of the Board of Directors, Etion Synergia Member of the General Council, Vlerick Leuven Gent School

Renaud Bentégeat

CFE

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

Managing Director

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

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

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

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

Corporate offices:

a- Listed companies:

b- Non-listed companies:

Director of Bavière Développement
Director of Bizerte CAP 3000
Director of BPI Real Estate Belgium
Director of BPI Real Estate Luxembourg
Manager of BPI Polska Development
Director of CFE Contracting
Director of CFE Contracting & Engineering
Director of CFE Polska
Director of CLE
Director of DEME
Director of Rent-A-Port
Director of Green Offshore
Director of SFE
Member of the Supervisory Board of CFE Hungary

c- Associations:

President of the Chambre Française de Commerce et d'Industrie de Belgique (French Chamber of Commerce and Industry of Belgium)
Director of CCI France International
Member of the Advisory Board of Solvay Brussels School
Foreign Trade Adviser for France

Piet Dejonghe

Ackermans & van Haaren
Begijnenvest, 113
B- 2000 Antwerp

Managing Director

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

Corporate offices:**a- Listed companies:**

Member of the Executive Committee, Ackermans & van Haaren
Director of Leasinvest Real Estate

b- Non-listed companies:

Chairman of the Board of Directors, Distriplus
Director of Baloise Belgium
Director of Bank J.Van Breda & C°
Chairman of Brinvest
Director of Delen Private Bank
Director of Delen Private Bank Luxembourg
Director of DEME
Director of Finaxis
Director of GB-INNO-BM
Director of GIB Corporate Services
Director of Leasinvest-Immo-Lux
Director of Profimolux
Director of Sofinim
Director of BPI Real Estate Belgium
Director of CFE Bouw Vlaanderen
Director of CFE Bâtiment Brabant Wallonie
Director of CFE Contracting
Director of Voltis
Director of CLE

c- Associations:

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

John-Eric Bertrand

Ackermans & van Haaren
Begijnenvest, 113
B- 2000 Antwerp

Chairman of the
Audit Committee

Director

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

Corporate offices:**a- Listed companies:**

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

b- Non-listed companies:

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

c- Associations:

Director of the Belgian Finance Club

Jan Suykens

Ackermans & van Haaren
Begijnenvest, 113
B- 2000 Antwerp

Director

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

Corporate offices:**a- Listed companies:**

Chairman of the Executive Committee, Ackermans & van Haaren
Chairman of the Board of Directors, Leasinvest Real Estate

b- Non-listed companies:

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

c- Associations:

Director of Antwerp Management School
Director of De Vrienden van het Rubenshuis

Koen Janssen

Ackermans & van Haaren
Begijnenvest, 113
B- 2000 Antwerp

Director

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

Corporate offices:**a- Listed companies:**

Member of the Executive Committee, Ackermans & van Haaren

b- Non-listed companies:

Director of Bedrijfencentrum Regio Mechelen
Director of DEME
Director of Dredging International
Director of NMC International
Director of Rent-A-Port
Director of Green Offshore
Director of Sofinim Lux
Director of Sofinim
Director of Groep Terryn
Director of Rentel
Director of Seastar
Director of Otary RS

c- Associations:

Director of Belgian Offshore Platform (BOP) VZW, permanent representative for Green Offshore
Director of Belgian Venture Capital & Private Equity Association (BVA)

Alain Bernard

DEME
Haven 1025
Scheldekaai, 30
B-2070 Zwijndrecht

Director

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

Corporate offices:

a- Listed companies:

Member of the Steering Committee of CFE

b- Non-listed companies:

Chief Executive Officer and Director, DEME

Director of various DEME Group subsidiaries

Director of Aquafin

Director of FIT (Flanders Investment & Trade)

c- Associations:

Union Royale des Armateurs Belges (Royal Belgian Shipowners' Association)

Chairman of the Belgian Dredging Association

Philippe Delusinne

RTL Belgium
Avenue Jacques Georgin, 2
B-1030 Bruxelles

Member of the Appointments
and Remuneration Committee

Member of the Audit
Committee

Independent Director

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

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

Corporate offices:

a- Listed companies:

Member of the Supervisory Board of Métropole Télévision (M6)

b- Non-listed companies:

Managing Director of RTL Belgium

Managing Director of Radio H

Permanent representative of CLT-UFA

Managing Director of INADI, COBELFRA and NEW CONTACT

CEO of RTL Belux & Cie SECS

Managing Director of RTL Belux

Chairman and Managing Director, IP Belgium

Chairman, Home Shopping Service Belgium

Chairman of New Contact

Director of CLT-UFA

Director of Agence Télégraphique Belge de Presse

Director of MaRadio.be SCRL

c- Associations:

Director of the Belgian Association for Self-Regulation of Journalistic Ethics ASBL

Member of the Audiovisual High Council (Belgium)

Chairman of the Théâtre Royal de La Monnaie

Chairman of Les Amis des Musées Royaux des Beaux-Arts de Belgique ASBL (Friends of the Royal Museums of Fine Arts of Belgium)

Christian Labeyrie

VINCI
1, cours Ferdinand-de-Lessep
F-92851 Rueil-Malmaison Cedex
(France)

Member of the
Audit Committee

Director

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

Corporate offices:

a- Listed companies:

Member of the Executive Committee of the VINCI Group

b- Non-listed companies:

Director of VINCI Deutschland

Director of Arcour

Director of the Stade de France consortium

Director of VFI

Director of Amundi Convertibles Euroland of the Crédit Agricole Asset management

Director of VINCI USA Holding Inc.

Administrateur de la SMABTP

Chairman of ASF Holding

Chairman of Cofiroute Holding

Chairman of GECOM (until 30/11/2017)

Manager of SCCV CESAIRES-LES GROUES

Manager of SCCV HEBERT-LES GROUES

Permanent representative of VINCI on the Board of Directors of Escota

**SPRL Ciska Servais,
represented by Ciska
Servais**

Boerenlegerstraat, 204
B-2650 Edegem

Chair of the Appointments and
Remuneration Committee

Member of the Audit
Committee

Independent Director

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

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

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

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

Corporate offices:

a- Listed companies:

Independent Director of Montea Comm. VA

Vice-Chair of the Board, Montea Comm. VA

Chair of the Remuneration Committee, Montea Comm. VA

Member of the Audit Committee, Montea Comm. VA

b- Non-listed companies:

Astrea BV CVBA

**Pas De Mots SPRL
represented by Leen
Geirnaerdt**

Anne Frankstraat 1
B-9150 Kruibeke

Member of the
Audit Committee

Independent Director

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

Corporate offices:

a- Listed companies:

Director and Chair of the Audit Committee of Wereldhave

2.2 Evaluation of the independence of directors

Of the 11 members of the Board of Directors as at 31 December 2017, eight cannot be considered as independent under the terms of Article 526c of the Companies Code and the Belgian Corporate Governance Code. They are:

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

As at 31 December 2017, the independent directors are: Philippe Delusinne, Ciska Servais SPRL, represented by Ciska Servais, and Pas de Mots SPRL, represented by Leen Geirnaerdt.

It should be noted that all independent directors of CFE were able to carry out their assignment with complete independence of judgment in 2017.

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.

It is specified that 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 and decision-making, and also whether the current composition of the Board of Directors and its specialist committees is 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 last took place at the end of 2016. This assessment exercise was carried out with the support of Guberna, the Belgian Institute of Directors.

3. Operation of the Board of Directors and its committees

3.1 The Board of Directors

Role and powers of the Board of Directors

Role of the Board of Directors

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

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

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

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

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

The Board of Directors:

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

Powers of the Board of Directors

(i) General powers of the Board of Directors

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

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

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

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

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

This authorisation expires five years after the date of publication of the decision of the general meeting of 30 April 2014 in the Annexes to the "Moniteur Belge". As publication took place on 22 May 2014, the present authorization will expire on 21 May 2019.

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

The general meeting of shareholders of 30 April 2014 authorised CFE's Board of Directors to acquire CFE treasury shares. The nominal value or, where there is no nominal value, the accountable par of the shares being acquired must not exceed 20% of the company's subscribed capital, i.e. € 8,265,896. The shares can be purchased 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%).

This authorisation expires on 23 May 2019.

The agreement of the general meeting of shareholders is not required for the acquisition of treasury shares by CFE with a view to distributing them to employees.

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

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

Operating procedures of the Board of Directors

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

Meetings of the Board of Directors

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

In 2017, the Board of Directors considered all major issues concerning CFE. It met seven times.

In particular, the Board of Directors:

- approved the financial statements for 2016 as well as the financial statements for the first half of 2017;
- examined the 2017 budget and the updates to that budget;
- examined the 2018 budget;
- reviewed matters that were presented at Risk Committee meetings;
- examined the financial situation of CFE and changes in its debt levels and its working capital requirement;
- set up a committee of independent directors in connection with the acquisition of the Van Laere group
- approved the acquisition by CFE Contracting of the companies Algemene Aannemingen Van Laere and José Coghe-Werbrouck
- reviewed the strategic plans of DEME, CFE Contracting and Rent-A-Port
- examined the evolution of real estate projects and approved the acquisition and sale of several real estate projects worth more than ten million euros;
- decided the remuneration and bonus arrangements for the managing directors and executives, following a proposal by the Appointments and Remuneration Committee

The table below indicates the individual attendance rate of directors at Board meetings in 2017.

Directors	Attendance/ Total number of meetings
Luc Bertrand	6/7
Renaud Bentégeat	7/7
Piet Dejonghe	7/7
Jan Suykens	7/7
Koen Janssen	7/7
John-Eric Bertrand	7/7
Christian Labeyrie	7/7
Philippe Delusinne	7/7
Ciska Servais SPRL, represented by Ciska Servais	7/7
Pas de Mots SPRL, represented by Leen Geirnaerd	6/7
Alain Bernard	6/7

The decision-making process within the Board of Directors

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

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

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

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

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

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

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

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

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

CFE did not award any shares, options or other rights to acquire shares in Compagnie d'Entreprises CFE in 2017.

3.2 The Appointments and Remuneration Committee

At 31 December 2017, this committee comprised:

- Ciska Servais SPRL, represented by Ciska Servais, chair (*)
- Luc Bertrand
- Philippe Delusinne (*)

The committee met twice in 2017.

(*) independent directors

Over the course of the financial year, the committee

examined:

- the fixed and variable remuneration paid to the managing directors;
- the fixed and variable remuneration paid to senior management;
- the annual remuneration report (under Belgium's Act of 6 April 2010);
- the remuneration of the directors;
- the evolution of HR management at CFE
- the identification of high potentials at CFE Contracting
- the examination of the candidature of Martine Van den Poel for the post of independent director;

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

Members	Attendance/ Total number of meetings
Ciska Servais SPRL, represented by Ciska Servais (*)	2/2
Luc Bertrand	2/2
Philippe Delusinne (*)	2/2

(*) 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 2017, this committee comprised:

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

(*) independent directors

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

John-Eric Bertrand chairs the Audit Committee as of 4 May 2016. He has been a member of the Audit Committee since 15 January 2015. John-Eric Bertrand has a degree in economics and finance. He has carried out numerous professional activities, more particularly 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 to monitor 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 2017 financial year.

It examined:

- the financial statements for full-year 2016 and for the first half of 2017;
- the quarterly financial statements for the first and third quarters of 2017;
- the draft 2018 budget before it was presented to the Board of Directors;
- the reports of the internal auditor;
- the changes in the group's cash position;
- the group's off-balance sheet commitments, in particular the bank guarantees
- the auditor's report

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

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

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

(*) independent directors

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

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

4. Shareholder base

4.1 Equity and shareholder base

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

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

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

Registered shares may be converted into shares in electronic form and vice-versa on request by their holders and at their expense. Shares in electronic form are converted into registered shares by making the

corresponding entry in the register of CFE shareholders. Registered shares are converted into shares in electronic form by entering them into an account in the name of their owner or holder opened with an approved account-keeper or clearing house.

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

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

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

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

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

CFE's equity base as of 31 December 2017 was as follows:

registered shares	18,552,334
shares in electronic form	6,762,148
Total	25,314,482

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

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

During the 2017 financial year, CFE 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 CFE share entitles the owner to vote in CFE's general meeting of shareholders and automatically assumes approval of CFE's Articles of Association and the decisions of CFE's general meeting of shareholders. Shareholders' liability for the Company's commitments only extends to the value of the shares held.

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

4.4 Exercise of shareholder rights

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

5. Internal control

5.A Internal control and risk management

5.A.1. Introduction

5.A.1.1 Definition – frame of reference

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

More particularly, the internal control system aims to ensure:

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

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

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

5.A.1.2 Scope of application of internal control

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

In 2017, 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.

For the companies José Coghe-Werbrouck NV, Algemene Aannemingen Van Laere NV, Thiran SA and Arthur Vandendorpe NV, which were all acquired at the end of December 2017, the group's rules of internal control will be applied with effect from 1 January 2018.

5.A.2. Organisation of internal control

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

Following the legal reorganization of the group, which was finalized in November 2015, internal control is now organized 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 SA, which manages the activities of Real Estate Development (section 5 A 2.4)

5.A.2.1 CFE SA

a. Holding

Participants in the internal control system

• CFE's **Board of Directors** is a collegial body responsible for controlling the company's management, setting strategic guidelines for it and ensuring the company's satisfactory operation. It considers all major matters pertaining to the group. The Board of Directors has set up specialised committees handling the auditing of financial statements, along with remuneration and appointments.

- The **two managing directors**, who are in charge of the daily management of the company, are entrusted with the implementation of the group's strategy as defined by the Board of Directors.
- A Steering Committee for DEME's activities ('**Steering Committee DEME**'), consisting of:
 - a managing director of CFE;
 - DEME's CEO, director of CFE and of DEME;
 - the CFO of CFE.

The role of the Steering Committee DEME is described in section 5.A.2.2.

- The **financial management**, which has a limited structure appropriate to the group's decentralised organisation, is tasked establishing and ensuring correct application of group rules and procedures and decisions made by the managing directors.
- The **management control and consolidation department**, which reports to the group's finance department, is responsible for producing and analysing financial and accounting information for dissemination both inside and outside the group and for ensuring its reliability.

In particular, it is responsible for the:

- production, validation and analysis of the interim and annual consolidated financial statements and provisional data (consolidation of budgets and budget updates);
- definition and monitoring of accounting procedures within the group and application of IFRS standards.

The management control and consolidation department sets the timetable for the preparation of interim and annual financial statements. These instructions are forwarded to the finance departments of the different entities concerned and accompanied by information or training sessions.

The management control and consolidation department is responsible for the 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 directors, CFE's CFO, the head of management control and consolidation, the CEO of the division concerned, the managing director or general manager of the entity concerned, its COO and CFO, examine:

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

For DEME and Rent-A-Port, 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 two managing directors are tasked with monitoring and controlling the activities that have not been transferred, namely PPP-Concessions, non-marine civil engineering in Belgium, and the International Buildings segment except Luxembourg, Poland and Tunisia.

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

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

5.A.2.2 DEME

CFE controls its dredging subsidiary at five different levels:

- **The Board of Directors** is composed of seven directors, who are also directors of CFE. The Board of Directors controls the management, 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 2017;

• **The Technical Committee** is composed of the CEO, COO, CFO and senior management of DEME, as well as two representatives of CFE (a director of CFE and the chairman of CFE's Risk Committee). This committee monitors the main projects and pending lawsuits. It also prepares investment proposals;

• **The Risk Committee** numbers two representatives of CFE among its members (a director of CFE and the chairman of CFE's Risk Committee), as well as the CEO, COO, CFO and senior management of DEME. The Risk Committee analyzes and approves all binding offers involving an amount of over € 100 million (dredging works) or € 25 million (non-dredging works);

• **The Audit Committee** numbers three representatives of CFE among its members (a director, the CFO and the head of management control and consolidation). The Audit Committee reviews the financial statements of DEME, the evolution of the results of the various projects, and the budget updates at each quarterly closing. It may also be convened to review specific financial matters. It met four times in 2017;

• **Finally, the Steering Committee** DEME which is tasked with reviewing the investment proposals prepared by the Technical Committee and preparing the meetings of DEME's Board of Directors.

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

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

- The BI tool has been set up, as well as the interface with the consolidation software. The blueprint for updating the group's accounting software was finalized in 2017. Uniformity of reporting is a priority for DEME;
- The loans' documentation has been harmonized;
- At the beginning of 2016, the Opportunity and Risk Management (ORM) department successfully implemented the new ORM tools and procedures in all the DEME entities. The risks and opportunities are now assessed and adapted in a transparent and uniform manner from the tendering stage until the final completion of the projects. This new approach is now part of the corporate culture;
- The implementation of a foreign currency cash pool system within DEME was finalized: the cash management was automated and centralized by the setting up of a tool which, at group level, makes it possible to manage the opening of bank accounts, file requests for powers of attorney or requests to modify powers of attorney, and make calls for funds;
- With the help of an external consultant, the general expenses of the DEME group were subjected to an in-depth review in order to improve the budgetary processes and to achieve sustainable cost reductions;
- The standards of integrity are far-reaching and are explained to all the members of personnel on the Intranet, in emails, at project kick-off meetings, and in training programmes. Compliance with the codes of

ethics and integrity is enjoined on every staff member, and those standards apply across all divisions and subsidiaries in every country where the DEME group operates. DEME considers those rules of conduct as a risk management instrument.

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 two managing directors of CFE, the Chairman of the Executive Committee of CFE Contracting, 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 2017 the CFO of CFE, the managing director of CFE Bouw Vlaanderen (who is also general manager of the Multitechnics and Rail Infra & Utility Networks), the managing director of CFE Bâtiment Brabant Wallonie, and the CEO of the Van Laere group.

3. Risk Committee

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

The Risk Committee comprises the following members:

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

4. Internal audit

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

The internal auditor reports in a functional way to the Audit Committee of CFE by submitting the annual audit plan and presenting the main findings of the audits carried out and a follow-up of the action plans. If necessary, additional audit assignments may be carried out at the request of the Audit Committee or of the Executive Committee. In 2017, the main topics covered by

the internal audit were compliance with social law (more particularly the obligation to register on-site personnel), the management of joint ventures (in particular the aspects relating to governance, management control and the integration of accounts).

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

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

b. Actions taken to improve internal control

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

- continuing implementation of an **integrated management system (ERP)** in several entities of CFE Contracting;
- update of the accounting manual;
- detailed review of the IT access and the segregation of duties.

c. Organisation of internal control in the Construction segment

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

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

d. Organisation of internal control in the Multitechnics & Rail Infra & Utility Networks segment

The internal control of the Multitechnics and Rail Infra segment is structured around Boards of Directors organised by cluster (Electro, Voltis, HVAC and Rail Infra & Utility Networks) and composed of the respective general managers, the general manager of the segment, the CEO of CFE Contracting, the CFO of CFE, and a director of CFE.

5.A.2.4 BPI

a. Participants in the internal control system

The Board of Directors has the powers conferred on it by law. It is composed of six directors, among whom the managing director of BPI, and four directors of CFE (including the two managing directors), and the CFO of CFE.

The Board of Directors has set up an **Investment Committee** tasked with analysing and approving all real estate investments of BPI involving (beneficial) amounts below € 10 million. This Committee is composed of four directors of BPI - of whom at least one managing director of CFE, the CEO of BPI, and the CFO of CFE - and the head of Legal. The financial manager of BPI and any

person who may be helpful in the presentation of the proposed investment are invited ex officio to attend the meetings of the Investment Committee.

The Investment Committee is not empowered to represent the Company and does not exclude the competence of the Board of Directors. The Board of Directors may at any time deliberate on any investment or divestment project involving any amount and decide, where appropriate, instead of the Investment Committee. The Board of Directors alone is authorised to approve, on the basis of a favourable opinion from the Board of Directors of CFE, (i) investments involving a (beneficial) amount of over € 10 million, (ii) the setting up of any partnership relating to a project involving a (beneficial) amount of over € 10 million, and (iii) the start of construction and/or marketing of any real estate project.

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

5.B Risk factors

5.B.1 Operational risks

5.B.1.1 Project execution

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

The risk factors therefore relate to:

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

5.B.1.2 Dredging, Environment, Offshore and Marine Engineering division

Dredging activities are performed by DEME and its subsidiaries.

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

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

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

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

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

In 2015, DEME decided to set up a new division, comprising two new subsidiaries: DEME Infra Sea Solutions (DISS) and DEME Infra Marine Contractor (DIMCO), specializing 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 reclamation works

In its dredging, reclamation and hydraulic civil engineering operations, 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 earth to be dredged;
- 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;
- project design and engineering;
- changes in the regulatory framework during the contract, and relations with subcontractors, suppliers and partners.

Operational risks related to the development of concessions

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

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

Operational risks related to fleet investments

Dredging is primarily a maritime activity, which is characterised by its capital-intensive nature due to the need for regular investments 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 dredger, 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 dredgers 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 activities and the Multitechnics and Rail Infra & Utility Networks segment.

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

The Multitechnics, Rail Infra & Utility Networks segment operates mainly in Belgium through three clusters:

- tertiary electricity, electromechanical facilities, telecoms networks, industrial automation, the production of low-voltage panels and high-voltage cabinets, electromechanical work for wastewater treatment and pumping stations;
- HVAC (heating, ventilation and air conditioning) facilities, electrical and HVAC maintenance;
- railway and signalling works, energy transportation, public lighting

In 2017, CFE Contracting updated the risk identification that had been formulated since 2013. The assessment was 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.

This risk identification is likely to evolve and will be regularly updated. 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 at year-end 2017 were the following:

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

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

The next update of the risk identification will take place in 2019.

5.B.1.4 Real Estate Development

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

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

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

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

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

5.B.2 Economic climate

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

For example:

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

5.B.3 Management and workforce

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

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

5.B.4 Market risks

5.B.4.1 Interest-rate risk

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

5.B.4.2 Exchange-rate risk

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

5.B.4.3 Credit risk

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

In markets outside Europe, if a country is eligible and the risk can be covered by credit insurance, CFE and DEME obtain coverage from organisations specialising in this area, such as Credendo Group.

Nevertheless, credit risk cannot be entirely eliminated.

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

5.B.4.4 Liquidity risk

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

- bond issues, totalling € 330 million. These consist of Compagnie d'Entreprises CFE SA's € 100 million issue of bonds maturing in 2018, DEME NV's € 200 million issue of bonds maturing in 2019, and BPI SA's € 30 million issue of bonds (maturing in 2022).
- new medium-term bilateral credit lines which DEME uses to finance its new vessels;
- project-finance loans or leases, which DEME uses to finance some of its vessels and which BPI uses to fund its real estate projects;
- bank loans or commercial paper to cover short and medium-term cash requirements.

CFE complied with all of its financial covenants at 31 December 2017, as did DEME, CFE Contracting and BPI.

5.B.5 Commodity price risks

CFE, DEME and CFE Contracting are potentially exposed to increases in the prices of certain raw materials used in their activities. Nevertheless, such increases should not be likely to have a significantly negative impact on their results. This is because a substantial portion of the

contracts of CFE, DEME and CFE Contracting include price revision formulae that enable them to adjust selling prices in line with movements in commodity prices. Furthermore, the activities of CFE Contracting are carried out through a large number of contracts, many of them of short or medium duration which, even in the absence of a price revision formula, limits the impact of a rise in raw material prices. Finally, DEME hedges against rising diesel prices for contracts that do not contain price revision mechanisms.

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

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

5.B.7 Environmental risks

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

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

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

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

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

5.B.8 Legal risks

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

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

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

5.B.9 Political risks

CFE and DEME are exposed to political risks, which fall into various categories: political instability, wars (including civil wars), armed conflicts, terrorism, hostage-taking, extortion and sabotage.

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

DEME has appointed an Enterprise Security Officer to:

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

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

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

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

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

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

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 (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.

There is no service contract binding the Board members with CFE or with any of its subsidiaries.

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 2017 financial year amounted to € 156 thousand and € 1,172 thousand respectively.

9. Audit

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

At the ordinary general meeting of shareholders on 4 May 2016, shareholders renewed the appointment of the Statutory Auditor, Deloitte Réviseurs d'Entreprises, represented by Michel Denayer and Rik Neckebroek, for a period of three years, ending at the close of the ordinary general meeting of shareholders in May 2019. The fees paid by CFE amounted to € 118 thousand for the 2017 financial year.

Other costs for various assignments invoiced by Deloitte Réviseurs d'Entreprises amounted to € 42 thousand.

In addition, during the 2017 financial year, the costs invoiced by Deloitte for consultancy services amounted to € 158 thousand.

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

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

Remuneration paid to the Statutory Auditors in respect of the whole group in 2017, including CFE:

(in € thousands)	Deloitte	Other		
	Amount	%	Amount	%
Audit				
Statutory audit, certification, examination of individual and consolidated accounts	1,619.6	69.44%	728.2	35.74%
Related work and other audits	81.3	3.49%	63.9	3.14%
Subtotal, audit	1,700.9	72.93%	792.1	38.88%
Other services				
Legal, tax, corporate	204.5	8.77%	852.8	41.86%
Other	426.9	18.30%	392.3	19.26%
Subtotal, other services	631.4	27.07%	1,245.1	61.12%
Total statutory auditors' fees	2,332.3	100%	2,037.2	100%

C. Remuneration report

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

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

In 2017, no changes were made to CFE's remuneration policy relative to 2016.

1. Remuneration of the Board and committee members

1.1. Remuneration of Board members

CFE's ordinary general meeting of shareholders of 4 May 2017 approved the payment of annual fees to the Chairman of the Board of Directors and each of the other directors to the amount of € 100,000 and € 20,000 respectively in proportion to the time they were in office.

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

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

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

The amount of fees paid directly or indirectly to the Board members for carrying out their duties within the group was as follows:

(€)	Fees
CFE	
Luc Bertrand	100,000
Renaud Bentégeat	34,000
Piet Dejonghe	34,000
Koen Janssen	34,000
Christian Labeyrie	34,000
John-Eric Bertrand	34,000
SPRL Ciska Servais, represented by Ciska Servais	34,000
Pas de Mots SPRL, represented by Leen Geirnaert	32,000
Philippe Delusinne	34,000
Jan Suykens	34,000
Alain Bernard	32,000
Total	436,000

No agreement with any non-executive Board director providing for severance pay has come into force. It will be proposed to the general meeting of 3 May, 2018 to maintain the same remuneration policy of the directors and the Chairman of the Board of Directors.

1.2 Remuneration of Audit Committee members

John-Eric Bertrand	8,000
Philippe Delusinne	4,000
Christian Labeyrie	4,000
Pas de Mots SPRL, represented by Leen Geirnaert	3,000
Ciska Servais SPRL, represented by Ciska Servais	3,000
Total	22,000

1.3 Remuneration of Appointments and Remuneration Committee members

The Appointments and Remuneration Committee consists of non-executive directors, most of whom are independent directors.

Ciska Servais SPRL, represented by Ciska Servais	4,000
Luc Bertrand	2,000
Philippe Delusinne	2,000
Total	8,000

2. CFE management

The CFE group is led by the two managing directors, who are tasked with the daily management of the company, under the supervision of the group's Board of Directors.

They are assisted in their task at holding company level by the group's CFO, Fabien De Jonge, the Human Resources manager, Gabriel Marijsse, and the international manager D2C Partners, represented by Patrick Bonnetain.

The activities of DEME are overseen by a steering committee, composed as before of Renaud Bentégeat, Alain Bernard and Fabien De Jonge.

The Contracting division, which comprises most of the activities of the CFE group in construction, multitechnics and rail, is led by an Executive Committee composed of a CEO, Trrema SPRL, represented by Raymund Trost, and four other members, Frédéric Claes SA, represented by Frédéric Claes, Fabien De Jonge, 8822 SPRL, represented by Yves Weyts and from 21 December 2017, Almaco SPRL represented by Manu Coppens.

The activities of Real Estate Development are headed by a managing director, Artist Valley SA, represented by Jacques Lefèvre.

3. Remuneration of members of CFE's executive management

3.1 Remuneration of Renaud Bentégeat, managing director

There were no changes in the remuneration policy in 2017. Fixed and variable remuneration and other benefits were examined by the Appointments and Remuneration Committee.

After discussions, and specifically an assessment of performance relating to variable remuneration, the Appointments and Remuneration Committee made recommendations to the Board of Directors, which takes decisions on this matter.

The reference period for the annual variable remuneration of the managing directors (and the other members of the executive management) runs from 1 January to 31 December. Any payments of variable remuneration are made in April of the following year.

In addition to his fee as a Board member, i.e. € 34,000, Renaud Bentégeat, managing director, received gross annual remuneration of € 300,000 in respect of his executive functions within the CFE group. The remuneration of Renaud Bentégeat is governed by the French social security.

Renaud Bentégeat, managing director, also has the use of accommodation and a car provided by the company, representing a benefit of € 48,128 in 2017. In 2017, he benefits from a pension plan with CFE, for which the employer's contribution amounts to € 102,147.

The annual variable remuneration of Renaud Bentégeat is based on the performance of the CFE group as a whole and takes into account the safety performance, financial performance, cash position and reporting quality.

Unless otherwise decided by the Board of Directors, the amount of the annual variable remuneration (excluding the long-term variable remuneration), is capped at 100% of the fixed remuneration.

On the proposal of the nomination and remuneration committee, the board of directors may also increase or decrease the amount of the variable remuneration.

For the 2017 financial year, it was decided to pay Renaud Bentégeat a bonus of € 700,000.

CFE did not award any shares, options or other rights to acquire shares in the company to Renaud Bentégeat, managing director, in 2017.

3.2 Remuneration of Piet Dejonghe, managing director

Piet Dejonghe, managing director, received no remuneration other than his remuneration as a director.

CFE did not award any shares, options or other rights to acquire shares in the company to Piet Dejonghe, managing director, in 2017.

3.3 Remuneration of the other members of CFE's executive management

The remuneration policy is designed to:

- enable the company to attract, motivate and retain high-level and high-potential executive talent,
- foster and reward personal performance.

The proposed fixed and variable remuneration for members of CFE's executive management, other than the managing directors, are scrutinised by the managing directors and the group's HR manager. They are submitted to the Appointments and Remuneration Committee.

The Committee listens to explanations and, after discussions between its members, submits definitive proposals to the Board of Directors, which takes decisions on the matter.

The basic annual salary constitutes fixed remuneration and is based on a scale defined by the CFE Group's wage structure. There is a margin of appreciation as regards matters such as experience, duties, scarcity of technical skills and performance.

For operational members of CFE's **executive management**, i.e. those responsible for profit centres (subsidiaries), variable remuneration for the 2017 financial year depends on individual performance.

- It is directly related to the financial performance of their area of responsibility, i.e. the net result before tax. This result is compared with a pay scale featuring fixed amounts in function of achieved results, known as the "basic amount".
- Safety performance: quantitative criterion at the rate of 50%, based on zero serious work accidents for any person on site; qualitative criteria at the rate of 50% according to the degree of implementation of the safety plans. The basic amount is reduced by 20% if the targets are not achieved.
- Qualitative performance: individual targets assigned at the beginning of the year.

The assessment of this 'qualitative' performance is left to the discretion of the Appointments and Remuneration Committee.

The Board of Directors, at the proposal of the Appointments and Remuneration Committee, may also increase or reduce the amount of the variable remuneration that emerged from the pay scale set at the beginning of the year in function of exceptional achievements or leadership.

For functional managers, variable remuneration takes account of several factors:

- the CFE Group's comprehensive income,
- the operational performance of their department,
- attainment of specific targets assigned to them at the start of the year by the managing directors,
- variable remuneration may be zero if performance is unsatisfactory.

The reference period for the variable remuneration runs from 1 January to 31 December. Any payments are made in April of the following year.

Remuneration for the operational members of the steering committee of DEME is set by the Board of Directors of DEME as proposed by the Remuneration Committee of DEME, composed of Renaud Bentégeat and Luc Bertrand.

The variable remuneration is based on four criteria: EBITDA, net result, net financial debt, and safety performance.

In 2016, members of CFE's executive management (other than the managing directors), namely Fabien De Jonge, Gabriel Marijsse, D2C Partners represented by Patrick Bonnetaïn, Alain Bernard, Torema SPRL represented by Raymund Trost, Fédéric Claes SA represented by Frédéric Claes, 8822 SPRL represented by Yves Weyts, Artist Valley SA represented by Jacques Lefèvre, received:

Fixed remuneration and fees	2,494,366
Variable remuneration	2,107,380
Payments to insurance plans (pension plans, health and accident insurance)	329,995
Company vehicle expenses	32,891
Total	4,964,632

Members of CFE's executive management are covered by various types of pension plan. Some are members of defined-benefit plans, which vary according to whether they joined before or after 1 July 1986.

In order to harmonise the treatment of these members, a supplementary defined-benefit plan was set up in 2007. The IFRS service cost for defined-benefit plans amounted to € 121,255 in 2017.

There is also a pension plan that covers members of DEME's steering committee.

CFE has not awarded any shares, options or other rights to acquire shares in the company to members of CFE's executive management in 2017.

The Appointments and Remuneration Committee of the CFE group, with the consent of the Board of Directors, decided to set up a stock option plan for CFE Contracting. The four beneficiaries have accepted the offer, and the term of the options is seven years.

Furthermore, the Board of Directors, on the advice of the Appointments and Remuneration Committee, decided to set up a stock option plan for BPI (real estate development). The two beneficiaries have accepted the offer. The term of the options is eight years.

The Nomination and Remuneration Committee of the CFE Group, by agreement of the Board of Directors, has decided to integrate Manu Coppens in the CFE Contracting option plan. The offer was made on 31 December 2017. The term of the options is five years.

4. Termination benefits

As regards termination benefit rules, in accordance with the Belgian Corporate Governance Act of 6 April 2010, applying as of 3 May 2010 and as agreed with the managing directors and members of CFE's executive management, the ordinary general meeting of shareholders of 4 May 2017 passed the following resolution:

1. The law relating to employment contracts shall apply to persons with "employee" status, and all other existing agreements shall remain in force.

For employees who are members of the executive management of CFE and DEME and with whom there was no existing agreement relating to termination benefits before 3 May 2010, the period of notice to be given or the amount of severance pay that will be paid in the event of termination of the employment contract (for reasons other than serious misconduct) by the employer shall be determined, in accordance with the Act of 26 December 2013 relating to the

introduction of the single status, published in the "Moniteur Belge" on 31 December 2013.

- › Alain Bernard
- › Fabien De Jonge
- › Gabriel Marijsse

2. As regards termination benefits applying after 3 May 2010 and agreed with the managing director and members of CFE's executive management,

- › an agreement came into force on 1 October 2014 for Renaud Bentégeat. This agreement, approved by the Board of Directors as proposed by the Appointments and Remuneration Committee, stipulates that if the employment contract is terminated by the employer (for reasons other than serious misconduct) the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 12 months' fees.
- › an agreement came into force on 9 November 2015 for Torema SPRL, represented by Raymund Trost. This agreement, approved by the Board of Directors as proposed by the Appointments and Remuneration Committee, stipulates that if the service providing contract is terminated by the contracting company of the CFE Group, (for reasons other than serious misconduct) the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 6 months' fees.
- › an agreement came into force on 1 January 2016 for 8822 SPRL, represented by Yves Weyts. This agreement, approved by the Board of Directors as proposed by the Appointments and Remuneration Committee, stipulates that if the service providing contract is terminated by the contracting company of the CFE Group (for reasons other than serious misconduct) the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 12 months' fees.
- › an agreement came into force on 13 June 2017 for ALMACON SPRL, represented by Manu Coppens. This agreement stipulates that if the service providing contract is terminated by the contracting company of the CFE Group (for reasons other than serious misconduct) the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 6 months' fees.
- › an agreement came into force on 28 Februari 2018 for Frédéric Claes SA, represented by Frédéric Claes. This agreement stipulates that if the service providing contract is terminated by the contracting company of the CFE Group (for reasons other than serious misconduct) the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 12 months' fees.
- › an agreement came into force on 28 Februari 2018 for Artist Valley SA, represented by Jacques Lefèvre. This agreement stipulates that if the service providing contract is terminated by the contracting company of the CFE Group (for reasons other than serious misconduct) the period of notice to be given or the amount of severance pay that will be paid is to be set at maximum 12 months' fees.

5. Variable remuneration of members of CFE's executive management

As regards variable remuneration rules, in accordance with the Belgian Corporate Governance Act of 6 April 2010, for periods beginning after 31 December 2010, the shareholders' meeting of 4 May 2017 passed the following resolution:

For the managing directors and the members of the executive management, the current legislation, which requires variable remuneration to be spread over three years, and its related criteria are not appropriate (and therefore cannot be easily applied) to an executive management of which some members are close to retirement or bridging pension age.

This provision remains applicable to members of CFE's executive management.

6. Information about the right to claw back variable remuneration granted on the basis of incorrect financial information provided by members of CFE's executive management

The contracts between members of CFE's executive management, including those of the managing directors, on the one hand and the company on the other include a right for the company to claw back variable remuneration granted on the basis of incorrect financial information.

D. Report on non-financial indicators of the CFE Group

This report can be found at page 121 of the financial 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 - Acquisition of Algemene Aannemingen Van Laere

Extract from the minutes of the meeting of the Board of Directors of Compagnie d'Entreprise CFE on 18 December 2017: Final decision on the Van Laere transaction

After having reviewed in detail the different valuation methods, the Share Purchase Agreement, and the due diligence reports relating to the accounting, financial, tax, legal and social aspects; After having had the opportunity on two occasions to meet the CEO of the Van Laere group, who presented his short and medium-term objectives and his 2018-2019 budget; After having read the report of the committee of independent directors, namely Ciska Servais SPRL, represented by Mrs Ciska Servais, Mr Philippe Delusinne, and Pas de Mots SPRL, represented by Mrs Leen Geirnaerdt; The directors believe they have been sufficiently informed to deliberate on the planned transaction, more particularly the acquisition of 100% of the shares of Algemene Aannemingen Van Laere NV by CFE Contracting for the price of € 18.4 million, which will be adjusted according to, among other things, the consolidated equity of Algemene Aannemingen Van Laere NV at 31 December 2017.

The Chairman of the Board, Mr Luc Bertrand, indicated that he would abstain from voting.

After some exchanges of view, the directors taking part in the vote (all directors, except Mr Luc Bertrand and Mr Alain Bernard, who apologized for his absence) unanimously approved the transaction according to the terms and conditions of the Share Purchase Agreement.

The Board of Directors certified that the procedure outlined in Article 524 of the Companies Code was observed, and that the opinion of the committee of independent directors was not derogated from.

The acquisition was scheduled for Thursday, 21 December 2017.

Mr Luc Bertrand thanked the independent directors and all other parties involved for the quality of their work. He is convinced that this acquisition brings real added value to CFE.

Annexes:

1. Conclusion of the report of the committee of independent directors
2. Auditor's report

Piet Dejonghe
Managing Director

Renaud Bentégeat
Managing Director

Annex 1: Conclusion of the report of the committee of independent directors

Having regard to, and without prejudice to, each and every one of the observations expounded in sections 1, 2 and 3, (A), (B) and (C) that qualify it, the opinion of the independent directors can be summed up as follows: the

planned transaction does not appear to be characterized by conditions, in particular as regards price, which indicate that it constitutes prejudice, undue or otherwise, to CFEC, CFE, and its shareholders. Insofar as they have not been taken into account in the determination of the transaction price and the adjustments to which it may be liable, the benefits which in terms of the synergies expected from the transaction the Board of Directors had previously identified as justifying the interest of the transaction for CFEC contain, apart from the price adjustment mechanisms provided for in the SPA and the accompanying guarantees, a margin of compensation for any "prejudices" that may result from a future impairment of the expectations on which the valuation exercise was based in order to determine the price, the formulation of any adjustments to that price, and the guarantees of the SPA, as well as the justification of the transaction in the interest of CFEC and, consequently, of CFE and its shareholders.

Done in Brussels on 18 December 2017

The independent directors:

For SPRL Ciska Servais,
Ciska Servais

For SPRL Pas de Mots,
Leen Geirnaerdt

Philippe Delusinne

Annex 2: Auditor's report

In connection with the decision of the Board of Directors regarding the contract concluded between CFE Contracting SA and Ackermans & van Haaren SA for the acquisition of the Van Laere group, and in accordance with Article 524(3) of the Companies Code, we have been asked to assess the accuracy of the information contained in the opinion of the committee of independent directors of 18 December 2017 and in the minutes of the meeting of the Board of Directors of 18 December 2017. This assessment will be included in the minutes of the meeting of the Board of Directors and will be reiterated in the management report.

The contract is concluded between CFE Contracting SA (a subsidiary of Compagnie d'Entreprises CFE SA) and Ackermans & van Haaren SA (majority shareholder of Compagnie d'Entreprises CFE SA), and concerns the acquisition of the company Algemene Aannemingen Van Laere SA by CFE Contracting SA. In the context of this transaction, the Board of Directors of Compagnie d'Entreprises CFE SA applies the procedure provided for in Article 524 of the Companies Code to determine whether the contract and the transaction as a whole may be considered as not constituting manifestly undue prejudice to Compagnie d'Entreprises CFE SA.

In accordance with the provisions of Article 524(3) of the Companies Code, we inspected the following documents:

- The report of the committee of independent directors of 18 December 2017, drawn up in accordance with Article 524(2) of the Companies Code
- The minutes of the meeting of the Board of Directors of 18 December 2017

We verified the accuracy of the information contained in the opinion of the committee of independent directors and in the minutes of the Board of Directors.

On the basis of our findings, we have no knowledge of facts that may indicate that the information contained in the report of the committee of independent directors or in the minutes of the Board of Directors is inaccurate.

The present report has been prepared for the exclusive use of the Board of Directors of the company in pursuance of Article 524 of the Companies Code, and must not be used for other purposes.

Zaventem, 19 December 2017

The Auditor,

DELOITTE Company Auditors
Limited Liability Cooperative Company

Represented by
Rik Neckebroeck

Michel Denayer

G. Public offer to purchase shares

Pursuant to Article 34 of the Belgian Royal Decree of 14/11/2007 concerning the obligations of issuers of financial instruments listed for trading on a regulated market, Compagnie d'Entreprises CFE SA notes that:

- i) the Board of Directors is empowered to increase the authorized capital by a maximum amount of € 2,500,000, it being noted that exercise of this power is limited, in the event of a takeover bid, by Article 607 of the Companies Code;
- ii) the Board of Directors is entitled to acquire up to 20% of CFE's shares.

H. Acquisitions and disposals

Compagnie d'Entreprises CFE SA neither acquired nor disposed of any participating interests in the 2017 financial year.

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

I. Creation of branches

Compagnie d'Entreprises CFE SA did not set up any branches in 2017.

J. Post-balance sheet events

No significant changes have occurred in the financial and commercial situation of the CFE Group since 31 December 2017.

K. Research and development

DEME carries out ongoing research to increase the efficiency of its fleet. In addition, in partnership with universities and the Flanders region of Belgium, it carried out research into the production of sustainable marine energy. In partnership with private-sector companies, it carries out research into techniques to extract rare materials from the sea.

L. Information on business trends

The CFE Group will see a substantial revenue growth in 2018, in view of the high order book for both DEME and Contracting.

M. Notice of the general shareholders meeting of May 3, 2018

A. Agenda of the Ordinary General Meeting

1. Board of directors' report w.r.t. financial year ended December 31, 2017
2. Auditor's report w.r.t. financial year ended December 31, 2017
3. Approval of the annual accounts

Proposed decision:

Approval of the statutory annual accounts w.r.t. financial year ended December 31, 2017.

4. Approval of the consolidated annual accounts

Proposed decision:

Approval of the consolidated annual accounts w.r.t. financial year ended December 31, 2017.

5. Appropriation of profit – Approval of the dividend

Proposed decision:

Approval of a gross dividend of € 2,40 per share, corresponding to a net dividend of € 1,68 per share. The dividend will be payable as from 24 May 2018.

6. Remuneration

6.1. Approval of the remuneration report

Proposed decision:

Approval of the remuneration report.

6.2. Annual remuneration of the directors and the auditor

Proposed decision:

Approval of a remuneration for the chairman of the board of directors and for each director, respectively of € 100,000 and of € 20,000, prorata temporis of the exercise of their mandate during the financial year, taking effect from 1 January 2018.,

Approval of an attendance fee of € 2,000 per meeting 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 € 119.400 for the exercise of his mandate. The remuneration is subject to annual indexation.

7. Discharge of the directors

Proposed decision:

Discharge of the directors for the exercise of their mandate during the financial year ended December 31, 2017.

8. Discharge of the auditor

Proposed decision:

Discharge of the auditor for the exercise of his mandate during the financial year ended December 31, 2017.

9. Appointments

9.1. Proposed decision:

Approval of the appointment of Euro-Invest Management NV, having as permanent representative Mrs Martine Van den Poel, for a period of three (3) years (ending after the annual general meeting to be held in May, 2021). Euro-Invest Management NV and its permanent representative, Mrs Martine Van den Poel, meet the criteria of independence set forth in article 526ter of the Company Code and in the Belgian Corporate Governance Code 2009.

9.2. Proposed decision:

Approval of the appointment of Much SPRL, represented by Mrs Muriel De Lathouwer, for a period of four (4) years (ending after the annual general meeting to be held in May, 2022). Much SPRL, represented by Mrs Muriel De Lathouwer, meets the criteria of independence set forth in article 526ter of the Company Code and in the Belgian Corporate Governance Code 2009.

B. Practical formalities

1. Shareholders wishing to attend the meeting personally

Only shareholders who hold CFE shares at the latest on the 14th day prior to the general meeting, namely on 18 April 2018 at midnight (Belgian time) (the "Registration date") and who confirm their intention to participate to the general meeting at the latest on 27 April 2018 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 Mr Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, or by e-mail to the following address: general_meeting@cf.be, at the latest on 27 April 2018 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 27 April 2018 at midnight (Belgian time).

2. Shareholders wishing to be represented at the meeting

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 at the ordinary general meeting of shareholders shall be required to send the signed proxy, available on the website www.cfe.be, either by letter, for the attention of Mr Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, or by e-mail to the following address: general_meeting@cf.be, at the latest on 27 April 2018 at midnight (Belgian time).

If the proxy is sent by e-mail, the proxyholder is requested to deliver the original before the start of the meeting.

3. Shareholders wishing to vote by post

Each shareholder who is a shareholder at the Registration date may vote by post at the ordinary general meeting.

Shareholders who wish to vote by post shall be required to send, exclusively by post for the attention of Mr. Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, at the latest by 27 April 2018 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 of shareholders 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 11 April 2018, a written request either by post, for the attention of Mr Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, or by e-mail to the following address: general_meeting@cf.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, CFE shall publish at the latest by 18 April 2018 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 18 April 2018 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 ask questions at the general meeting

Each shareholder has the right to ask questions of the directors and/or the auditor during the ordinary general meeting. The questions may be asked orally during the meeting or in writing before the meeting.

Shareholders who wish to ask questions in writing before the meeting shall be required to send an e-mail to the company at the latest by 27 April 2018 to the following address: general_meeting@cf.be. Only written questions asked by shareholders who will have satisfied the formalities for admission to the meeting and who will consequently have established their status as shareholder on the Registration date (cf. item 1), shall receive an answer during the meeting.

6. Right for the bondholders to attend the general meetings

Bondholders may attend the ordinary general meeting 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 deelname". Request for a free copy may also be sent by e-mail to the following address: general_meeting@cf.be.

8. Website

All information relating to the general meeting of shareholders of 3 May 2018 is available from today's date on the company's website at the address <http://www.cf.be>.

CONSOLIDATED FINANCIAL STATEMENTS

Definitions

Consolidated financial statements

Consolidated statement of income
Consolidated statement of comprehensive income
Consolidated statement of financial position
Consolidated statement of cash flows
Consolidated statement of changes in equity
Notes to the consolidated financial statements
Auditors' report

Parent-company financial statements

Parent-company statements of financial position and comprehensive income
Analysis of statements of financial position and comprehensive income

Definitions

Capital employed	Intangible assets + goodwill + property, plant and equipment + working capital
Working capital requirement	Inventories + trade receivables and other operating receivables + other current assets + non-current assets held for sale - other current provisions - trade payables and other operating liabilities - tax payables - other current liabilities
Net financial debt	Non-current bonds + Non-current financial liabilities + Current bonds + Current financial liabilities - Cash and cash equivalents
Income from operating activities	Turnover + revenue from auxiliary activities + purchases + wages, salaries and social charges + other operational charges and depreciation and goodwill depreciation
Operating income (EBIT)	Income from operating activities + earnings from associates and joint-ventures
EBITDA	Income from operating activities + amortisation and depreciation + other non-cash items

CONSOLIDATED STATEMENT OF INCOME

For the period ended 31 December (in € thousands)	Notes	2017	2016
Revenue	4	3,066,525	2,797,085
Revenue from auxiliary activities	6	116,588	85,794
Purchases		(1,726,761)	(1,504,685)
Remuneration and social security payments	7	(546,699)	(533,200)
Other operating expenses	6	(404,180)	(384,649)
Depreciation and amortisation	12-14	(238,316)	(232,775)
Goodwill impairment	13	0	0
Income from operating activities		267,157	227,570
Earnings from associates and joint ventures	15	(17,710)	(784)
Operating income		249,447	226,786
Cost of gross financial debt	8	(14,362)	(31,521)
Other financial expenses & income	8	(7,904)	7,567
Net financial income/expense		(22,266)	(23,954)
Pre-tax income		227,181	202,832
Income tax expense	10	(48,430)	(30,580)
Net income for the period		178,751	172,252
Attributable to owners of non-controlling interests	9	1,691	(3,841)
Net income share of the group		180,442	168,411
Net income of the group per share (EUR) (diluted and basic)	11	7.13	6.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 31 December (in € thousands)	Notes	2017	2016
Net income share of the group		180,442	168,411
Net income for the period		178,751	172,252
Changes in fair value related to hedging instruments		6,463	2,230
Currency translation differences		(4,754)	(340)
Deferred taxes	10	(1,583)	1,143
Other elements of the comprehensive income to be reclassified to profit or loss in subsequent periods		126	3,033
Re-measurement on defined benefit plans	22	(2,227)	(18,901)
Deferred taxes	10	(3,382)	6,510
Other elements of the comprehensive income not to be reclassified to profit or loss in subsequent periods		(5,609)	(12,391)
Other elements of the comprehensive income		(5,483)	(9,358)
Comprehensive income:		173,268	162,894
- Attributable to owners of the parent		174,771	159,178
- Attributable to owners of non-controlling interests		(1,503)	3,716
Net income attributable to owners of the parent per share (EUR) (diluted and basic)	11	6.90	6.29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the period ended 31 December (in € thousands)	Notes	2017	2016
Intangible assets	12	91,343	95,441
Goodwill	13	184,930	175,169
Property, plant and equipment	14	2,138,208	1,683,304
Investments in associates and joint ventures	15	140,510	141,355
Other non-current financial assets	16	147,719	153,976
Derivative instruments – Non-current assets	26	921	510
Other non-current assets		7,798	23,518
Deferred tax assets	10	104,022	126,944
Total non-current assets		2,815,451	2,400,217
Inventories	18	138,965	94,836
Trade and other operating receivables	19	1,132,306	1,160,306
Other current assets	19	32,963	38,430
Derivative instruments – Current assets	26	4,156	2,311
Current financial assets		34	48
Assets held for sale		0	19,916
Cash and cash equivalents	20	523,018	612,155
Total current assets		1,831,442	1,928,002
Total assets		4,646,893	4,328,219
Share capital		41,330	41,330
Share premium		800,008	800,008
Retained earnings		840,543	714,527
Defined benefits pension plans		(25,268)	(19,464)
Hedging reserves		(2,457)	(7,337)
Currency translation differences		(12,252)	(7,505)
Equity attributable to owners of the parent		1,641,904	1,521,559
Non-controlling interests		14,421	14,918
Equity		1,656,325	1,536,477
Retirement benefit obligations and employee benefits	22	53,149	51,215
Provisions	23	30,183	43,085
Other non-current liabilities		4,497	5,645
Non-current bonds	25	231,378	303,537
Non-current financial liabilities	25	419,093	367,147
Derivative instruments – Non-current assets	26	7,209	18,475
Deferred tax liabilities	10	130,023	151,970
Total non-current liabilities		875,532	941,074
Current provisions	23	82,530	65,113
Trade & other operating payables	19	1,276,446	1,138,288
Income tax payable		43,275	69,398
Current bonds	25	99,959	0
Current financial liabilities	25	124,497	154,522
Derivative instruments – Current assets	26	7,445	23,515
Liabilities held for sale		0	6,004
Other current liabilities	19	480,884	393,828
Total current liabilities		2,115,036	1,850,668
Total equity and liabilities		4,646,893	4,328,219

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December (in € thousands)	Notes	December 2017	December 2016 (*)
Operating activities			
Income from operating activities		267,157	227,570
Depreciation and amortisation of (in)tangible assets and investment property		238,316	232,775
Net provision expense		4,986	(3,941)
Impairment on assets and other non-cash items		(9,725)	9,459
Income/(losses) from sales of property, plant & equipment		(9,662)	(10,341)
Dividends received from associates and joint ventures		6,507	15,221
Cash flow from operating activities before changes in working capital		497,579	470,743
Decrease/(increase) in trade receivables and other current and non-current receivables		107,002	101,564
Decrease/(increase) in inventories		(8,466)	(19,113)
Increase/(decrease) in trade payables and other current and non-current payables		75,012	(162,691)
Income tax paid/received		(42,282)	34,111
Cash flow from operating activities		628,845	424,614
Investing activities			
Sales of non-current assets		18,322	7,138
Purchases of non-current assets		(458,210)	(188,873)
Acquisition of subsidiaries net of cash acquired		(181,370)	0
Variation of the investment percentage in associates and joint ventures		0	36,456
Capital increase in investments in associates		(32,323)	(19,883)
Sale of subsidiaries		574	0
New borrowings given		(9,926)	(49,342)
Cash flow from investing activities		(662,933)	(214,504)
Financing activities			
Interest paid		(29,347)	(40,498)
Interest received		13,970	11,125
Other financial expenses & income		(12,218)	(10,854)
Borrowings	25.3	240,289	216,045
Reimbursements of borrowings	25.3	(212,271)	(203,758)
Dividends paid		(54,426)	(60,755)
Cash flow from financing activities		(54,003)	(88,695)
Net increase/(decrease) in cash position		(88,091)	121,415
Cash and cash equivalents at start of the year	20	612,155	491,952
Exchange rate effects		(1,046)	(1,212)
Cash and cash equivalents at end of period	20	523,018	612,155

(*) Amounts restated in accordance with changes in the accounting presentation of the consolidated cash flow statement as adopted by the group with effect from 1 January 2017 (Note 2.1).

Purchases and sales of subsidiaries net of cash acquired do not include entities that are not a business combination (segment Real Estate). They are not considered as investment operations and are directly reflected in cash flows from operating activities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2017

(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 2016	41,330	800,008	714,527	(19,464)	(7,337)	(7,505)	1,521,559	14,918	1,536,477
Comprehensive income for the period			180,442	(5,804)	4,880	(4,747)	174,771	(1,503)	173,268
Dividends paid to shareholders				(54,426)			(54,426)		(54,426)
Dividends from non-controlling interests								(528)	(528)
Change in consolidation scope and other movements								1,534	1,534
December 2017	41,330	800,008	840,543	(25,268)	(2,457)	(12,252)	1,641,904	14,421	1,656,325

Change in consolidation scope and other movements are presented among the main transactions described in the preamble.

For the period ended 31 December 2016

(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 2015	41,330	800,008	607,012	(7,448)	(10,710)	(6,915)	1,423,277	11,123	1,434,400
Comprehensive income for the period			168,411	(12,016)	3,373	(590)	159,178	3,716	162,894
Dividends paid to shareholders				(60,755)			(60,755)		(60,755)
Dividends from non-controlling interests								(794)	(794)
Change in consolidation scope and other movements			(141)				(141)	873	732
December 2016	41,330	800,008	714,527	(19,464)	(7,337)	(7,505)	1,521,559	14,918	1,536,477

SHARE CAPITAL AND RESERVES

The share capital on 31 December 2017 was divided into 25,314,482 ordinary shares. These shares are without nominal value. The owners of ordinary shares have the right to receive dividends and have one vote per share in Shareholders' General Meetings.

A dividend of € 60,755 thousand, corresponding to € 2.40 gross per share, was proposed by the board of

directors and will be submitted to the shareholders' approval at the general meeting. The appropriation of income was not included in the financial statements at 31 December 2017.

The final dividend for the year ended 31 December 2016 was € 2.15 gross per share.

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INTRODUCTION

Consolidated financial statements and notes

The Board of Directors authorized the publication of the CFE group's consolidated financial statements on 23 March 2018.

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

MAIN TRANSACTIONS IN 2017 AND 2016 AFFECTING THE CFE GROUP'S SCOPE OF CONSOLIDATION

TRANSACTIONS IN 2017

1. Dredging and environment segment

During the year 2017, DEME acquired:

- a 100% stake in the company A2Sea A/S, through its wholly owned subsidiary GeoSea;
- a 100% stake in the newly created company Novadeal EKO FZE;
- a 100% stake in the newly created company Dredging International RAK FZ LLC, through its wholly owned subsidiary DI Cyprus;
- a 100% stake in the newly created company DEME Shipping Co Ltd;
- a 72.5% stake in the companies G-Tec Offshore SA, G-Tec SAS, G-Tec NV and G-Tec BV;
- a 60% stake in the newly created company PT Dredging International Indonesia.

The acquired entities listed above have been fully consolidated.

In 2017, DEME also acquired:

- a 50% stake in the newly created company K3DEME;
- a 50% stake in the newly created company Earth moving Middle East Contracting DMCEST;
- a 50% stake in the company Earth moving worldwide;
- a 49% stake in the company Gulf earth moving Qatar;
- a 43.5% stake in the company Hydrogeo SARL, a 60% subsidiary of G-Tec;
- a 25.47% stake in the company Bluechem Building NV, through its subsidiary DEC NV,

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

In 2017, DEME disposed of all its stakes in the following entities:

- 100% of the company DI Bulgarie Ltd, which was fully consolidated;
- 100% of the company Dragafi SA, which was fully consolidated;
- 17.5% of the company Kriegers Flaks, which was integrated under the equity method,

Furthermore, the wholly-owned companies InfraSea Solutions Verwaltungsgesellschaft GmbH and InfraSea Solutions GmbH & co KG were absorbed by Geosea, which is also wholly owned.

2. Contracting segment

On 31 March 2017, the company ETEC SA, a subsidiary of CFE Contracting, was renamed ENGETEC SA.

On 26 April 2017, CFE Contracting acquired a 100% stake in the newly created company CFE SENEGAL SASU, which was fully consolidated.

On 12 December 2017, CFE Contracting acquired a 100% stake in the company José Coghe Werbrouck NV. This company is fully consolidated.

On 21 December 2017, CFE Contracting acquired a 100% stake in the company Algemene Aannemingen Van Laere NV. This company, which owns, among other things, all the shares of Groupe Thiran SA and Arthur Vandendorpe NV, is fully consolidated.

3. Real estate segment

In the first half of 2017, BPI disposed of all its stakes in the companies Rederij Marleen BVBA, Rederij Ishtar BVBA and Oosteroever NV. Those companies were 50% owned and integrated under the equity method.

During the same period, BPI Luxembourg, a wholly-owned subsidiary of BPI SA, disposed of its stake in Pef Kons Investment SA, 33.33% owned and consolidated under the equity method.

On 29 June 2017, BPI acquired a 50% stake in the newly created company Ernest 11 SA, which was integrated under the equity method.

On 30 June 2017, BPI Polska Development acquired a 90% stake in the companies ACE 12 sp z.o.o. (Poznan project) and ACE 14 sp z.o.o. (Warsaw project). Both these companies are fully consolidated.

On 18 September 2017, the company Brusilia Building SA, wholly owned by BPI SA, was dissolved.

On 27 September 2017, BPI Real Estate Luxembourg SA disposed of its entire 100% stake in the company Rondriesch 123 SA.

During the last quarter of 2017, the company BPI SA was renamed BPI Real Estate Belgium SA, the company BPI Polska Development was renamed BPI Real Estate Poland sp z.o.o., and the company BPI Luxembourg was renamed BPI Real Estate Luxembourg.

On 15 December, BPI Real Estate Luxembourg, a wholly-owned subsidiary of BPI, acquired a 100% stake in the company Swiss Life Immo Arlon. This company is fully consolidated.

On 20 December 2017, BPI Real Estate Belgium acquired a 100% stake in SPRL MG Immo. This company is fully consolidated.

4. Holding and non-transferred activities

On 16 August 2017, CFE Hungary, a wholly-owned subsidiary of CFE SA, disposed of its entire stake in CFE Bayer, 50% owned and integrated under the equity method.

In the fourth quarter of 2017, the company VMA Hungary Kft was dissolved.

TRANSACTIONS IN 2016

1. Dredging and environment segment

During the year 2016, DEME acquired:

- a 100% stake in the newly created companies GeoSea Infra Solutions GMBH, DEME Concessions Wind BV, and DEME Concessions Merkur BV, which are fully consolidated;
- a 50% stake in the newly created company COSCOCS – DEME New Energy Engineering Co Ltd which is integrated under the equity method;
- a 49.94% stake in the newly created company Blue Open NV, which is integrated under the equity method;
- a 37.45% stake in the newly created company Top Wallonie SA, which is integrated under the equity method;
- a 25.47% stake in the newly created company Blue Gate Antwerp Development NV, which is integrated under the equity method;
- a 12.48% stake in the newly created company La Vélorie SA, which is integrated under the equity method;

Moreover, the companies Geka Bouw BV and CFE Nederland BV, which are wholly owned by DEME Group, have been merged and renamed "Dimco BV".

DEME Concessions Wind decreased its stake in the company C-Power Holdco from 19,67% to 10%. This company remains integrated under the equity method.

DEME sold its 5% stake in the company Coentunnel Company BV.

The companies Samamedi SPA, wholly owned by DEME, and the company Power at Sea Thornton NV, 51,10% owned by DEME, were dissolved.

The companies Kalis SA and Cetraval SA, 74.90% owned by DEME, have been merged with the company Ecoterres SA, also 74.90% owned by DEME.

2. Contracting segment

On 29 June 2016, CFE Group, through its subsidiary CFE Contracting SA, increased its stake in Groep Terry NV from 77.5% to 100%, Groep Terry remains fully consolidated.

3. Real estate segment

On 7 April 2016, CFE Group, through its subsidiary BPI SA, acquired a 100% stake in BPI Barska sp z.o.o. which is fully consolidated.

On 20 May 2016, CFE Group, through its subsidiary BPI SA, increased its stake in Foncière Sterpenich SA from 50% to 100%. This company is fully consolidated.

On 30 June 2016, Sogesmaint Luxembourg SA, wholly owned by Sogesmaint SA, was sold.

The companies C.I.W. SA and P.R.N.E. SA, wholly owned by BPI Luxembourg SA, were dissolved.

The company Immomax sp z.o.o., a 47% subsidiary of BPI SA, bought 100% of the shares in Immomax II sp z.o.o., of which 47% were owned by CFE Polska sp z.o.o., and 53% by third parties. The latter company remains integrated under the equity method.

At year-end 2016, BPI Luxembourg increased its stake in Ronndriesch 123 SA from 50% to 100%. This entity will be sold in 2017. As a consequence, it is shown as "assets held for sale" in the consolidated statement of financial position.

4. Holding and non-transferred activities

On 29 June 2016, CFE SA sold its 25% stake in Locorail NV (project Liefkenshoek tunnel).

On 13 July 2016, CFE Hungary Kft sold its 50% stake in CFE Betonplatform Kft.

On 15 July 2016, the CFE group increased its stake in Rent-A-Port Energy NV from 45.61% to 50%. Moreover, this company changed its name to Green Offshore NV.

On 22 December 2016, CFE SA sold its 18% stake in Coentunnel NV.

1. GENERAL POLICIES

IFRS AS ADOPTED BY THE EUROPEAN UNION

The accounting principles used for the preparation and presentation of the consolidated financial statements of CFE at 31 December 2017 comply with the IFRS standards and interpretations as adopted by the European Union on 31 December 2017.

The accounting principles used at 31 December 2017 are the same as those used for the consolidated financial statements at 31 December 2016, except for the standards and/or amendments to standards described below as adopted by the European Union, mandatorily applicable as of 1 January 2017.

STANDARDS AND INTERPRETATIONS APPLICABLE TO THE ANNUAL PERIOD BEGINNING ON OR AFTER 1 JANUARY 2017

- Annual improvements to IFRS cycle 2014-2016: amendments to IFRS 12 (applicable to annual periods beginning on or after 1 January 2017, but not yet adopted by the European Union)
- Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative (applicable to annual periods beginning on or after 1 January 2017)
- Amendments to IAS 12 Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (applicable to annual periods beginning on or after 1 January 2017)

The application of these standards and interpretations had no significant impact on the consolidated financial statements of CFE apart from changes in the presentation of information relating to liabilities arising from financing activities introduced by the amendment to IAS 7. A reconciliation table for the opening and closing balances of the main financial liabilities of the Group,

distinguishing between variations arising from cash flows and non-cash variations, is presented in note 25.

STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET APPLICABLE TO THE ANNUAL PERIOD BEGINNING ON OR AFTER 1 JANUARY 2017

The group did not apply early any of the following new standards and interpretations, application of which was not mandatory at 31 December 2017.

- Annual improvements to IFRS cycle 2014-2016: amendments to IFRS 1 and IAS 28 (applicable to annual periods beginning on or after 1 January 2018, but not yet adopted by the European Union)
- Annual improvements to IFRS cycle 2015-2017 (applicable to annual periods beginning on or after 1 January 2019, but not yet adopted by the European Union)
- IFRS 9 Financial Instruments and associated amendments (applicable to annual periods beginning on or after 1 January 2018)
- IFRS 15 Revenue from Contracts with Customers (applicable to annual periods beginning on or after 1 January 2018)
- IFRS 16 Leases (applicable to annual periods beginning on or after 1 January 2019)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (applicable to annual periods beginning on or after 1 January 2018, but not yet adopted by the EU)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation (applicable to annual periods beginning on or after 1 January 2019, but not yet adopted by the EU)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has been deferred indefinitely, and therefore the adoption by the EU has also been postponed)
- Amendments to IAS 19 Plan Amendments, Curtailments or Settlements (applicable to annual periods beginning on or after 1 January 2019, but not yet adopted by the EU)
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures (applicable to annual periods beginning on or after 1 January 2019, but not yet adopted by the EU)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration (applicable to annual periods beginning on or after 1 January 2018, but not yet adopted by the EU)
- IFRIC 23 Uncertainty over Income Tax Treatments (applicable to annual periods beginning on or after 1 January 2019, but not yet adopted by the EU)

The potential impacts of these standards and interpretations on the consolidated financial statements of CFE are being determined. The impact of the implementation of IFRS 9, 15 and 16 is explained below.

IFRS 9 - Financial Instruments

The new IFRS 9 standard, which is due to replace the present standard IAS 39 Financial Instruments,

contains new provisions regarding the classification and measurement of financial assets based on the corporate governance model and contractual features of the financial assets. The standard will change the methodology for impairing the Group's financial assets, with IFRS 9 imposing a model henceforth based on projected losses. The provisions concerning hedge accounting are meant to bring the accounting into line with the risk management policy of the group. The standard will come into effect on 1 January 2018.

The Group does not expect these changes to have a significative impact on the classification and measurement of its financial assets. The group believes that, at present, the existing and effective hedge relationships comply with the provisions of IFRS 9. The first analyses do not reveal any material impact.

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 is the new standard governing the principles of revenue recognition. It will replace the standards IAS 11 Construction Contracts and IAS 18 Revenue, as well as the various existing interpretations, notably IFRIC 15 Agreements for the Construction of Real Estate. The recognition of revenue from contracts with customers will consequently be governed by one single standard that will apply with effect from 1 January 2018.

The group has completed the main work of identifying the potential impact of the IFRS 15 standard on each of its divisions. The results of the analyses that have been carried out confirm that the group's present model of revenue recognition will not be affected by the new provisions of IFRS 15, except for the EPCI contracts of the Dredging, Environment, Offshore and Infra division.

An in-depth analysis of a portfolio of contracts that are representative of the major transactions and the contractual arrangements of each division led to the following conclusions:

- The revenue from most of the construction and service contracts is recognized as a single performance obligation where the transfer of control takes place progressively. This approach remains in compliance with the provisions of the IFRS 15 standard.
- To measure the progress of contracts, the group uses a method based on percentage of completion by reference to costs. This approach also remains in compliance with the provisions of the IFRS 15 standard.
- For a limited number of EPCI contracts in the Dredging and Environment division, multiple performance obligations have been identified. Those performance obligations relate to procurement activities and to installation activities. Since the revenue from those contracts is recognized as a single performance obligation under the old IAS 11 standard, the application of IFRS 15 will result in a restatement that diminishes the opening equity at 1 January 2018 by an estimated amount of € 15,550 thousand.

The group will opt for the "simplified retrospective" transition method without restatement of the comparative period 2017. Consequently, the equity shown in the opening balance at 1 January 2018 will be adjusted, without presentation of a restated 2017 consolidated income statement.

The group will finish the work of incorporating all the new disclosure requirements of the standard in annexes during the first half of 2018.

IFRS 16 - Leases

The new IFRS 16 standard abolishes for the lessee the current distinction between operating leases recognized as expenses, and finance leases recognized as tangible assets against a financial debt, and requires for all leases the recognition of a right of use against a financial debt. IFRS 16 will replace the standard and interpretations IAS 17, IFRIC 4, SIC 15 and SIC 27. Where according to IAS 17 the accounting treatment of leases is determined by the assessment of the transfer of the risks and rewards incidental to ownership of the asset, IFRS 16 imposes a single recognition method for leases by lessees that has a similar impact on the balance sheet as finance leases. This standard will come into effect on 1 January 2019.

The implementation of IFRS 16 will thus have the following effects on the consolidated statement of financial position and on the consolidated income statement:

- an increase of assets and liabilities with the present value of future lease payments;
- an increase of the net financial debt, and
- an increase of the EBITDA as a consequence of the presentation of the expenses from leases as "deprecations and amortisations" and as "financial expenses" instead of as operating expenses.

Because of the specific features of certain leases (such as terms and conditions of extension), the time periods used for the measurement of leases under IFRS 16 may in some cases differ from those used for the measurement of off-balance-sheet commitments where only the firm period of commitment was taken into account. The commitments mentioned in Note 27 Operating leases therefore cannot be entirely representative of the liabilities that are to be recognized in pursuance of IFRS 16.

The assessment of the potential impact on the group's financial statements is still in progress, since this is a complex task given the number of contracts to be reviewed and the decentralized management of the leases.

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 2017 include the financial statements of the Company, its subsidiaries, its interests in jointly controlled entities (the "CFE group") and interests in companies accounted for under the equity method.

2.1. Changes in the presentation of the cash flow statement

The group decided to change the presentation of the consolidated cash flow statement in accordance with the requirements of IAS 7 Cash Flow Statement. Apart from the general presentation of the consolidated cash flow statement, this change leads to a different classification of the cash flows associated with financial income and expenses, which relate more and more to the corporate financing of CFE SA and DEME NV than to the project financing of the vessels in the dredging segment. As of 1 January 2017, the group has opted to present those as cash flow from (used in) financing activities instead of as cash flow from (used in) operating activities.

Consequently, the consolidated cash flow statement at 31 December 2016 was impacted as follows:

	December 2016, published	Interest paid/ received and other financial income & expenses	December 2016, after restatement
Cash flow from operating activities	384,386	40,228	424,614
Cash flow from investing activities	(214,504)	0	(214,504)
Cash flow from (used in) financing activities	(48,467)	(40,228)	(88,695)
Net increase/(decrease) in cash position	121,415	0	121,415

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.

The preparation of financial statements under IFRSs requires estimates to be used and assumptions to be made that affect the amounts shown in those financial statements, particularly as regards the following items:

- the period over which non-current assets are depreciated or amortized;
- the measurement of provisions and pension obligations;
- the measurement of income or losses on construction contracts using the percentage of completion method;
- estimates used in impairment tests;
- the measurement of financial instruments at fair value;
- the assessment of control; and
- the qualification of a company acquisition as a business combination or an acquisition of assets.

These estimates assume the operation is a going concern and are made on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates.

(C) CONSOLIDATION PRINCIPLES

The consolidated financial statements include the financial statements of CFE Group and the financial statements of its subsidiaries and the entities on 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 assess if the voting rights held are enough to give the power to manage the entity, including the followings:

- the voting rights held by CFE Group compared to the voting rights held by the other partners and how there 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, included 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 the control until the moment when the control is lost.

If necessary, adjustments are made to statutory accounts of subsidiaries in order to align their accounting methods to the ones used by the Group. All assets and liabilities, equity, revenues, expenses and cash flows related to transactions between groups companies are eliminated in the consolidated financial statements.

Changes in the group's interest in a subsidiary that do not result in a loss of control are recognized as equity transactions. The carrying amounts of the group's interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

When the Group grants an option to sell to the non-controlling interests of a subsidiary (i.e. where the non-controlling interests have a "put"), the related financial liability is deducted initially from non-controlling interests in equity.

Associated companies are those in which the CFE Group has significant influence. The significant influence is the power to take part in financial and operating policies of a company without having control or joint control over these policies.

A joint venture is an arrangement whereby the parties having joint control over the entity have rights to the entity's net assets. A joint control consist in sharing the control over an entity among different parties based on legal agreements and where all decisions related to core businesses require the agreement of all parties.

Assets, liabilities, revenues and expenses from joint-ventures and joint-operations are accounted for under the equity method in the consolidated financial statements unless the interest in the associate is, partly or fully, classified as held-for-sale. In that case, it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint-venture or joint-arrangement is firstly recorded at cost in the consolidated financial statement and then adjusted to record the share of the group in the net result and in the comprehensive income of the associate. If the interest in the losses of an associate is higher than its investment, CFE Group does not record its share in the future losses. Additional losses are recorded only if there is an obligation (legal or not) to give financial support to the entity.

Interests in joint ventures or joint arrangements are accounted for under the equity method from the date when the entity becomes a joint venture or joint arrangement. At the acquisition of the interest, any surplus between the cost of the investment and the share in the fair value of net assets of the entity is recorded as goodwill included in the carrying amount of the investment. Any surplus between the share of the group in the fair value of net assets and the cost of the investment after remeasurement is immediately recorded in the income statement during the period of acquisition of the investment.

A joint operation is a joint arrangement in which the parties (joint operators) have direct rights over the assets and direct obligations with respect to the entity's liabilities. A joint control consist in sharing the control on an entity among different parties based on legal agreements and where all decisions related to core businesses require the agreement of all parties to be taken. When a CFE Group entity starts activity in a joint operation, CFE recognizes in relation to its interest in the joint operation :

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of its share of the output by the joint operation;
- its expenses, including , including its share of any expenses incurred jointly.

(D) FOREIGN CURRENCIES

(1) Transactions in foreign currencies

Transactions in currencies other than the euro are recognized at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign

currencies are translated at the closing rate. Gains and losses resulting from the creation of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate on the transaction date.

(2) Financial statements of foreign entities

The assets and liabilities of CFE group companies whose functional currencies are other than the euro are translated into euros at the exchange rate on the balance sheet date. Income statements of foreign entities, excluding foreign entities in hyperinflationary economies, are translated into euros at an average exchange rate for the year (approximating the foreign exchange rates prevailing at the dates of the transactions).

Components of shareholders' equity are translated at historical rates.

Translation differences arising from this translation are recognized in the comprehensive income and these differences are recognized in the income statement in the year during which the entity is sold or liquidated.

(3) Exchange rates

Currencies	2017 closing rate	2017 average rate	2016 closing rate	2016 average rate
Polish zloty	4.177	4.257013	4.4103	4.3634
Hungarian forint	310.33	309.19326	309.83	311.4155
US dollar	1.1993	1.129681	1.0541	1.1067
Singapore dollar	1.6024	1.558822	1.5234	1.5276
Qatari rial	4.3632	4.138355	3.8402	4.0292
Romanian leu	4.6585	4.568789	4.5390	4.4904
Tunisian dinar	2.9438	2.725612	2.4260	2.3757
CFA franc	655.957	655.957	655.957	655.957
Australian dollar	1.5346	1.473167	1.4596	1.4882
Nigerian naira	430.94	377.01591	321.7500	286.5937
Moroccan Dirham	11.218	10.954358	10.6860	10.8542
Turkish Lira	4.5464	4.120627	3.7072	3.3443

Units of foreign currency per euro

(E) INTANGIBLE ASSETS

(1) Research and development costs

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the income statement as an expense as incurred.

Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if the product or process is technically

and commercially feasible, the company has sufficient resources to complete development and the expenses can be reliably identified.

Capitalized expenditure includes all costs directly attributable to the asset necessary for its creation, production and preparation in view of its intended use. Other development expenditures are recognized as an expense as incurred.

Capitalized development expenditures are stated at cost less accumulated amortisation (see below) and impairment.

(2) Other intangible assets

Other intangible assets acquired by the company are stated at cost less accumulated amortisation (see below) and impairment. Expenditure on internally generated goodwill and brands is recognized as an expense as incurred.

(3) Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it enables the assets to generate future economic benefits over and above the performance level defined at the outset. All other expenditures are expensed as incurred.

(4) Amortisation

Intangible assets are amortized using the straight-line method over their estimated useful lives at the following rates:

Minimum	5%	Operating concessions
	20%-33,33%	Software applications

(F) 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 agreement 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 acquire and the fair value of the stake in the acquire previously owned by the group (if any), the surplus is recognized immediately in the income statement as a gain from a bargain purchase.

(G) PROPERTY, PLANT AND EQUIPMENT

(1) Recognition and measurement

All property, plant and equipment are recorded in assets only when it is probable those future economic benefits will accrue to the entity and if its cost can be measured reliably. These criteria are applicable at initial recognition and in relation to subsequent expenditure.

All property, plant and equipment are recorded at historical cost less accumulated depreciation and impairment losses.

Historical cost includes the original purchase price, borrowing costs incurred during the construction period, and related direct costs (e.g. non recoverable taxes and transport costs). The cost of self-constructed assets includes the cost of materials, direct labour costs and an appropriate proportion of production overheads.

(2) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits resulting from the item of property, plant and equipment. Repairs and maintenance costs that do not increase the future economic benefits of the asset to which they relate, are expensed as incurred.

(3) Amortisation

Depreciation is calculated from the date the asset is available for use, according to the straight-line method and at a rate corresponding to the estimated economic useful life of the asset,

trucks:	5 years
other vehicles:	3-5 years
other equipment:	5 years
IT hardware:	3 years
office equipment:	5 years
office furniture:	10 years
renovation of buildings/new buildings:	20-33 years
cutter dredgers and suction dredgers:	18 years with residual value of 5%
landing stages, boats, ferries and boosters:	18 years without residual value
cranes:	8-12 years with/without residual value of 5%
excavators:	7 years without residual value
pipes:	3 years without residual value
containers and site installations:	5 years
various site equipment:	5 years

Land is not depreciated as it is deemed to have an indefinite life,

Borrowing costs directly linked to the acquisition, construction or production of an asset that requires a long time of preparation are included in the cost of the asset.

(4) Recognition of DEME's fleet

The acquisition cost is divided into two parts: a vessel component (92% of the acquisition cost), which is depreciated using the straight-line method and a depreciation rate that depends on the kind of vessel, and a maintenance component (8% of the purchase), which is depreciated over 4 years using the straight-line method. For the "Jack-Up" vessels, it is estimated that the electrical rack and pinion jacking system as well as the crane are depreciated over a period of 10 years using the straight-line method.

When a vessel is acquired, spare parts are capitalized as a proportion of the purchase up to a maximum of 8% of the total vessel acquisition cost (100%), and are depreciated using the straight-line method over the remaining useful life from the date the asset is available for use.

Certain repairs are capitalized and depreciated using the straight-line method over 4 years from the time the vessel starts sailing again.

(H) INVESTMENT PROPERTY

An investment property is a property held to generate rent, to achieve capital appreciation or both.

An investment property is different from an owner- or tenant-occupied property since it generates cash flows that are independent of the company's other assets.

Investment properties are measured on the balance sheet at cost, including borrowing costs incurred during the construction period, less depreciation and impairment.

Depreciation is calculated from the date the asset is available for use, according to the straight-line method and at a rate corresponding to the estimated economic useful life of the asset.

Land is not depreciated as it is deemed to have an indefinite life.

(I) LEASES

Where a lease transfers substantially all of the benefits and risks inherent in the ownership of an asset, it is regarded as a finance lease.

Assets held through finance leases are recognized at the lower of the present value of the minimum lease payments estimated at inception of the lease, or the fair value of the assets less accumulated depreciation and impairment losses.

Each lease payment is allocated between repayment of the debt and an interest charge, so as to achieve a constant rate of interest on the debt throughout the lease period. The corresponding obligations, net of finance charges, are recognized under financial debts. The interest element is expensed over the lease period.

Property, plant and equipment acquired under finance leases are depreciated over their useful lives or the term of the lease if the lease does not specify transfer of ownership at the end of the lease period.

Leases where the lessor retains all the benefits and risks inherent in owning the asset are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any compensation paid to the lessor is recognized as an expense in the period in which termination takes place.

(J) FINANCIAL ASSETS

Each category of investment is recognized at its acquisition date.

(1) Available-for-sale investments

This category includes available-for-sale shares in companies over which the CFE group has neither significant influence nor control. This is generally the case where the group owns fewer than 20% of the voting rights. Such investments are recognized at their fair value unless fair value cannot be reliably determined, in which case they are recognized at cost less impairment losses.

Impairment losses are taken to income. Changes in fair value are recorded in the comprehensive income. When an investment is sold, the difference between the net disposal proceeds and the carrying amount is taken to income.

(2) Loans and receivables

(2.1) Investments in debt securities and other investments

Investments in debt securities are classified as held-for-trading financial assets and are measured at their amortized cost, determined on basis of the "effective interest rate method". The effective interest rate method is used to calculate the amortized cost of a financial asset or liability and to allocate interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the future expected life of the financial instrument or, where appropriate, a shorter period, in order to obtain the net book value of the asset or financial liability. Gains or losses are recognized in the income statement. Impairment losses are taken to income.

Other investments held by the company are classified as being available-for-sale and are recognized at fair value. Gains or losses resulting from a change in the fair value of these financial assets are taken to others elements of the comprehensive income. Impairment losses are taken to income statement.

(2.2) Trade receivables

See section (L).

(3) Financial assets designated as at fair value through profit and loss

Derivative instruments are recognized at fair value through profit and loss unless there is documentation supporting hedge accounting (see section X).

(K) INVENTORIES

Inventories are measured at the lower of weighted average cost and net realisable 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.

(L) TRADE RECEIVABLES

Trade receivables are carried at cost less impairment losses. At the end of the accounting period, impairment losses are recognized on receivables where settlement is uncertain.

(M) CONSTRUCTION CONTRACTS

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 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. An expected loss on the construction contract is immediately expensed.

Under the percentage of completion method, contract revenue is recognized as revenue in the income statement in the accounting periods in which the work is performed. 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.

Costs incurred that relate to future activities on the contract are capitalized if it is probable that they will be recovered.

The CFE group has taken the option to present information related to construction contracts separately in the notes, but not on the balance sheet.

(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 IAS 39, 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 greater 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 plan 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 basis of recommendations from independent actuarial.

Post-employment benefits are either funded or non-funded.

a) Defined-contribution pension plans

Contributions to these pension plans are recognized as an expense in the income statement when incurred.

b) Defined-benefit pension plans

For these pension plans, costs are estimated separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

Under this method, the cost of providing pensions is charged to the income statement so as to spread the cost evenly over the remaining careers of employees covered by the plan, in accordance with the advice of actuaries who carry out a full assessment of these plans every year. The amounts charged to the income statement consist of current service cost, interest cost, the expected return on plan assets and past service cost.

The pension obligations recognized on the balance sheet are measured as the present value of the estimated future cash outflows, discounted at a rate corresponding to the yield on high-quality corporate bonds with a maturity similar to that of the pension obligations, less any unrecognized past service costs and the fair value of plan assets.

Actuarial gains and losses are calculated separately for each defined-benefit plan. Actuarial gains and losses comprise the effects of differences between actuarial assumptions and actual figures, and the effects of changes in actuarial assumptions.

Actuarial gains and losses on assets or liabilities relating to post-employment benefits and resulting from experience adjustments and/or changes in actuarial assumptions are immediately taken to the others elements of the comprehensive income in the period in which they arise. These gains, losses and changes in the extent of recognized assets are presented in the statement of comprehensive income.

Interest expenses resulting from the accretion effect relating to pension obligations and similar liabilities, and financial income resulting from the expected return on plan assets, are recognized in the income statement under financial items.

The introduction of or changes to a new post-employment benefit plan or other long-term plans may increase the present value of the obligation with respect to defined-benefit plans for services rendered in previous periods, i.e. the past service cost. The past service cost related to post-employment benefit plans is recognized in income on a straight-line basis over the average period until the related benefits are received by employees. Benefits received after the adoption of or changes to a post-employment benefit plan, and past service costs relating to other long-term benefits, are immediately taken to income.

Actuarial calculations related to post-employment obligations and other long-term benefits are carried out by independent actuaries.

(2) Bonuses

Bonuses granted to company employees and senior executives are based on targets relating to key financial indicators. The estimated amount of bonuses is recognized as an expense in the year to which they relate.

(S) FINANCIAL LIABILITIES

(1) Liabilities at amortized cost

Interest-bearing borrowings are recognized at their initial amount less attributable transaction costs. Any difference between this net amount (after transaction costs) and repayment value is recognized in the income statement over the life of the loan, using the effective interest-rate method. See section J 2.1 for the definition of this method.

(2) Financial liabilities designated as at fair value through profit and loss

Derivative instruments are recognized at fair value through profit and loss unless there is documentation supporting hedge accounting (see section X).

(T) TRADE AND OTHER PAYABLES

Trade and other current payables are measured at nominal value.

(U) INCOME TAX

Income tax for the period comprises current and deferred tax. Income tax is recognized on the income statement except to the extent that it relates to items recognized directly in equity or in others elements of the comprehensive income. In this case, deferred tax is also recognized in these items.

Current tax is the expected tax payable on the taxable income for the period and any adjustment to tax paid or payable in respect of previous years. It is calculated using tax rates in force at the balance sheet date.

Deferred tax is calculated using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Tax rates in force at the closing date are used to calculate deferred tax assets and liabilities.

Under this method, in the event of a business combination, the company is required to make a provision for deferred tax on the difference between the fair value of net assets acquired and their tax base.

The following temporary differences are not provided for: goodwill that is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(V) REVENUE

(1) Revenue from construction contracts

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 probable that these will generate revenue and that they can be reliably measured.

Contract revenue is measured at the fair value of the consideration received or receivable.

A variation may lead to an increase or a decrease in contract revenue.

A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. A variation is included in contract revenue when it is probable that the client will approve the variation and that amount of revenue resulting from this variation can be reliably measured.

Performance bonuses form part of contract revenue when the contract's percentage of completion is such that it is probable that the specified performance level will be reached or exceeded and that the amount of the performance bonus can be reliably measured.

Contract revenue is recognized according to the percentage of completion of the contract activity at the closing date (calculated as the proportion of contract costs at the closing date and the estimated total contract costs).

An expected loss on a construction contract is immediately recognized.

(2) Goods sold, properties sold and services provided

In relation to the sale of goods and property, 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.

(3) Rental income and fees

Rental income and fees are recognized on a straight-line basis over the term of the lease.

(4) Financial income

Financial income comprises interest receivable on investments, dividends, royalties, foreign exchange gains and gains on hedging instruments that are recognized on the income statement.

Interest, royalties and dividends arising from the use of the company's resources by third parties are recognized when it is probable that the economic benefits associated with the transaction will flow to the company and the revenue can be measured reliably.

Interest income is recognized as it accrues (taking into account the passing of time and the effective return on the asset) unless collectability is in doubt. Royalty income is recognized on an accrual basis in accordance with the substance of the relevant agreement. Dividend income is recognized on the income statement on the date that the dividend is declared.

(5) Government grants

A government grant is recognized in the balance sheet initially as deferred income where there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants that compensate the company for expenses incurred are systematically recognized as revenue on the income statement during the period in which the corresponding expenses are incurred.

Grants that compensate the company for the cost of an asset are systematically recognized on the income statement as revenue over the useful economic life of the asset. These grants are deducted from the value of the related asset.

(W) EXPENSES

(1) Financial expenses

Financial expenses comprise interest payable on borrowings, foreign exchange losses, and losses on hedging instruments that are recognized on the income statement.

All interest and other costs incurred in connection with borrowings, except those which were eligible to be capitalized, are taken to income as financial expenses. The interest expense component of finance lease payments is recognized in the income statement using the effective interest rate method.

(2) Research and development, advertising and promotional costs and IT systems development costs

Research, advertising and promotional costs are expensed in the year in which they are incurred. Development costs and IT systems development costs are expensed in the year in which they are incurred if they do not meet the criteria for capitalization.

(X) 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 IAS 39 are presented as instruments according IAS 39 held for trading.

Derivative financial instruments are recognized initially at cost. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Recognition of any resulting unrealized gain or loss depends on the nature of the derivative and the effectiveness of the hedge.

The fair value of interest-rate swaps is the estimated amount that the company would receive or pay when exercising the swaps at the closing date, taking into account current interest rates and the solvency of the swap counterparty.

The fair value of a forward exchange contract is the quoted value at the closing date, and therefore the present value of the quoted forward price.

(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 are presented in a separate reserve in equity.

When the firm commitment or the expected transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from the comprehensive income and is declared under a separate reserve in the equity.

Otherwise, the cumulative gain or loss is removed from equity and recognized in the income statement at the same time as the hedged transaction.

The ineffective part of any gain or loss on the financial instrument is taken to income. Gains or losses resulting from the time value of financial derivative instruments are recognized in the income statement.

When a hedging instrument or hedge relationship expires but the hedged transaction is still expected to occur, the cumulative unrealized gain or loss (at that point) remains in equity and is recognized in accordance with the above policy when the transaction occurs.

If the hedged transaction is expected not to occur, the cumulative unrealized gain or loss recognized in equity is immediately taken to income.

(2) Fair value hedges

Where a derivative financial instrument hedges variations in the fair value of a recognized receivable or payable, any gain or loss resulting from the remeasurement of the hedging instrument is recognized in the income statement. The hedged item is also stated at the fair value attributable to the risk hedged, with any gain or loss being recognized in the income statement.

The fair value of hedged items, in respect of the risk hedged, is their carrying amount at the balance-sheet date translated into euro 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 euro are recognized directly in "currency translation differences" under shareholders' equity.

Where a derivative financial instrument hedges a net investment in a foreign operation, the effective portion of the gain or the loss on the hedging instrument is recognized directly in "currency translation differences" under shareholders' equity, and the ineffective portion is taken to income.

(4) Instruments related to construction contracts

If a derivative financial instrument hedges variations in cash flow relating to a recognized liability, a firm commitment or an expected transaction in the frame of a construction contract (mainly forward purchases of raw materials, or foreign exchange purchases or sales), a documentation of the cash flow hedge relationship as described in section (1) here above will not be prepared. Any gain or loss resulting from the derivative financial instrument is recognized in the income statement as a financial income or expense.

These instruments are however submitted to a test of efficiency based on the same methodology as utilized for hedge accounting.

The effective part of any gain or loss on the financial instrument is recognized as a cost of the construction contract (we refer to section (M) here above). This element is however not considered for determining the percentage of completion of the construction contract.

(Y) SEGMENT REPORTING

A segment is a distinguishable component of the CFE group that generates revenues and incurs expenses and whose operating income and losses are regularly reviewed by management in order to take decisions or determine its performance. The CFE group consists of four operating segments: Dredging and Environment, Contracting, Real Estate and Holding & non-transferred activities.

3. CONSOLIDATION METHODS

Scope of consolidation

Companies in which the Group holds, whether 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 relates in particular to Rent-A-Port and some entities in the Real Estate division and the Dredging and environment division.

Changes in the scope of consolidation

Number of entities	2017	2016
Full consolidation	191	171
Equity method	124	122
Total	315	293

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 expense in the income statement.

Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign exchange derivatives used to hedge stakes in foreign subsidiaries are recorded in currency translation differences under equity.

4. SEGMENT REPORTING

Operating segments

Segment reporting is presented in respect of the group's operating segments. Segment profits, losses, assets and liabilities include items that can be attributed directly to a segment or allocated on a reasonable basis.

The CFE group consists of four operating segments:

Dredging and environment

The Dredging & Environment division – through DEME – operates in dredging (capital dredging and maintenance dredging), the installation of offshore wind turbines, the treatment of polluted earth and sludge, and marine engineering.

Contracting

Activities reported in the Contracting segment include:

- buildings (construction of offices, industrial buildings, housing, renovation and refurbishment work) in Belgium, Luxembourg, Poland and Tunisia;
- electricity projects in the service sector (offices, hospitals, car parks etc,) in Belgium and Luxembourg;
- installation of overhead contact lines, rail signalling and rail tracks in Belgium.

Real Estate Development

The Real Estate Development segment develops real estate projects in Belgium, Luxembourg and Poland.

Holding and non-transferred activities

Besides the usual holding activities, this segment includes:

- participations in Rent-A-Port, Green Offshore and in two Design Build Finance and Maintenance contracts in Belgium;
- contracting activities non-transferred to CFE Contracting SA and DEME NV including a number of civil engineering projects in Belgium and building projects in Africa (except Tunisia) and in Central Europe (except Poland),

Consolidated statement of comprehensive income

	(in € thousands)		Revenue		Income from operating activities			Operating income (EBIT)			Financial income	
	2017	2016	2017	% Revenue	2016	% Revenue	2017	% Revenue	2016	% Revenue	2017	2016
Dredging and environment	2,356,014	1,978,250	230,507	9.78%	226,956	11.47%	217,775	9.24%	213,677	10.80%	(21,117)	(33,797)
DEMÉ corrections			(5,468)		(5,276)		(10,510)		(6,253)		4,218	7,029
Contracting	717,649	770,491	27,212	3.79%	19,987	2.59%	27,212	3.79%	19,984	2.59%	(134)	(694)
Real Estate Development	10,900	12,075	21,799	199.99%	(1,469)	(12.17%)	23,388	214.5%	4,263	35.30%	(902)	(2,799)
Holding and non-transferred activities	34,141	60,264	(7,704)		(12,770)		(9,229)		(5,027)		(4,331)	6,307
Eliminations between segments	(52,179)	(23,995)	811		142		811		142			
Total consolidated	3,066,525	2,797,085	267,157	8.71%	227,570	8.14%	249,447	8.13%	226,786	8.11%	(22,266)	(23,954)

	(in € thousands)		Taxes		Net income of the group			Non-cash items			EBITDA		
	2017	2016	2017	% Revenue	2016	% Revenue	2017	2016	2017	% Revenue	2016	% Revenue	
Dredging and environment	(43,269)	(20,416)	155,055	6.58%	155,334	7.85%	224,993	220,400	455,500	19.33%	447,356	22.61%	
DEMÉ corrections	7,739	(670)	1,448		106		5,468	5,276					
Contracting	(11,726)	(9,228)	15,351	2.14%	10,351	1.34%	406	12,758	27,618	3.85%	32,745	4.25%	
Real Estate Development	(256)	(18)	22,255	204.17%	1,446	11.98%	1,860	2,034	23,659	217.06%	565	4.68%	
Holding and non-transferred activities	(856)	(201)	(14,416)		1,079		850	(2,175)	(6,854)		(14,945)		
Eliminations between segments	(62)	(47)	749		95				811		142		
Total consolidated	(48,430)	(30,580)	180,442	5.88%	168,411	6.02%	233,577	238,293	500,734	16.33%	465,863	16.66%	

Revenue

(in € thousands)	2017	2016
Belgium	1,018,284	949,078
Other Europe	1,324,955	1,007,547
Middle East	16,337	66,482
Asia	342,356	310,932
Asia-Pacific	32,173	24,506
Africa	250,878	272,287
Americas	81,542	166,253
Total consolidated	3,066,525	2,797,085

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

In 2017, no customer accounted for more than 12% of group revenue.

Revenue from the sale of goods amounted to € 8,490 thousand in 2017 (2016: € 9,130 thousand). These sales were generated by the Voltis and Terryn Timber Products subsidiaries.

Breakdown of revenue in the contracting division

(in € thousands)	2017	2016
Construction	499,914	548,456
Multitechnics	155,255	159,249
Rail Infra & Utility Networks	62,480	62,786
Contracting	717,649	770,491

The CFE group's Contracting revenue includes revenue generated through the Real Estate division.

The elimination of the revenue common to the Contracting division and Real Estate division, is done at inter-segment eliminations level.

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

Order book

(in € millions)	2017	2016	% change
Dredging and environment	3,520.0	3,800.0	-7.4%
Contracting	1,229.7	850.5	+44.6%
Construction	978.8	648.7	+50.9%
Rail Infra & Utility Networks	98.3	58.4	+68.3%
Multitechnics	152.6	143.4	+6.4%
Real Estate Development	3.5	5.0	-30.0%
Holding and non-transferred activities	97.6	101.2	-3.6%
Total	4,850.8	4,756.7	+2.0%

Breakdown of revenue in the dredging division

(in € thousands)	2017	2016
Capital dredging	497,186	668,249
Civil works	81,308	61,099
Environmental contracting	163,031	199,639
Fallpipe and landfalls	198,920	146,658
Maintenance dredging	322,116	235,021
Marine works	1,103,117	667,528
Elimination of revenue from equity accounted entities	(9,664)	56
Total	2,356,014	1,978,250

Consolidated statement of financial position

31 December 2017 (in € thousands)	Dredging & Environment	Contracting	Real Estate Development	Holding and non-trans- ferred activities	Eliminations between divisions	Consolidated total
ASSETS						
Goodwill	163,370	21,560	0	0	0	184,930
Property, plant and equipment	2,073,436	63,736	526	510	0	2,138,208
Non-current loans to consolidated group companies	0	0	0	20,000	(20,000)	0
Other non-current financial assets	94,138	754	34,981	17,846	0	147,719
Other non-current assets	278,749	10,894	32,889	1,267,880	(1,245,818)	344,594
Inventories	15,714	24,020	99,216	1,640	(1,625)	138,965
Cash and cash equivalents	434,687	59,234	3,324	25,773	0	523,018
Internal cash position - cash pooling - assets	0	47,985	0	1,928	(49,913)	0
Other current assets	727,178	290,454	26,723	136,074	(10,970)	1,169,459
Total assets	3,787,272	518,637	197,659	1,471,651	(1,328,326)	4,646,893
EQUITY AND LIABILITIES						
Equity	1,570,503	74,226	64,433	1,194,605	(1,247,442)	1,656,325
Non-current borrowings from consolidated group companies	0	0	20,000	0	(20,000)	0
Non-current bonds	201,900	0	29,478	0	0	231,378
Non-current financial liabilities	401,559	11,134	6,400	0	0	419,093
Other non-current liabilities	177,604	18,241	8,846	20,370	0	225,061
Current bonds	0	0	0	99,959	0	99,959
Current financial liabilities	118,889	5,608	0	0	0	124,497
Internal cash position - cash pooling - liabilities	0	0	16,293	33,620	(49,913)	0
Other current liabilities	1,316,817	409,428	52,209	123,097	(10,971)	1,890,580
Total equity and liabilities	3,787,272	518,637	197,659	1,471,651	(1,328,326)	4,646,893

Consolidated statement of financial position

31 December 2016 (in € thousands)	Dredging & Environment	Contracting	Real Estate Development	Holding and non-trans- ferred activities	Eliminations between divisions	Consolidated total
ASSETS						
Goodwill	155,960	19,209	0	0	0	175,169
Property, plant and equipment	1,648,984	33,409	224	687	0	1,683,304
Non-current loans to consolidated group companies	0	0	0	20,000	(20,000)	0
Other non-current financial assets	98,860	160	32,913	22,043	0	153,976
Other non-current assets	318,519	4,586	44,424	1,266,368	(1,246,129)	387,768
Inventories	25,261	15,855	53,645	1,676	(1,601)	94,836
Cash and cash equivalents	527,733	43,481	5,574	35,367	0	612,155
Internal cash position - cash pooling - assets	0	61,005	0	60,714	(121,719)	0
Other current assets	790,584	253,355	54,552	154,630	(32,110)	1,221,011
Total assets	3,565,901	431,060	191,332	1,561,485	(1,421,559)	4,328,219
EQUITY AND LIABILITIES						
Equity	1,470,050	66,869	42,745	1,204,291	(1,247,478)	1,536,477
Non-current borrowings from consolidated group companies	0	0	20,000	0	(20,000)	0
Bonds - non-current	203,578	0	0	99,959	0	303,537
Non-current financial liabilities	327,193	9,916	38	30,000	0	367,147
Other non-current liabilities	214,909	12,472	14,792	28,467	(250)	270,390
Current financial liabilities	151,947	2,575	0	0	0	154,522
Internal cash position - cash pooling - liabilities	0	0	73,185	48,582	(121,767)	0
Other current liabilities	1,198,224	339,228	40,572	150,186	(32,064)	1,696,146
Total equity and liabilities	3,565,901	431,060	191,332	1,561,485	(1,421,559)	4,328,219

Consolidated statement of cash flows

31 December 2017 (in € thousands)	Dredging and Environment	Contracting	Real Estate Development	Holding and non-trans- ferred activities & eliminations	Consolidated total
Cash flow from operating activities before change in working capital	449,832	24,904	29,056	(6,213)	497,579
Net cash flow from (used in) operating activities	595,170	44,895	24,272	(35,492)	628,845
Cash flow from (used in) investing activities	(632,851)	(21,773)	(2,583)	(5,726)	(662,933)
Cash flow from (used in) financing activities	(53,178)	(8,412)	(24,152)	31,739	(54,003)
Net increase/(decrease) in cash position	(90,859)	14,710	(2,463)	(9,479)	(88,091)

31 December 2016 (*) (in € thousands)	Dredging and Environment	Contracting	Real Estate Development	Holding and non-trans- ferred activities & eliminations	Consolidated total
Cash flow from operating activities before change in working capital	445,608	36,663	6,522	(18,050)	470,743
Net cash flow from (used in) operating activities	438,036	27,857	24,243	(65,522)	424,614
Cash flow from (used in) investing activities	(224,867)	(8,612)	1,294	17,681	(214,504)
Cash flow from (used in) financing activities	(63,218)	(12,136)	(24,361)	11,020	(88,695)
Net increase/(decrease) in cash position	149,951	7,109	1,176	(36,821)	121,415

(*) Amounts restated in accordance with changes in the accounting presentation of the consolidated cash flow statement as adopted by the group with effect from 1 January 2017 (Note 2.1).

Cash flows from financing activities include cash pooling loans from other segments. A positive amount means a use of pooled cash. This item is also influenced by external financing, mainly in the Real Estate division, the holding company and the Dredging & Environment division. The Dredging & Environment division is not part of the CFE cash pooling arrangement.

Other information

31 December 2017 (in € thousands)	Dredging & Environment	Contracting	Real Estate Development	Holding and non-transferred activities	Consolidated total
Amortisation	(230,143)	(7,426)	(207)	(201)	(237,977)
Investments	474,911	15,343	541	687	491,482
Depreciation	(339)	0	0	0	(339)

31 December 2016 (in € thousands)	Dredging & Environment	Contracting	Real Estate Development	Holding and non-transferred activities	Consolidated total
Amortisation	(225,589)	(7,429)	(125)	489	(232,654)
Investments	180,326	9,306	354	100	190,086
Depreciation	(121)	0	0	0	(121)

Investments include the acquisitions performed as part of the group's investing activities and the acquisitions performed as part of the operating activities of the Real Estate division. Acquisitions through business combinations are not included in these amounts.

Geographical information

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

Property, plant and equipment in the Contracting and Real Estate divisions are mainly based in Belgium.

Most of DEME's activities are performed by its fleet of vessels, which are owned by various companies, but their legal location does not reflect the economic reality of the business carried out by this fleet for the same companies. As a result, details of property, plant and equipment by company are not presented, since it is not possible to give a presentation that reflects the geographical areas where the activity was performed.

5. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Acquisitions for the period ended 31 December 2017

A. Acquisition of *Algemene Aannemingen Van Laere NV*

On 21 December 2017, CFE Contracting, a subsidiary of CFE, acquired 100% of the shares of the fully consolidated Belgian company *Algemene Aannemingen Van Laere*. Its assets and liabilities were recognized at the carrying value determined according to the accounting methods of the CFE group. The fair value of the identifiable assets and liabilities was provisionally assessed on 31 December 2017.

The fair values provisionally assigned to the assets and liabilities that were acquired are summarized as follows:

(in € thousands)	
Intangible assets	64
Property, plant and equipment	19,451
Deferred taxes	2,632
Cash and cash equivalent	12,027
Provisions	(3,216)
Current and non-current financial liabilities	(5,117)
Other current and non-current assets and liabilities	(8,757)
Total net assets acquired	17,084
Goodwill	0
Acquisition price	17,084

The following valuation methods were applied to determine the fair value of the main identifiable assets and liabilities:

- Property, plant and equipment (primarily the head office and the cranes): the fair value was determined on the basis of a valuation report by an independent expert;
- Other assets and liabilities: the fair value was based on the market value at which those assets or liabilities may be sold to a non-related third party.

B. Acquisition of José Coghe-Werbrouck NV

On 12 December 2017, CFE Contracting NV, a subsidiary of CFE, acquired 100% of the shares of the fully consolidated Belgian company José Coghe-Werbrouck NV. Its assets and liabilities were recognized at the carrying value determined according to the accounting methods of the CFE group. The fair value of the identifiable assets and liabilities was assessed on 31 December 2017.

The fair values assigned to the assets and liabilities that were acquired are summarized as follows:

(in € thousands)	
Property, plant and equipment	4,415
Cash and cash equivalent	2,585
Deferred taxes	(355)
Current and non-current financial liabilities	(1,316)
Other current and non-current assets and liabilities	21
Total net assets acquired	5,350
Goodwill	2,350
Acquisition price	7,700

The following valuation methods were applied to determine the fair value of the main identifiable assets and liabilities:

- Property, plant and equipment (primarily track-laying equipment): the fair value was determined on the basis of an estimate of the market value at which that equipment may be acquired from a non-related third party, taking into account its current state;
- Other assets and liabilities: the fair value was based on the market value at which those assets or liabilities may be sold to a non-related third party.

Taking into account the consideration transferred, the residual goodwill was estimated at € 2,350 thousand.

The recognition of a residual goodwill is justified by the fact that the CFE group expands its set of competencies and skills in the railway business by incorporating the track-laying activity of the acquired company.

C. Acquisition of A2Sea A/S

On 31 August 2017, GeoSea, a subsidiary of DEME, acquired 100% of the shares of the fully consolidated company A2Sea A/S. Its assets and liabilities were recognized at the carrying value determined according to

the accounting methods of the CFE group. The fair value of the identifiable assets and liabilities was provisionally assessed on 31 December 2017.

The fair values provisionally assigned to the assets and liabilities that were acquired are summarized as follows:

(in € thousands)	
Property, plant and equipment	165,888
Other non-current assets	185
Cash	37,891
Other current and non-current assets and liabilities	734
Total net assets acquired	204,698
Goodwill	0
Acquisition price	204,698

The following valuation methods were applied to determine the fair value of the main identifiable assets and liabilities:

- Property, plant and equipment (primarily two vessels): the fair value was provisionally determined on the basis of an estimate of the value in use of that equipment;
- Other assets and liabilities: the fair value was based on the market value at which those assets or liabilities may be sold to a non-affiliated third party.

The fair value assessment of the identifiable assets and liabilities could not be completed within the time limits set by the annual closing. The values assigned to the assets and liabilities that were acquired may in fact still be changed during a period of 12 months after the acquisition date.

D. Acquisition of 72.5% of the shares of G-tec

In the fourth quarter of 2017, GeoSea, a subsidiary of DEME, acquired 72.5% of the shares of the fully consolidated Belgian company G-tec. Its assets and liabilities were recognized at the carrying value determined according to the accounting methods of the CFE group. The fair value of the identifiable assets and liabilities was provisionally assessed on 31 December 2017.

The fair values provisionally assigned to the assets and liabilities that were acquired are summarized as follows:

(in € thousands)	
Property, plant and equipment	20,442
Other non-current assets	274
Cash and cash equivalents	1,054
Non-current liabilities	(14,279)
Other current assets and liabilities	(10,400)
Total net assets acquired (100%)	(2,549)
% interest	72.5%
Total net assets - share of the group	(1,850)
Goodwill	7,410
Acquisition price	5,560

The fair value assessment of the identifiable assets and liabilities could not be completed within the time limits set by the annual closing. The values assigned to the assets and liabilities that were acquired may in fact still be changed during a period of 12 months after the acquisition date.

Disposals for the period ended 31 december 2017

Disposals which are classified as business combinations according standart IFRS 3R have no material impact during the period ended 31 December 2017.

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

Comprehensive income

6. REVENUE FROM AUXILIARY ACTIVITIES AND OTHER OPERATING EXPENSES

Revenue from auxiliary activities totalled € 116,588 thousand (2016: € 85,794 thousand) and include capital gains of € 35,037 thousand on the disposal of participating interests held by the real estate division in the Kons, Ronndriesch and Oosteroever projects, capital gains of € 10,893 thousand on the disposal of non-current assets (2016: € 3,697 thousand), as well as rental income, compensation and income from the onward invoicing of various expenses totalling € 70,658 thousand (2016: € 82,097 thousand). Revenue from auxiliary activities increased by 36% relative to 2016. The substantial increase in revenue from auxiliary activities is mainly due to the capital gains on the disposal of participating interests in the Real Estate division.

Other operating expenses are made up of the following elements:

(in € thousands)	2017	2016
Miscellaneous goods and services	(408,978)	(371,981)
Impairment of assets		
- Inventories	405	(2,222)
- Trade and other receivables	13,315	(1,835)
Net additions to provisions (excluding provisions for retirement benefit obligations)	(5,428)	(5,117)
Other operating expenses	(3,494)	(3,494)
Consolidated total	(404,180)	(384,649)

7. REMUNERATION AND SOCIAL SECURITY PAYMENTS

(in € thousands)	2017	2016
Remuneration	(396,639)	(386,510)
Mandatory social security contributions	(111,784)	(108,929)
Other wage costs	(26,260)	(25,590)
Service cost related to defined-benefit pension plans	(12,016)	(12,171)
Consolidated total	(546,699)	(533,200)

The average full-time equivalent number of staff in 2017 was 8,380 (2016: 7,681). Full-time equivalent headcount was 7,752 at 1 January 2017 (2016: 8,160) and 8,689 at 31 December 2017 (2016: 7,752).

8. NET FINANCIAL INCOME/EXPENSE

(in € thousands)	2017	2016
Cost of financial debt	(14,362)	(31,521)
Derivative instruments - fair value adjustments through profit and loss	0	288
Derivative instruments used as hedging instruments	0	0
Assets measured at fair value	0	0
Available-for-sale financial instruments	0	0
Assets and liabilities at amortized cost - interest income	13,701	8,245
Assets and liabilities at amortized cost - interest expense	(28,063)	(40,054)
Other financial income and expense	(7,904)	7,567
Realized / unrealized translation gains/(losses)	(4,059)	(4,868)
Dividends received	0	3,213
Impairment of financial assets	(3)	0
Defined benefit plan financial cost	(183)	(343)
Other	(3,659)	9,565
Net financial income/expense	(22,266)	(23,954)

The decrease of interest rates and the refinancing of several bank loans have led to the decrease of interest expenses.

The change in realized (unrealized) translation gains/(losses) compared to 2016 is mainly explained by variations in the euro rate against functional currencies of DEME subsidiaries.

The other financial income and expenses in 2016 mainly relate to the capital gains on the disposal of participating interests held in the Design, Build, Finance and Maintenance projects (DBFM) Coentunnel and Liefkenshoektunnel.

9. NON-CONTROLLING INTERESTS

At 31 December 2017, the share of non-controlling interests in the income statement amounted to € 1,691 thousand (2016: €-3,841 thousand) and related mainly to the dredging division (€ 1,666 thousand).

10. INCOME TAX

RECOGNIZED IN COMPREHENSIVE INCOME

(in € thousands)	2017	2016
Current tax		
Tax expense for the period	49,260	44,842
Additions to/(releases from) provisions in previous periods	260	397
Total current tax expense	49,520	45,239
Deferred taxes		
Additions to and releases from temporary differences	(1,173)	(18,363)
Use of losses from previous periods	0	232
Deferred tax recognized on losses for the period	83	3,472
Deferred tax recognized on definitively taxed revenue	0	0
Total deferred tax expense/(income)	(1,090)	(14,659)
Income tax for the period	48,430	30,580
Tax income/expense recognized in others elements of the comprehensive income	(4,965)	7,653
Total tax expense recognized in comprehensive income	43,465	38,233

RECONCILIATION OF THE EFFECTIVE TAX RATE

(in € thousands)	2017	2016
Pre-tax income for the period	227,181	202,832
amount related to earnings from associates and joint venture	(17,710)	(784)
Pre-tax income, excluding associates and joint venture	244,891	203,616
Income tax at 33.99%	83,238	69,209
Tax effect of non-deductible expenses	7,127	5,453
Tax effect of non-taxable revenue	(6,660)	(3,199)
Tax credits and impact of notional interest	(18,425)	(23,099)
Effect of different tax rates applicable to subsidiaries operating in other jurisdictions	(20,202)	(27,244)
Effect of change of tax rate related to the tax reform in Belgium	(11,400)	0
Tax impact of using previously unrecognized losses	(722)	(356)
Tax impact of adjustments to current and deferred tax relating to previous periods	(905)	3,091
Tax impact of deferred tax assets on unrecognized losses for the period	16,379	6,725
Tax expense	48,430	30,580
Effective tax rate for the period	19.78%	15.02%

The tax expense amounts to € 48,430 thousand at 31 December 2017, compared with € 30,580 thousand at year-end 2016. The effective tax rate amounts to 19.78% compared with 15.02% at 31 December 2016.

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

(in € thousands)	Assets		Liabilities	
	2017	2016	2017	2016
Property, plant and equipment and intangible assets	11,794	12,287	(92,992)	(121,715)
Employee benefits	11,306	15,662	0	0
Provisions	426	87	(22,984)	(37,666)
Fair value of derivative instruments	2,369	5,978	0	0
Other items	44,326	59,885	(53,783)	(44,801)
Tax losses	138,453	167,311	0	0
Gross deferred tax assets/(liabilities)	208,674	261,210	(169,759)	(204,182)
Unrecognized deferred tax assets	(64,916)	(82,054)	0	0
Tax netting	(39,736)	(52,212)	39,736	52,212
Net deferred tax assets/(liabilities)	104,022	126,944	(130,023)	(151,970)

Tax losses carried forward and other temporary differences for which no deferred tax assets are recognized amount to € 259,664 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)	2017	2016
Deferred tax on the effective portion of changes in the fair value of cash flow hedges	(1,583)	1,143
Deferred tax on the revaluation of the defined benefit plans	(3,382)	6,510
Total	(4,965)	7,653

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)	2017	2016
Net income attributable to shareholders	180,442	168,411
Comprehensive income attributable to owners of the parent	174,771	159,178
Number of ordinary shares at the balance sheet date	25,314,482	25,314,482
Weighted average number of ordinary shares	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 (€)	7.13	6.65
Comprehensive income attributable to owners of the parent per share (€)	6.90	6.29

Earnings per share, based on the number of ordinary shares at the end of the period (diluted):

Net income share of the group per share (€)	7.13	6.65
Comprehensive income attributable to owners of the parent per share (€)	6.90	6.29

Financial position

12. INTANGIBLE ASSETS OTHER THAN GOODWILL

Year 2017 (in € thousands)	Concessions, pat- ents and licences	Development costs	Total
Acquisition costs			
Balance at the end of the previous period	126,248	3,347	129,595
Effects of changes in foreign exchange rates	(52)	0	(52)
Acquisitions through business combinations	2,087	0	2,087
Acquisitions	1,240	275	1,515
Disposals	(508)	0	(508)
Transfers between asset items	53	(75)	(22)
Scope exit	(9)	0	(9)
Balance at the end of the period	129,059	3,547	132,606
Amortisation and impairment			
Balance at the end of the previous period	(30,812)	(3,342)	(34,154)
Effects of changes in foreign exchange rates	42	0	42
Amortisation during the period	(6,034)	(22)	(6,056)
Acquisitions through business combinations	(1,572)	0	(1,572)
Disposals	289	0	289
Transfers between asset items	97	73	170
Scope exit	18	0	18
Balance at the end of the period	(37,972)	(3,291)	(41,263)
Net carrying amount			
At 1 January 2017	95,436	5	95,441
At 31 December 2017	91,087	256	91,343

Total acquired intangible assets amount to € 1,515 thousand and consist mainly of software licences and concession rights. Amortisation of intangible assets is recognized under "amortisation" in the statement of comprehensive income and amounts to € 6,056 thousand.

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

Year 2016 (in € thousands)	Concessions, pat- ents and licences	Development costs	Totaal
Acquisition costs			
Balance at the end of the previous period	131,863	2,060	133,923
Effects of changes in foreign exchange rates	153	19	172
Acquisitions through business combinations	0	0	0
Acquisitions	2,068	1,268	3,336
Disposals	(1,671)	0	(1,671)
Scope exit	(6,169)	0	(6,169)
Transfers between asset items	4	0	4
Balance at the end of the period	126,248	3,347	129,595
Amortisation and impairment			
Balance at the end of the previous period	(33,983)	(2,054)	(36,037)
Effects of changes in foreign exchange rates	(187)	(2)	(189)
Amortisation during the period	(4,640)	(1,286)	(5,926)
Acquisitions through business combinations	0	0	0
Disposals	1,639	0	1,639
Transfers between asset items	190	0	190
Scope exit	6,169	0	6,169
Balance at the end of the period	(30,812)	(3,342)	(34,154)
Net carrying amount			
At 1 January 2016	97,880	6	97,886
At 31 December 2016	95,436	5	95,441

13. GOODWILL

(in € thousands)	2017	2016
Acquisition costs		
Balance at the end of the previous period	395,924	395,977
Acquisitions through business combinations	9,761	0
Disposals	0	0
Other changes	0	(53)
Balance at the end of the period	405,685	395,924
Impairment		
Balance at the end of the previous period	(220,755)	(220,755)
Impairment during the period	0	0
Balance at the end of the period	(220,755)	(220,755)
Net carrying amount at 31 December	184,930	175,169

In accordance with IAS 36 (Impairment of Assets), goodwills were tested for impairment at 31 December 2017.

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
	2017	2016	Growth rate	Growth rate (terminal value)	Discount rate		
DEME & subsidiaries	163,369	155,959	0%	0%	7.9%	5%	378,112
VMA	11,115	11,115	0%	0%	7.1%	5%	11,115
Remacom	2,995	2,995	0%	0%	7.1%	5%	2,995
Stevens	2,682	2,682	0%	0%	7.1%	5%	2,682
Coghe	2,351	0	0%	0%	7.1%	5%	2,351
Druart	1,507	1,507	0%	0%	7.1%	5%	3,360
Amart	911	911	0%	0%	7.1%	5%	911
Total	184,930	175,169				401,526	-

Cash-flows figures used in the impairment tests were taken from the 2018 budget presented to the Board of Directors. For the sake of caution, zero growth was assumed for future years and in determining terminal value.

A sensitivity analysis was carried out by varying cash flow and WACC figures by 5%. Since the value of entities is still higher than their carrying amount including goodwill, there was no indication of impairment.

The DEME group is considered as a cash generating unit and no impairment loss is identified in relation to DEME. The DEME group also carries out its own impairment tests, and these have shown no impairment losses.

14. PROPERTY, PLANT AND EQUIPMENT

Year 2017 (in € thousands)	Land and buildings	Fixtures and equipment	Furniture, fittings and vehicles	Other property, plant and equipment	Under construction	Total
Acquisition costs						
Balance at the end of the previous period	130,770	3,022,471	60,273	0	129,115	3,342,629
Effects of changes in foreign exchange rates	(275)	(6,100)	(492)	0	(81)	(6,948)
Acquisitions through business combinations	17,183	348,682	16,845	0	0	382,710
Acquisitions	7,428	106,443	4,638	0	371,458	489,967
Transfers between asset items	145	71,830	(1,473)	0	(71,736)	(1,234)
Disposals	(10,363)	(108,165)	(3,617)	0	(682)	(122,827)
Change in consolidation scope	0	0	7	0	0	7
Balance at the end of the period	144,888	3,435,161	76,181	0	428,074	4,084,304
Amortisation and impairment						
Balance at the end of the previous period	(58,215)	(1,551,879)	(49,231)	0	0	(1,659,325)
Effects of changes in foreign exchange rates	206	2,883	139	0	0	3,228
Acquisitions through business combinations	(1,060)	(157,349)	(14,211)	0	0	(172,620)
Amortisation	(5,196)	(223,487)	(4,303)	0	0	(232,986)
Transfers between asset items	(469)	1,306	398	0	0	1,235
Disposals	6,135	104,774	3,476	0	0	114,385
Change in consolidation scope	0	(7)	(6)	0	0	(13)
Balance at the end of the period	(58,599)	(1,823,759)	(63,738)	0	0	(1,946,096)
Net carrying amount						
At 1 January 2017	72,555	1,470,592	11,042	0	129,115	1,683,304
At 31 December 2017	86,289	1,611,402	12,443	0	428,074	2,138,208

At 31 December 2017, acquisitions of property, plant and equipment totalled € 489,967 thousand and mainly related to DEME. Investments increased by € 303,218 thousand in 2017 in comparison with 2016. The acquisitions through business combinations, which net carrying amount equals to € 210,090 thousand in 2017, mainly relate to the vessels and others property, plant and equipment acquired through the acquisition of companies A2Sea A/S, G-Tec SA and Van Laere NV (note 5 – acquisitions and disposals of subsidiaries).

Of the eight vessels commissioned in 2015 and 2016, worth a total of one billion euros, two have already been delivered: the trailing suction hopper dredgers Minerva and Scheldt River, with a capacity of 3,500 m³ and 8,400 m³ respectively. Those two vessels are the first of DEME's fleet to run on LNG (Liquefied Natural Gas), thereby substantially reducing the emission of greenhouse gases.

The multipurpose vessel Living Stone, the self-propelled jack-up vessel Apollo, and the crane vessel Gulliver are due for delivery in 2018.

The last three vessels - the dredger Bonny River (15,000 m³), the Smart Mega Cutter Suction Dredger Spartacus, and the dynamic positioning crane vessel Orion - are expected to become operational during 2019-2020.

The net carrying amount of property, plant and equipment used as collateral for certain loans totalled € 113,231 thousand (2016: € 290,395 thousand).

The net carrying amount of finance lease assets amounted to € 65,599 thousand (2016: € 121,664 thousand). These finance leases mainly relate to the DEME group, the buildings of the subsidiaries Engema and Louis Stevens & Co NV, the vehicles of Benelmat, and the equipments of Compagnie Tunisienne d'Entreprise and Coghe (entity acquired in 2017). The substantial decrease in leased assets is primarily accounted for by the jack-up vessel Thor, of which the finance lease was repaid in the first half of 2017.

Depreciation on property, plant and equipment totalled € 232,986 thousand (2016: € 226,850 thousand).

Year 2016 (in € thousands)	Land and buildings	Fixtures and equipment	Furniture, fittings and vehicles	Other proper- ty, plant and equipment	Under construction	Total
Acquisition costs						
Balance at the end of the previous period	113,239	3,070,912	58,355	0	90,422	3,332,928
Effects of changes in foreign exchange rates	(429)	2,032	(533)	0	101	1,171
Acquisitions	6,625	108,484	4,884	0	66,756	186,749
Transfers between asset items	14,996	14,173	939	0	(28,151)	1,957
Disposals	(3,661)	(104,849)	(2,935)	0	(13)	(111,458)
Change in consolidation scope	0	(68,281)	(437)	0	0	(68,718)
Balance at the end of the period	130,770	3,022,471	60,273	0	129,115	3,342,629
Amortisation and impairment						
Balance at the end of the previous period	(54,244)	(1,503,845)	(47,160)	0	0	(1,605,249)
Effects of changes in foreign exchange rates	349	(2,737)	372	0	0	(2,016)
Amortisation	(3,795)	(218,270)	(4,785)	0	0	(226,850)
Transfers between asset items	(3,087)	2,036	(932)	0	0	(1,983)
Disposals	2,562	102,657	2,837	0	0	108,056
Change in consolidation scope	0	68,280	437	0	0	68,717
Balance at the end of the period	(58,215)	(1,551,879)	(49,231)	0	0	(1,659,325)
Net carrying amount						
At 1 January 2016	58,995	1,567,067	11,195	0	90,422	1,727,679
At 31 December 2016	72,555	1,470,592	11,042	0	129,115	1,683,304

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)	2017	2016
Balance at the end of the previous period	141,355	151,377
Acquisitions through business combinations	0	0
Transfers	(6,240)	9,350
CFE group share in net result of associates	(17,710)	(784)
Capital increase / (decrease)	31,763	18,252
Dividends	(6,507)	(15,221)
Change in consolidation scope	(5,498)	(20,120)
Other changes	3,347	(1,499)
Balance at the end of the period	140,510	141,355
Including goodwill in companies accounted for under the equity method	19,548	30,058

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.

The changes in consolidation scope during 2017 mainly relate to the disposal of participating interests in the Real Estate division (Oosteroever and Kons projects).

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 division in which they operate and the geographical area of their head office.

The condensed financial statements by division presented below, are based on the IFRS financial statements of the associates and joint arrangements, or, if there is none, on their statutory accounts. Intercompany transactions are not eliminated. The reconciliation between the statutory statements and the contribution to the consolidated accounts is presented after the financial indicators.

December 2017 (in € thousands)	Dredging and Environment		Real Estate and Contracting		Holding and non-transferred activities		Total	
	100%	% Share	100%	% Share	100%	% Share	100%	% Share
Income Statement								
Revenue	683,387	273,786	99,554	44,305	9,539	3,104	792,480	321,195
Net income share of the group	(30,900)	(12,731)	9,346	4,898	(7,158)	(3,363)	(28,712)	(11,196)
Financial Position								
Non-current assets	2,795,598	402,617	36,030	10,493	176,862	55,237	3,008,490	468,347
Current assets	538,462	192,758	253,321	102,004	43,160	12,541	834,943	307,303
Equity	457,763	71,282	41,243	17,578	28,768	16,387	527,774	105,247
Non-current liabilities	1,916,312	269,573	89,921	33,622	122,052	25,130	2,128,285	328,325
Current liabilities	959,985	254,520	158,187	61,297	69,202	26,261	1,187,374	342,078
Net financial debt	1,850,634	238,601	(99,090)	(37,911)	(122,268)	(34,061)	1,629,276	166,629

In the Dredging and Environment division, non-current assets mainly consist of assets from the entities C-Power NV (€ 904,681 thousand, at 100%), Merkur Offshore GMBH (€ 927,718 thousand, at 100%) and Rentel (€ 529,750 thousand, at 100%). The contribution of those entities to the condensed net financial debt is € 695,718 thousand (at 100%), € 588,312 thousand (at 100%), and € 434,691 thousand (at 100%) respectively. The contribution of those entities to the condensed net income is € 14,781 thousand (at 100%), € 14,810 thousand (at 100%), and € 2,792 thousand (at 100%) respectively.

In the Real Estate division, non-current and current assets mainly consists of assets from the entities M1 SA (€ 51,666 thousand, at 100%), Immomax Sp z.o.o (€ 10,353 thousand, at 100%), Pré de la Perche (€ 17,323 thousand, at

100%), La Réserve Promotions NV (€18,530 thousand, at 100%), Victor Estate SA (€10,980 thousand, at 100%), Erasmus Gardens (€ 32,744 thousand, at 100%), and Goodways (€11,575 thousand, at 100%).

As concerns the non-transferred activities, the net financial debt of the PPP-Concessions segment relates to the concession projects 'Scholen van Morgen' (Schools of Tomorrow) in Eupen (€-61,369 thousand, at 100%) and to the companies Rent-A-Port (€-18,906 thousand, at 100%) and Green Offshore (€-18,931 thousand, at 100%).

December 2016 (in € thousands)	Dredging and Environment		Real Estate Development and Contracting		Holding and non-trans- ferred activities		Total	
	100%	% Share	100%	% Share	100%	% Share	100%	% Share
Income Statement								
Revenue	641,813	260,774	78,405	38,836	8,942	2,779	729,160	302,389
Net income share of the group	(30,470)	(13,278)	1,848	2,089	5,029	2,164	(23,593)	(9,025)
Financial Position								
Non-current assets	1,988,992	260,814	40,445	11,193	193,915	58,406	2,223,352	330,413
Current assets	442,209	143,594	385,106	154,572	47,045	15,081	874,360	313,247
Equity	420,230	54,025	22,046	13,520	23,463	14,160	465,739	81,705
Non-current liabilities	1,256,387	163,416	195,811	72,845	131,455	26,887	1,583,653	263,148
Current liabilities	754,584	186,967	207,694	79,400	86,042	32,440	1,048,320	298,807
Net financial debt	1,129,671	114,008	(194,450)	(69,944)	(134,258)	(36,026)	800,963	8,038

In the Dredging and Environment division, non-current assets mainly consist on 31 December 2016 of assets from the entities C-Power NV (€ 967,182 thousands at 100%) and Merkur offshore GMBH (€ 462,237 thousands at 100%). Contribution of those entities to the condensed net financial debt is respectively € 771,122 thousands (at 100%) and € 160,623 thousands (at 100%). Contribution of those entities to 2016 condensed net income is respectively € 8,788 thousands (at 100%) and (€ 11,142) thousands (at 100%).

Concerning the non-transferred activities, the net financial debt is related to the concession projects Eupen's schools (€-71,770 thousands at 100%) and to the companies Rent-A-Port and Green Offshore (€-35,044 thousands at 100%).

In the Real Estate division, non-current and current assets mainly consist of assets from the entities M1 SA (€ 46,618 thousands at 100%), PEF Kons Investment SA (€ 87,903 thousands at 100%), Immomax Sp z.o.o. (€ 20,066 thousands at 100%), La Réserve Promotions NV (€ 20,675 thousands at 100%), Victor Estate SA (€ 20,260 thousands at 100%), Erasmus Gardens (€ 32,944 thousands at 100%) and Rederij Ishtar BVBA (€ 22,772 thousands 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:

31 December 2017 (in € thousands, CFE's % share)	Dredging and Environment	Real Estate Development and Contracting	Holding and non-transferred activities	Total
Net assets of the associates and joint arrangements before reconciling items	71,282	17,578	16,387	105,247
Reconciliation items	11,479	11,240	(6,635)	16,084
Negative associates and joint arrangements	3,469	3,467	12,243	19,179
CFE group's carrying amount of the investment	86,230	32,285	21,995	140,510
31 December 2016 (in € thousands, CFE's % share)	Dredging and Environment	Real Estate Development and Contracting	Holding and non-transferred activities	Total
Net assets of the associates and joint arrangements before reconciling items	54,025	13,520	14,160	81,705
Reconciliation items	31,799	27,302	10,258	69,359
Negative associates and joint arrangements	(8,834)	2,932	(3,807)	(9,709)
CFE group's carrying amount of the investment	76,990	43,754	20,611	141,355

In the Dredging & Environment, Real Estate and Contracting divisions, reconciling items are mainly due to the recognition of the income in accordance with the Group accounting policies and the intercompany eliminations.

Negative associates and joint arrangements are entities integrated under the equity method for which the CFE group considers having an obligation to support the commitments and projects of those entities.

16. OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets amount to € 147,719 thousand at 31 December 2017 (2016: € 153,976 thousand). They mainly comprise the Group's subordinated loans granted to project companies which are integrated under equity method (€ 140,618 thousand).

(in € thousands)	2017	2016
Balance at the end of the previous period	153,976	129,501
Acquisitions through business combinations	667	0
Acquisitions	20,273	79,460
Disposals and transfers	(22,309)	(55,783)
Impairment / reversals of impairment	0	0
Change in consolidation scope	0	(150)
Change in consolidation method	0	0
Effects of changes in foreign exchange rates	(4,888)	948
Balance at the end of the period	147,719	153,976

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.

(in € thousands)	2017	2016
Balance sheet data		
Advances and payments on account received	(122,064)	(122,170)
Construction contracts in progress – assets	261,844	353,236
Construction contracts in progress – liabilities	(177,008)	(84,776)
Construction contracts in progress – net	84,836	268,460
Total income and expenses to date recognized on contracts in progress		
Costs incurred plus profits recognized less losses recognized to date	5,722,071	5,320,903
Less invoices issued	(5,629,038)	(5,052,443)
Impact of companies acquired during the year	(8,197)	0
Construction contracts in progress – net	84,836	268,460

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.

The consolidated results of the Van Laere group will be incorporated in the CFE group's consolidated financial statements as from 1 January 2018. The income and expenses from construction contracts of the Van Laere group that were recognized at year-end 2017 amount to €(8,197) thousand.

The amount of customer retention payments is € 3,156 thousand, and is included in "Trade and other operating receivables" (see Note 19).

18. INVENTORIES

At 31 December 2017, inventories amounted to € 138,965 thousand (2016: € 94,836 thousand) and broke down as follows:

(in € thousands)	2017	2016
Inventories		
Raw materials and auxiliary products	40,727	57,038
Impairment on inventories of raw materials and auxiliary products	(324)	(141)
Finished products and properties held for sale	101,182	40,655
Impairment on inventories of finished products	(2,620)	(2,716)
Inventories	138,965	94,836

The change in "finished products and properties held for sale" resulted mainly from the development of new Real Estate projects in Poland.

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

(in € thousands)	2017	2016
Trade receivables	908,687	958,235
Less: provision for impairment of receivables	(12,595)	(27,034)
Net trade receivables	896,092	931,201
Other current receivables	236,214	229,105
Consolidated total	1,132,306	1,160,306
Other current assets	32,963	38,430
Trade and other operating payables	1,276,446	1,138,288
Other current liabilities	480,884	393,828
Consolidated total	1,757,330	1,532,116
Commercial and operating liabilities net of receivables	(592,061)	(333,380)

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 amount to € 865,522 thousand (2016: € 906,348 thousand).

20. CASH AND CASH EQUIVALENTS

(in € thousands)	2017	2016
Short-term bank deposits	9,650	10,409
Cash in hand and at bank	513,368	601,746
Cash and cash equivalents	523,018	612,155

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. GRANTS

The CFE group did not receive any grants in 2017.

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 2017, the CFE group's net liability relating to obligations under pension and early-retirement post-employment benefits amounted to € 53,149 thousand (2016: € 51,215 thousand). These amounts are included in "Retirement benefit obligations and employee benefits". This item also includes provisions for other employee benefits for € 2,099 thousand (2016: € 1,663 thousand), mainly relating to DEME.

Main characteristics of the CFE group's post-employment benefit plans

Post-employment benefit plans are classified either as defined-contribution or defined-benefit plans.

Defined-contribution plans

Defined-contribution pension plans are those under which the company makes certain contributions to an entity or separate fund in accordance with the plan arrangements. Where contributions have been made, the company has no additional obligation.

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 (98.5% of obligations) or a self-administered pension fund (1.5% 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.

Changes to defined-benefit plans

Several defined-benefit pension plans in Belgium and in the Netherlands have been closed during 2016. This led to a curtailment effect with, as consequence, a decrease in the accrued rights and a release of provisions for defined benefit plan obligations, resulting in the recognition of a profit of € 8,779 thousand in the 2016 income statement.

Information relating to defined-benefit and early retirement plans

(in € thousands)	2017	2016
Provisions taken for defined-benefit and early retirement plan obligations	(51,050)	(49,552)
Accrued rights, partly or fully funded	(241,644)	(240,281)
Fair value of plan assets	190,594	190,729
Provisions taken for obligations on the balance sheet	(51,050)	(49,552)
Bonds	(51,050)	(49,552)
Assets	0	0

Changes in provisions taken for defined-benefit and early retirement plan obligations

(in € thousands)	2017	2016
At 1 January	(49,552)	(39,718)
Charges recognized in income	(12,607)	(4,201)
Charges recognized in the other elements of the comprehensive income	(2,228)	(18,890)
Contributions to plan assets	13,340	13,257
Effect of business combinations	0	0
Other movements	(3)	0
At 31 December	(51,050)	(49,552)

Costs recognized in income statement in respect of defined-benefit and early retirement plans

(in € thousands)	2017	2016
Costs recognized in income statement	(12,607)	(4,201)
Service cost	(12,016)	(12,171)
Discounting effects	(2,926)	(3,808)
Return on plan assets (-)	2,277	2,999
Unrecognized past service cost	58	8,779

The cost of pension plans in the period is included under "Remuneration and social security payments" and under net financial items.

In 2016, the item 'Unrecognized past service cost' includes the impact of the curtailment effect resulting from the closing of several defined-benefit plans in Belgium and the Netherlands.

Costs recognized in the other elements of the comprehensive income in respect of defined-benefit and early retirement plans

(in € thousands)	2017	2016
Costs recognized in the other elements of the comprehensive income	(2,228)	(18,890)
Actuarial gains and losses	6,336	(42,796)
Return on plan assets (excluding amounts recognized in income statement)	(8,564)	23,906

Changes in provisions taken for defined-benefit and early retirement plan obligations

(in € thousands)	2017	2016
At 1 January	(240,281)	(206,189)
Service cost	(12,016)	(12,171)
Discounting effects	(2,926)	(3,808)
Contributions to plan assets	(760)	(1,095)
Benefits paid to beneficiaries	6,166	13,173
Remeasurement of liabilities (assets)	6,329	(42,861)
Actuarial gains and losses resulting from changes to demographic assumptions	0	(14,161)
Actuarial gains and losses resulting from changes to financial assumptions	11,958	(27,133)
Actuarial gains and losses resulting from experience adjustments	(5,629)	(1,567)
Unrecognized past service cost	(71)	11,156
Effect of business combinations	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	1,915	1,514
At 31 December	(241,644)	(240,281)

The item 'Actuarial gains and losses resulting from changes to demographic assumptions' shows in 2016 the effect of the increase in life expectancy and the increase of the average age of retirement.

The item 'Actuarial gains and losses resulting from changes to financial assumptions' shows in 2016 the effect of the decrease in the discount rate and the increase of the expected growth rate of salary increase.

The item 'Actuarial gains and losses resulting from changes to financial assumptions' shows in 2017 the effect of the increase in the discount rate.

Changes in defined-benefit and early retirement plan assets

(in € thousands)	2017	2016
At 1 January	190,729	166,471
Return on plan assets (excluding amounts recognized in income statement)	(8,564)	23,906
Return on plan assets	2,277	2,999
Contributions to plan assets	13,753	13,722
Benefits paid to beneficiaries	(6,036)	(13,011)
Effect of business combinations	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	(1,565)	(3,358)
At 31 December	190,594	190,729

The item 'Return on plan assets (excluding amounts recognized in income)' increased in 2016 as a result of the decrease in the discount rate.

The item 'Return on plan assets (excluding amounts recognized in income)' decreased in 2017 as a result of the increase in the discount rate.

Main actuarial assumptions at the end of the period (expressed as weighted averages)

	2017	2016
Discount rate at 31 December	1.50%	1.30%
Expected rate of salary increases	2.73%	2.97%
Inflation rate	1.80%	1.80%
Mortality tables	MR/FR	MR/FR

Other characteristics of defined-benefit plans

	2017	2016
Duration (in years)	14.99	15.24
Average real return on plan assets	-3.24%	16.3%
Contributions expected to be made to the plan in the next financial year	12,389	12,492

Sensitivity analysis (impact on the amount of obligations)

	2017	2016
Discount rate		
25bp increase	-3.3%	-3.7%
25bp decrease	+3.7%	+3.9%
Salary growth rate		
25bp increase	+2.3%	+2.2%
25bp decrease	-1.8%	-1.9%

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

At 31 December 2017, these provisions amounted to € 112,713 thousand, an increase of € 4,515 thousand relative to year-end 2016 (€ 108,198 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	15,464	49,649	24,444	18,641	108,198
Effects of changes in foreign exchange rates	(32)	144	0	0	112
Transfers between items	(126)	3,581	(5,265)	786	(1,024)
Additions to provisions	2,255	33,295	0	498	36,048
Used provisions	(2,663)	(18,994)	0	(8,921)	(30,578)
Provisions reversed unused	0	(43)	0	0	(43)
Balance at the end of the period	14,898	67,632	19,179	11,004	112,713
of which: current:					82,530
non-current:					30,183

Provisions for after-sales service decreased by € 566 thousand to € 14,898 thousand at year-end 2017. The change in 2017 was the result of additions to and/or reversals of provisions recognized in relation to 10-year warranties.

Provisions for other current liabilities increased by € 17,983 thousand to € 67,632 thousand at year-end 2017.

These provisions include:

- provisions for current litigation (€ 18,099 thousand), provisions for social security liabilities (€ 1,155 thousand) and provisions for other current liabilities (€ 24,895 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 (€ 23,483 thousand) are recognized when the expected economic benefits of certain contracts are lower than the inevitable costs attendant on compliance with obligations under those contracts. Provisions for losses on completion are utilized when the related contracts are performed.

When the CFE Group's share of losses exceeds its interest in an associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate. The amount of those commitments is accounted for in the non-current provisions, as the Group considers having the obligation to support those entities and their projects.

Provisions for other non-current liabilities include the provisions for liabilities not directly related to site operations in progress.

24. CONTINGENT ASSETS AND LIABILITIES

Based on available information at the date on which the financial statements were approved by the Board of Directors, we are not aware of any contingent assets or liabilities, with the exception of contingent assets or liabilities related to construction contracts (for example, the group's claims against customers or claims by subcontractors) that can be described as normal in the construction sector and which are treated by applying the percentage-of-completion method during the recognition of revenue.

25. NET FINANCIAL DEBT

25.1. Net financial debt, as defined by the group, breaks down as follows:

(in € thousands)	31/12/2017			31/12/2016		
	Non-current	Current	Total	Non-current	Current	Total
Bank loans and other financial debt	373,667	110,236	483,903	286,181	102,529	388,710
Bonds	231,378	99,959	331,337	303,537	0	303,537
Drawings on credit facilities	0	0	0	30,000	0	30,000
Borrowings under finance leases	45,426	7,920	53,346	50,966	48,108	99,074
Total long-term financial debt	650,471	218,115	868,586	670,684	150,637	821,321
Short-term financial debt	0	6,341	6,341		3,885	3,885
Cash equivalents	0	(9,650)	(9,650)		(10,409)	(10,409)
Cash	0	(513,368)	(513,368)		(601,746)	(601,746)
Net short-term financial debt/(cash)	0	(516,677)	(516,677)		(608,270)	(608,270)
Total net financial debt	650,471	(298,562)	351,909	670,684	(457,633)	213,051
Derivative instruments used as interest-rate hedges	5,250	3,453	8,703	8,539	4,917	13,456

The bank loans and other financial debts (€ 483,903 thousand) mainly relate to the corporate credit lines and project financing granted to DEME which are allocated to the financing of vessels.

The bonds (€ 331,337 thousand) are the bonds subscribed by CFE SA, DEME NV and BPI Real Estate Belgium SA.

On 21 June 2012, CFE issued € 100 million of bonds maturing on 21 June 2018 and paying a coupon of 4.75%. On 14 February 2013, DEME issued € 200 million of bonds (at 100%) maturing on 14 February 2019 and paying a coupon of 4.145%. On 19 December 2017, BPI Real Estate Belgium issued € 30 million of bonds maturing on 19 December 2022 and paying a coupon of 3.75%.

The finance leases (€ 53,346 thousand) mainly relate to DEME, and the buildings of the subsidiaries Louis Stevens & Co NV and Engema NV.

25.2. Debt maturity schedule

(in € thousands)	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Total 31/12/2017
Bank loans and other financial debt	110,236	91,751	76,057	147,231	58,628	0	483,903
Bonds	101,710	200,149	0	29,478	0	0	331,337
Drawings on credit facilities	0	0	0	0	0	0	0
Borrowings under finance leases	7,920	6,896	6,790	10,990	18,281	2,469	53,346
Total long-term financial debt	219,866	298,796	82,847	187,699	76,909	2,469	868,586
Short-term financial debt	6,341	0	0	0	0	0	6,341
Cash equivalents	(9,650)	0	0	0	0	0	(9,650)
Cash	(513,368)	0	0	0	0	0	(513,368)
Net short-term financial debt	(516,677)	0	0	0	0	0	(516,677)
Total net financial debt	(296,811)	298,796	82,847	187,699	76,909	2,469	351,909

The present value of finance lease obligations amounted to € 7,920 thousand (2016: € 48,108 thousand). The substantial decrease in finance lease loans is primarily accounted for by the jack-up vessel Thor, of which the finance lease was repaid in the first half of 2017.

25.3. Cash flows relating to financial liabilities

At 31 December 2017, CFE's financial liabilities amounted to € 874,927 thousand, or an increase by € 49,721 thousand relative to 31 December 2016,

This increased debt is primarily explained by a net positive cash flow (+€ 28,018 thousand) from bank loans granted (+€ 240,289 thousand) and repaid (-€ 212,271 thousand) and by the acquisitions of subsidiaries during 2017 (+€ 24,458 thousand). The item 'Other changes' mainly concerns the reclassification of non-current liabilities maturing within one year to current financial liabilities, and the designation as short-term of the retail bond of CFE SA which matures in June 2018.

(in € thousands)	At 1 January 2017	Cash flow	Non-cash movements			At 31 December 2017
			Change in consolidation scope	Other changes	Total non-cash movements	
Non-current financial liabilities						
Bonds	303,537	29,552	0	(101,711)	(101,711)	231,378
Other non-current financial liabilities	367,147	52,612	16,362	(17,028)	(666)	419,093
Current financial liabilities						
Bonds	0	0	0	99,959	99,959	99,959
Other current financial liabilities	154,522	(54,146)	8,096	16,025	24,121	124,497
Total	825,206	28,018	24,458	(2,755)	21,703	874,927

25.4. Credit facilities and bank term loans

At 31 December 2017, the CFE group has confirmed long-term bank credit facilities of € 115 million which were not drawn at year-end 2017.

DEME has confirmed bank credit facilities "revolving credit facilities" of € 95 million, and bank credit facilities "term loans" of € 240 million and has also the opportunity to issue commercial paper for a total amount of € 125 million. At 31 December 2017, none of those financing facilities is used.

25.5. Financial covenants

Bilateral loans are subject to specific covenants that take into account factors such as financial debt and the ratio of debt to equity or non-current assets, as well as cash flow. CFE Group complies with all these covenants at 31 December 2017.

26. FINANCIAL RISK MANAGEMENT

26.1. Capital management

At year-end 2017, the capital structure of the CFE Group is made of a net debt of € 351,909 thousand (note 25) and of a net equity of € 1,656,325 thousand. Moreover, the CFE group has confirmed bank credit facilities (note 25) and the dredging activities have been provided with 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, property management, holding, contracting activities and dredging (DEME).

As far as dredging is concerned, the CFE group, through its subsidiary DEME, has to face important financings in the context of the dredgers investments. The objective is to reach an optimal balance between the financing cost and the volatility of the financial results. DEME uses derivative instruments such as interest rate swaps (IRS) in order to hedge the interest rate risk. These hedging instruments equal generally the same notional amounts and generally have the same due dates as the hedged debts. From an accounting point of view, these products will not always be qualified as hedging operations.

The contracting activities are characterized by an excess of cash which partially compensates the property commitments. Cash management is mainly centralized through the cash pooling.

Effective average interest rate before considering derivative products

Type of debts	Fixed rate			Floating rate			Total		
	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Bank loans and other financial debt	4,349	1.13%	1.70%	479,554	99.45%	0.73%	483,903	55.71%	0.74%
Bonds	331,337	85.75%	4.29%	0	0.00%	0.00%	331,337	38.15%	4.29%
Drawings on credit facilities	0	0.00%	0.00%	0	0.00%	0.00%	0	0.00%	0.00%
Borrowings under finance leases	50,699	13.12%	1.15%	2,647	0.55%	0.55%	53,346	6.14%	1.22%
Total	386,385	100%	3.85%	482,201	100%	0.74%	868,586	100%	2.12%

Effective average interest rate after considering floating derivative products

Type of debts	Fixed rate			Floating rate			Floating rate capped + inflation			Total		
	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Bank loans and other financial debt	477,503	55.55%	0.99%	6,400	70.74%	1.75%	0	0.00%	0.00%	483,903	55.71%	1.00%
Bonds	331,337	38.55%	4.29%	0	0.00%	0.00%	0	0.00%	0.00%	331,337	38.15%	4.29%
Drawings on credit facilities	0	0.00%	0.00%	0	0.00%	0.00%	0	0.00%	0.00%	0	0.00%	0.00%
Borrowings under finance leases	50,699	5.90%	1.15%	2,647	29.26%	2.72%	0	0.00%	0.00%	53,346	6.14%	1.22%
Total	859,539	100%	2.27%	9,047	100%	2.03%	0	0.00%	0.00%	868,586	100%	2.27%

26.3. Sensitivity to the interest rate risk

The CFE group is subject to the risk of interest rates fluctuation on its result considering:

- cash flows relative to financial instruments at floating rate after hedging;
- financial instruments at fixed rate, recognized at fair value in the statement of financial position through the result;
- derivative instruments non-qualified as hedge.

Nevertheless, the variation in the value of derivatives qualified as cash flow hedges does not impact directly the net result and is accounted for in the others elements of the comprehensive income.

The following analysis is performed by supposing that the amount of financial debts and derivatives as per 31 December 2017 is constant over the year.

A variation of 50 basis points in interest rate at the closing date would have had as consequence an increase or a decrease of the equity and result for the amounts indicated here below. For the purposes of this analysis, the other parameters have been supposed constant.

(in € thousands)	31/12/2017			
	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	4.343	(4.343)		
Net short term Financial debt (*)	32	(32)		
Derivatives not qualified as hedge	0	0		
Derivatives qualified as highly potential or certain cash flow			648	(784)

(*) 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 exclusively related to the dredging activities and have the following characteristics:

(in € thousands)	31/12/2017				Notional	Fair value asset	Fair value liability
	<1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years			
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	124,502	129,096	328,355	93,395	675,348		(8,703)
Interest rate options (cap, collar)							
Dérives de taux: couverture de flux de trésorerie certains	124,502	129,096	328,355	93,395	675,348		(8,703)

(in € thousands)	31/12/2016				Notional	Fair value asset	Fair value liability
	<1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years			
Swap of interest rate receive floating rate and pay fixed rate							
Interest rate options (cap, collar)							
Interest rate derivatives – highly probable projected cash flow hedges							
Swap of interest rate receive floating rate and pay fixed rate	118,111	124,643	351,972	198,875	793,601	58	(13,514)
Interest rate options (cap, collar)							
Interest rate derivatives – certain cash flow hedges	118,111	124,643	351,972	198,875	793,601	58	(13,514)

26.5. Exchange rate risks

Nature of the risks to which the group is exposed

The CFE group and its subsidiaries, except dredging activities, only rarely contract hedges on foreign exchange rates for the contracting and real estate activities as those activities are mainly situated within the euro zone. DEME contracts exchange rate hedges given the international character of its activity and the execution of transactions in foreign currency. Changes in fair value are recorded as cost of contract if those hedges occur in the context of a construction contract. Currencies subject to exchange risk are listed in Note 2.

When exchange rate risk related to a risk exposure at operational level would occur, the CFE group's policy consists in limiting the exposure to the fluctuation of foreign currencies.

Distribution of the long term financial debts by currency

The outstanding debts (without considering finance lease debts which are mainly in euros) by currency are:

(in € thousands)	2017	2016
Euro	815,240	722,247
US Dollar	0	0
Other currencies	0	0
Total long term debts	815,240	722,247

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

(In thousand Euro)	Notional						Fair value					
	USD US Dollar	SGD Singapore Dollar	BRL Brazilian Rial	INR Rupees	Other	Total	USD US Dollar	SGD Singapore Dollar	BRL Brazilian Rial	INR Rupees	Other	Total
Forward purchase	31,917	6,433	0	0	5,295	43,645	(83)	0	0	0	(11)	(94)
Forward sale	69,859	102,003	8,432	20,549	2,961	203,804	3,170	1,639	(285)	47	(33)	4,538

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 per 31 December 2017 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 for the amounts disclosed here below. For the purposes of this analysis, the other parameters have been supposed constant.

(in € thousands)	31/12/2017 - 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	3,870	(3,501)
Net short term Financial debt	(1,046)	946
Working capital	219	(198)

26.6. Risk related to raw materials

Raw materials and consumables incorporated into the works constitute an essential element of the cost price.

Although some markets include price revision clauses or revision formulas and the CFE group sets up, in some cases, hedges against the price of supplies (fuel oil), the risk of price fluctuation 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 amounts to €-5,317 thousand at year-end 2017 (compared with €-16,783 thousand at year-end 2016).

26.7. Credit and counterparty risk

The CFE group is exposed to credit risk in case of insolvency of its clients. It is exposed to the counterparty risk in the context of cash deposits, subscription of negotiable share receivables, financial receivables and derivative products.

In addition, the CFE group set up procedures in order to avoid and limit the concentration of credit risk.

For large-scale export, if the country is eligible and the risk covered by credit insurance, DEME and CFE cover themselves regularly through competent bodies in this matter (Credendo).

Financial instruments

The group has defined a system of investment limits in order to monitor the counterparty risk. This system determines maximum amounts eligible for investment by counterparty defined according to their credit ratings published by Standard & Poor's and Moody's. These limits are regularly monitored and updated.

Customers

Regarding the risk on trade receivables, the group defined procedures in order to limit the risk. It should be noted that a large part of the consolidated sales is realized with public or semi-public clients. In addition, CFE considers that the concentration of the counterparty risk for clients is limited due to the large number of clients.

In order to reduce the current risk, the CFE group regularly monitors its outstanding clients and adapts its position towards them. Regarding this matter, it should be noted that CFE executes two projects in Chad: the construction of The Grand Hotel and the building of the Ministry of Finance. The operational management and maintenance of the Grand Hotel were transferred in June 2017 to the hotel operator appointed by the Chadian government. The Grand Hotel was officially opened on 1 July 2017. Tripartite negotiations between the Chadian government, CFE and the African import/export bank are still in progress. The receivables on the Chad State per 31 December 2017 amounts approximately € 60 million (net of VAT and coverage by Credendo). The value of these receivables in the consolidated statement of financial position corresponds with the group's best estimate of their net realizable value as at 31 December 2017.

The analysis of late payments at year-end 2017 and 2016 is as follows:

Situation at 31 December 2017 (in € thousands)	Closing	Not past due	< 3 months	<1 year	> 1 year
Trade and other receivables	1,114,377	775,424	87,246	39,703	212,004
Gross total	1,114,377	775,424	87,246	39,703	212,004
Provision for impairment of trade and other receivables	(15,563)	(578)	(19)	(704)	(14,262)
Total provisions	(15,563)	(578)	(19)	(704)	(14,262)
Total net amounts	1,098,814	774,846	87,227	38,999	197,742
Situation at 31 December 2016 (in € thousands)	Closing	Not past due	< 3 months	<1 year	> 1 year
Trade and other receivables	1,150,401	772,755	105,356	37,288	235,002
Gross total	1,150,401	772,755	105,356	37,288	235,002
Provision for impairment of trade and other receivables	(30,268)	(4,543)	0	(1,225)	(24,500)
Total provisions	(30,268)	(4,543)	0	(1,225)	(24,500)
Total net amounts	1,120,133	768,212	105,356	36,063	210,502

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)	2017	2016
Cumulated provisions – balance at the end of the previous period	(30,268)	(30,701)
Change in consolidation scope	(2,899)	(216)
Impairment losses (reversal)/write-off during the period	13,315	(1,835)
Translation differences and transfers to/from other items	4,289	2,484
Cumulated provisions – balance at the end of the period	(15,563)	(30,268)

26.8. Liquidity risk

DEME was 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 2017 (in € thousands)	Financial instruments not designated as hedging instruments	Derivatives designated as hedging instruments	Assets at fair value	Financial instruments available for sales	Loans and trade receivables at amortized costs	Total of carrying amount	Fair value measurements of financial assets by level	Fair value of the class
Non-current financial assets	921		7,101	140,618	148,640			148,640
Investments (1)			7,101		7,101	7,101	Level 2	7,101
Financial loans and receivables (1)				140,618	140,618	140,618	Level 2	140,618
Derivatives	921				921	921	Level 2	921
Current financial assets	2,320	1,836	523,018	1,132,306	1,659,480			1,659,480
Trade and other receivables				1,132,306	1,132,306	1,132,306	Level 2	1,132,306
Derivatives	2,320	1,836			4,156	4,156	Level 2	4,156
Cash equivalents (2)			9,650		9,650	9,650	Level 1	9,650
Cash at bank and in hand (2)			513,368		513,368	513,368	Level 1	513,368
Total assets	2,320	2,757	523,018	7,101	1,272,924	1,808,120		1,808,120

Non-current financial debts	1,960	5,249		650,471	657,680			671,253
Bonds				231,378	231,378	231,378	Level 1	235,599
Financial debts				419,093	419,093	419,093	Level 2	428,445
Derivatives	1,960	5,249			7,209	7,209	Level 2	7,209
Current financial liabilities	401	7,044		1,500,902	1,508,347			1,512,198
Trade payables and other operating debts				1,276,446	1,276,446	1,276,446	Level 2	1,276,446
Bonds				99,959	99,959	99,959	Level 1	101,168
Financial debts				124,497	124,497	124,497	Level 2	127,139
Derivatives	401	7,044			7,445	7,445	Level 2	7,445
Total liabilities	2,361	12,293		2,151,373	2,166,027			2,183,451

(1) Included in items "Other non-current financial assets" and "Other non-current assets"

(2) Included in item "Cash and cash equivalents"

31 December 2016 (in € thousands)	Financial instruments not designated as hedging instruments	Derivatives designated as hedging instruments	Assets at fair value	Financial instruments available for sales	Loans and trade receivables at amortized costs	Total of carrying amount	Fair value measurements of financial assets by level	Fair value of the class
Non-current financial assets	452	58	6,046	147,930	154,486			154,486
Investments (1)			6,046		6,046	6,046	Level 2	6,046
Financial loans and receivables (1)				147,930	147,930	147,930	Level 2	147,930
Derivatives	452	58			510	510	Level 2	510
Current financial assets	2,311		612,155	1,160,306	1,774,772			1,774,772

Trade and other receivables			1,160,306	1,160,306	Level 2	1,160,306
Derivatives	2,311			2,311	Level 2	2,311
Cash equivalents (2)		10,409		10,409	Level 1	10,409
Cash at bank and in hand (2)		601,746		601,746	Level 1	601,746
Total assets	2,763	58	612,155	6,046	1,308,236	1,929,258
Non-current financial debts	9,679	8,796		670,684	689,159	712,121
Bonds			303,537	303,537	Level 1	314,777
Financial debts			367,147	367,147	Level 2	378,869
Derivatives	9,679	8,796		18,475	Level 2	18,475
Current financial liabilities	16,613	6,902		1,292,810	1,316,325	1,317,431
Trade payables and other operating debts			1,138,288	1,138,288	Level 2	1,138,288
Bonds			0	0	Level 1	0
Financial debts			154,522	154,522	Level 2	155,628
Derivatives	16,613	6,902		23,515	Level 2	23,515
Total liabilities	26,292	15,698		1,963,494	2,005,484	2,029,552

(1) Included in items "Other non-current financial assets" and "Other non-current assets"

(2) Included in item "Cash and cash equivalents"

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 amortized cost;
- For floating rate liabilities, the fair value is considered not to be significantly different from the carrying amount measured at amortized cost;
- For derivative financial instruments (foreign currency, interest rate or forecasted cash flows), the fair value is determined using valuation models discounting future cash flows based on future interest rate curves, foreign currency curves or other forward prices;
- For the other derivative instruments, the fair value is determined by discounting future estimated cash flows;
- For the quoted bonds issued by CFE and DEME, the fair value is based on the quoted price at reporting date;
- For fixed rate liabilities, the fair value is determined by discounted cash flows, based on the market interest rates at reporting date.

27. OPERATING LEASES

The CFE group's obligations relating to non-cancellable operating leases are as follows:

(in € thousands)	2017	2016
Expiring in less than 1 year	12,667	14,035
Expiring in more than 1 year and up to 5 years	15,444	17,434
Expiring in more than 5 years	10,326	10,603
Total	38,437	42,072

28. OTHER COMMITMENTS GIVEN

Total commitments given by the CFE group at 31 December 2017, other than real security interests, totalled € 1,168,439 thousand (2016: € 1,119,534 thousand). These commitments break down as follows:

(in € thousands)	2017	2016
Performance guarantees and performance bonds (a)	997,687	856,445
Bid bonds (b)	16,902	36,175
Repayment of advance payments (c)	2,683	16,812
Retentions (d)	12,300	16,782
Deferred payments to subcontractors and suppliers (e)	51,317	82,451
Other commitments given - including € 60,431 thousand of corporate guarantees at DEME	87,550	110,869
Total	1,168,439	1,119,534

- a) Guarantees given in relation to the performance of works contracts. If the construction entity fails to perform, the bank (or insurance company) undertakes to compensate the customer to the extent of the guarantee.
- b) Guarantees provided as part of tenders relating to works contracts.
- c) Guarantees provided by a bank to a customer guaranteeing the repayment of advance payments in relation to contracts (mainly at DEME).
- d) Security provided by a bank to a client to replace the use of retention money.
- e) Guarantee covering the settlement of a liability to a supplier or subcontractor.

29. OTHER COMMITMENTS RECEIVED

Total commitments received by the CFE group at 31 December 2017 totalled € 396,107 thousand (2016: € 147,937 thousand). These commitments break down as follows:

(in € thousands)	2017	2016
Performance guarantees and performance bonds	393,592	145,112
Other commitments received	2,515	2,825
Total	396,107	147,937

The strong increase in commitments received is essentially related to the commitments received in the context of the extension of the dredging fleet and, to a lesser extent, the incorporation of the commitments received by the Van Laere group.

30. LITIGATION

The CFE group is exposed to a number of claims that may be regarded as normal in the construction industry. In most cases, the CFE group seeks to settle with the other party, and this substantially reduces the number of legal proceedings.

The CFE group tries to recover amounts receivable from its customers. However, it is not possible to estimate these potential assets.

31. RELATED PARTIES

- Ackermans & van Haaren (AvH) owns 15,289,521 CFE shares at 31 December 2017 and is the main shareholder of the CFE group with a stake of 60.40%.
- Key personnel consists of CFE's steering committee and the two Managing Directors. The amount recognized as an expense relating to salaries and other benefits for key personnel amounted to € 4,964.6 thousand for 2017 (2016: € 5,604.4 thousand). This amount includes fixed remuneration (€ 2,494.4 thousand, 2016: € 2,815.2 thousand), variable remuneration (€ 2,107.4 thousand; 2016: € 2,324.6 thousand), various insurance payments (supplementary pension plan, hospitalization, workplace accidents, accidents outside work) (€ 330.0 thousand, 2016: € 382.6 thousand) and company car expenses (€ 32.8 thousand, 2016: € 82.0 thousand).
- Dredging Environmental & Marine Engineering NV and CFE SA concluded a service contract with Ackermans & van Haaren NV on 26 November 2001. The remuneration due by Dredging Environmental & Marine Engineering NV, 100% subsidiary of CFE SA, and by CFE SA in accordance with this contract amounts respectively to € 1,150 thousand and € 156 thousand. This remuneration was paid entirely for 2017.
- There were no transactions with the Managing Directors other than relating to remuneration. Similarly, there were no transactions with the companies Torema SPRL, Frédéric Claes SA, 8822 SPRL, D2C Partners or Artist Valley SA, other than the remuneration of executives representing these companies. 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.
- CFE Contracting SA acquired on 21 December 2017 all the shares of Aanemingen Van Laere NV for € 17,084 thousand. The group Van Laere was wholly owned by Ackermans & van Haaren, the main shareholder of the CFE. In the context of this transaction, the Board of Directors of Compagnie d'Entreprises CFE SA applies the procedure provided for in Article 524 of the Companies Code to determine whether the contract and the transaction as a whole may be considered as not constituting manifestly undue prejudice to Compagnie d'Entreprises CFE SA. We refer to the management report of CFE for further details.
- At 31 December 2017, the CFE group had joint control over Rent-A-Port NV and its subsidiaries. Please see note 34 for a full list. These entities are consolidated under the equity method.
- Transactions with related parties concerned mainly transactions with companies in which CFE has a joint control or a significant influence. These transactions are concluded at arm's length.
- During 2017, there were no major changes in the nature of transactions with related parties compared to 31 December 2016, except for the substantial increase of turnover generated by the off-shore activities of DEME, towards the subsidiaries integrated under equity method. Commercial and financing transactions between the group and associates or joint ventures consolidated under the equity method are as follows:

	2017	2016
Assets with related parties	445,634	429,373
Non-current financial assets	143,203	152,629
Trade and other receivables	281,761	249,703
Other current assets	20,670	27,041
Liabilities with related parties	106,555	83,187
Other non-current liabilities	3,542	4,905
Trade and other operating payables	103,013	78,282

(in € thousands)	2017	2016
Revenues and expenses with related parties	629,089	219,391
Revenue and income from auxiliary activities	642,173	229,925
Purchases and other operating expenses	(23,441)	(15,569)
Net financial income/expense	10,357	5,035

32. STATUTORY AUDITORS' FEES

The remuneration paid to statutory auditors in respect of the whole group in 2017, including CFE SA, amounted to:

(in € thousands)	Deloitte		Other	
	Amount	%	Amount	%
Audit				
Statutory audit, certification and examination of individual company and consolidated accounts	1,619.6	69.44%	728.2	35.74%
Related work and other audits	81.3	3.49%	63.9	3.14%
Subtotal, audit	1,700.9	72.93%	792.1	38.88%
Other services				
Legal, tax, employment	204.5	8.77%	852.8	41.86%
Other	426.9	18.30%	392.3	19.26%
Subtotal, other services	631.4	27.07%	1,245.1	61.12%
Total statutory auditors' fees	2,332.3	100%	2,037.2	100%

33. MATERIAL POST-BALANCE SHEET EVENTS

None.

34. COMPANIES OWNED BY THE CFE GROUP

List of the fully consolidated subsidiaries

NAME	HEAD OFFICE	GROUP INTEREST (%) (ECONOMIC INTEREST)
EUROPE		
Germany		
GEOSEA INFRA SOLUTIONS GMBH	Bremen	Dredging 100%
NORDSEE NASSBAGGER UND TIEFBAU GMBH	Bremen	Dredging 100%
OAM-DEME MINERALIEN GMBH	Hambourg	Dredging 70%
Belgium		
ABEB NV	Antwerp	Contracting 100%
ANMECO NV	Zwijndrecht	Contracting 100%
CFE BATIMENT BRABANT WALLONIE SA	Brussels	Contracting 100%
DESIGN & ENGINEERING SA	Brussels	Contracting 100%
BE,MAINTENANCE SA	Brussels	Contracting 100%
BENELMAT SA	Gembloux	Contracting 100%
BRANTEGEM NV	Alost	Contracting 100%
CFE BOUW VLAANDEREN NV	Wilrijk	Contracting 100%
CFE CONTRACTING SA	Brussels	Contracting 100%
ENGEMA SA	Brussels	Contracting 100%
ETABLISSEMENTS DRUART SA	Péronne-lez-Binche	Contracting 100%
ENGETEC SA	Manage	Contracting 100%
GROEP TERRYN NV	Moorslede	Contracting 100%
HOFKOUTER NV	Zwijndrecht	Contracting 100%
José COGHE-WERBROUCK NV	Hooglede	Contracting 100%
LOUIS STEVENS NV	Halen	Contracting 100%
NIZET ENTREPRISES SA	Louvain-la-Neuve	Contracting 100%
PROCOOL SA	Péronne-lez-Binche	Contracting 100%
REMACOM NV	Lochristi	Contracting 100%
THIRAN SA	Ciney	Contracting 100%
VANDENDORPE ARTHUR NV	Zedelgem	Contracting 100%
VANDERHOYDONCKS NV	Alken	Contracting 100%
VANLAERE NV	Zwijndrecht	Contracting 100%
VMA FOOD & PHARMA NV	Sint-Martens-Latem	Contracting 100%
VMA NV	Sint-Martens-Latem	Contracting 100%
VMA WEST NV	Waregem	Contracting 100%
VOLTIS SA	Louvain-la-Neuve	Contracting 100%
WEFIMA NV	Zwijndrecht	Contracting 100%

NAME	HEAD OFFICE	GROUP INTEREST (%) (ECONOMIC INTEREST)
AGROVIRO NV	Zwijndrecht	Dredging 74.90%
BAGGERWERKEN DECLOEDT EN ZOON NV	Ostend	Dredging 100%
CEBRUVAL BRUCEVAL SA	Gosselies	Dredging 74.90%
COMBINED MARINE TERMINAL OPERATIONS WORLDWIDE NV	Zwijndrecht	Dredging 54.38%
DEME BLUE ENERGY NV	Zwijndrecht	Dredging 69.99%
DEME BUILDING MATERIALS NV	Zwijndrecht	Dredging 100%
DEME ENVIRONMENTAL CONTRACTORS NV	Zwijndrecht	Dredging 74.90%
DEME NV	Zwijndrecht	Dredging 100%
DEME COORDINATION CENTER NV	Zwijndrecht	Dredging 100%
DEME CONCESSIONS NV	Zwijndrecht	Dredging 100%
DEME CONCESSIONS WIND NV	Zwijndrecht	Dredging 100%
DEME CONCESSIONS INFRASTRUCTURE NV	Zwijndrecht	Dredging 100%
DEME INFRASEA SOLUTIONS NV (DISS)	Zwijndrecht	Dredging 100%
DEME INFRA MARINE CONTRACTORS NV (DIMCO)	Zwijndrecht	Dredging 100%
DREDGING INTERNATIONAL NV	Zwijndrecht	Dredging 100%
ECO SHIPPING NV	Ostend	Dredging 100%
EKOSTO NV	Sint-Gillis-Waas	Dredging 74.90%
ECOTERRES SA	Gosselies	Dredging 74.90%
ECOTERRES HOLDING SA	Gosselies	Dredging 74.90%
EVERSEA NV	Zwijndrecht	Dredging 100%
FILTERRES SA	Gosselies	Dredging 56.10%
GEOSEA NV	Zwijndrecht	Dredging 100%
GEOSEA MAINTENANCE NV	Zwijndrecht	Dredging 100%
GLOBAL SEA MINERAL RESOURCES NV	Ostend	Dredging 100%
GROND RECYCLAGE CENTRUM KALLO NV	Zwijndrecht	Dredging 52.43%
GROND RECYCLAGE CENTRUM ZOLDER NV	Zwijndrecht	Dredging 36.70%
G-TEC OFFSHORE SA	Liège	Dredging 72.50%
G-TEC SA	Liège	Dredging 72.50%
LOGIMARINE SA	Antwerp	Dredging 100%
M.D.C.C. INSURANCE BROKER SA	Brussels	Dredging 100%
PURAZUR N.V.	Zwijndrecht	Dredging 74.90%
SCALDIS SALVAGE & MARINE CONTRACTORS NV	Antwerp	Dredging 54.38%
HDP CHARLEROI SA	Brussels	Holding 100%
BPI REAL ESTATE BELGIUM SA	Brussels	Real Estate 100%
BPI SAMAYA SA	Brussels	Real Estate 100%
DEVELOPPEMENT D'HABITATIONS BRUXELLOISES SA	Brussels	Real Estate 75.33%
FONCIERE STERPENICH SA	Brussels	Real Estate 100%
MG IMMO SA	Brussels	Real Estate 100%
PROJECTONTWICKELING VAN WELLEN NV	Kapellen	Real Estate 100%
SOGESMAINT SA	Brussels	Real Estate 100%
VAN MAERLANT SA	Brussels	Real Estate 100%
Cyprus		
BELLSEA LTD	Nicosia	Dredging 100%
DREDGING INTERNATIONAL CYPRUS LTD	Nicosia	Dredging 100%
DREDGING & MARINE SERVICES CYPRUS LTD	Nicosia	Dredging 100%
NOVADEAL LTD	Nicosia	Dredging 100%
DEME CYPRUS LTD	Cyprus	Dredging 100%
DEME SHIPPING CO Ltd	Nicosia	Dredging 100%
CONTRACTORS OVERSEAS LTD	Oraklini	Holding 100%
France		
ENERGIES DU NORD SAS	Lambersart	Dredging 100%
EUROP AGREGATS SARL	Lambersart	Dredging 100%
G-TEC SAS	Le Havre	Dredging 72.50%
SOCIETE DE DRAGAGE INTERNATIONAL SA	Lambersart	Dredging 100%
FRANCO-BELGE DE CONSTRUCTIONS INTERNATIONALES SAS	Paris	Holding 100%
TPH VANLAERE SA	Armentières	Contracting 100%
United Kingdom		
VMA Midlands Ltd	Yorkshire	Contracting 100%
DEME BUILDING MATERIALS LTD	Weybridge, Surrey	Dredging 100%
DEME ENVIRONMENTAL CONTRACTORS UK LTD	Weybridge, Surrey	Dredging 74.90%
NEWWAVES SOLUTIONS LTD	London	Dredging 100%
Luxembourg		
COMPAGNIE LUXEMBOURGOISE D'ENTREPRISES CLE SA	Strassen	Contracting 100%
DREDGING INTERNATIONAL LUXEMBOURG SA	Luxembourg	Dredging 100%
GEOSEA LUXEMBOURG SA	Luxembourg	Dredging 100%
GEOSEA PROCUREMENT & SHIPPING Luxembourg SA	Luxembourg	Dredging 100%
MARITIME SERVICES AND SOLUTIONS SA	Luxembourg	Dredging 100%
SAFINDI SA	Luxembourg	Dredging 100%
SAFINDI RE SA	Luxembourg	Dredging 100%
SOCIETE DE DRAGAGE LUXEMBOURG SA	Luxembourg	Dredging 100%
THOR CREWING LUXEMBOURG SA	Luxembourg	Dredging 100%
SOCIETE FINANCIERE D'ENTREPRISES SFE SA	Strassen	Holding 100%
ARLON 23	Strassen	Real Estate 100%
BPI REAL ESTATE LUXEMBOURG SA	Strassen	Real Estate 100%
Hungary		
CFE HUNGARY EPITOIPARI KFT	Budapest	Holding 100%

NAME	HEAD OFFICE	GROUP INTEREST (%) (ECONOMIC INTEREST)
Netherlands		
AANNEMINGSMATSCHAPPIJ DE VRIES & VAN DE WIEL BV	Amsterdam	Dredging 74.90%
D,E,M,E, BUILDING MATERIALS BV	Vlissingen	Dredging 100%
DEME CONCESSIONS MERKUR BV	Breda	Dredging 100%
DEME CONCESSIONS WIND BV	Breda	Dredging 100%
DE VRIES & VAN DE WIEL BEHEER BV	Amsterdam	Dredging 74.90%
DE VRIES & VAN DE WIEL KUST EN OEVERWERKEN BV	Amsterdam	Dredging 87.45%
DEME INFRA MARINE CONTRACTORS BV (DIMCO BV)	Dordrecht	Dredging 100%
DEME OFFSHORE SERVICES BV	Breda	Dredging 100%
G-TEC BV	Delft	Dredging 72.50%
MILIEUTECHNIEK DE VRIES & VAN DE WIEL BV	Amsterdam	Dredging 74.90%
INNOVATION HOLDING BV,	Breda	Dredging 100%
INNOVATION SHIOPOWNER BV	Breda	Dredging 100%
INNOVATION SHIPPING BV	Breda	Dredging 100%
PAES MARTIEM BV	Amsterdam	Dredging 100%
TIDeway BV	Breda	Dredging 100%
ZANDEXPLOITAATIEMAATSCHAPPIJ DE VRIES & VAN DE WIEL BV	Amsterdam	Dredging 74.90%
Poland		
CFE POLSKA S.P.ZOO	Warsaw	Contracting 100%
VMA POLSKA S.P.ZOO	Warsaw	Contracting 100%
ACE12 S.P.ZOO	Warsaw	Real Estate 90%
ACE14 S.P.ZOO	Warsaw	Real Estate 90%
BPI BARSKA S.P.ZOO	Warsaw	Real Estate 100%
BPI REAL ESTATE POLAND S.P.ZOO	Warsaw	Real Estate 100%
BPI WROCŁAW S.P.ZOO	Warsaw	Real Estate 100%
IMMO WOLA S.P.ZOO	Warsaw	Real Estate 100%
Romania		
CFE CONTRACTING AND ENGINEERING SRL	Bucharest	Holding 100%
Slovakia		
VMA SLOVAKIA SRO	Trenčín	Contracting 100%
CFE SLOVAKIA SRO	Bratislava	Holding 100%
Other European countries		
VMA ELEKTRIK TESİSATI VE INSAAT TİCARET LİMİTED SİRKETİ	Istanbul, Turkey	Contracting 100%
A2SEA A/S	Fredericia, Denmark	Dredging 100%
BAGGERWERKEN DECLOEDT EN ZOON ESPANA SA	Madrid, Spain	Dredging 100%
DREDGING INTERNATIONAL ESPANA SA	Madrid, Spain	Dredging 100%
BERIN ENGENHARIA DRAGAGENS E AMBIENTE SA	Lisbon, Portugal	Dredging 100%
DRAGMORSTROY LLC	Saint Petersburg	Dredging 100%
DREDGING INTERNATIONAL UKRAINE LLC	Odessa, Ukraine	Dredging 100%
SOCIETA ITALIANA DRAGAGGI SPA	Rome, Italy	Dredging 100%
AFRICA		
Angola		
DRAGAGEM ANGOLA SERVICOS LDA	Luanda	Dredging 100%
SOYO DRAGAGEM LTDA	Luanda	Dredging 100%
Nigeria		
COMBINED MARINE TERMINAL OPERATIONS NIGERIA LTD	Lagos	Dredging 54.43%
DREDGING INTERNATIONAL SERVICES NIGERIA LTD	Lagos	Dredging 100%
EARTH MOVING INTERNATIONAL NIGERIA LTD	Port Harcourt	Dredging 100%
NOVADEAL EKO FZE	Lagos	Dredging 100%
Chad		
CFE TCHAD SA	Ndjamena	Holding 100%
Tunisia		
COMPAGNIE TUNISIENNE D'ENTREPRISES SA	Tunis	Contracting 100%
CONSTRUCTION MANAGEMENT TUNISIE SA	Tunis	Holding 99.96%
Other African countries		
DRAGAMOZ LDA	Maputo, Mozambique	Dredging 100%
CFE SENEGAL SASU	Dakar, Senegal	Contracting 100%
ASIA		
India		
DREDGING INTERNATIONAL INDIA PVT LTD	New Delhi	Dredging 99.78%
INTERNATIONAL SEAPORT DREDGING PTY LTD	Chennai	Dredging 86.00%
Other Asian countries		
DREDGING INTERNATIONAL MALAYSIA SDN BHD	Kuala Lumpur, Malaysia	Dredging 100%
DREDGING INTERNATIONAL MANAGEMENT CONSULTING SHANGHAI LTD	Shanghai, China	Dredging 100%
DREDGING INTERNATIONAL RAK FZ LLC	United Arab Emirates	Dredging 100%
FAR EAST DREDGING LTD	Hong Kong	Dredging 100%
MASCARENES DREDGING & MANAGEMENT LTD	Ebene, Mauritius	Dredging 100%
DREDGING INTERNATIONAL ASIA PACIFIC PTE LTD	Singapore	Dredging 100%
OFFSHORE MANPOWER SINGAPORE PTE LTD	Singapore	Dredging 100%
PT DREDGING INTERNATIONAL INDONESIA	Jakarta, Indonesia	Dredging 60%

NAME	HEAD OFFICE	GROUP INTEREST (%) (ECONOMIC INTEREST)			
AMERICAS					
Brazil					
DEC DO BRASIL ENGENHARIA AMBIENTAL LTDA	Rio de Janeiro	Dredging	74.90%		
DRAGABRAS SERVICOS DE DRAGAGEM LTDA	Rio de Janeiro	Dredging	100%		
Canada					
TIDEWAY CANADA LTD	Halifax	Dredging	100%		
Other American countries					
VMA US INC	Charleston, USA	Contracting	100%		
DREDGING INTERNATIONAL MEXICO SA DE CV	Mexico	Dredging	100%		
LOGIMARINE SA DE CV	Mexico	Dredging	100%		
DREDGING INTERNATIONAL DE PANAMA SA	Panama	Dredging	100%		
OFFSHORE MANPOWER SUPPLY PANAMA SA	Panama	Dredging	100%		
SERVICIOS MARITIMOS SERVIMAR SA	Caracas, Venezuela	Dredging	100%		

NAME	HEAD OFFICE	GROUP INTEREST (%) (ECONOMIC INTEREST)			
PACIFIC					
Australia					
DREDGING INTERNATIONAL AUSTRALIA PTY LTD	Brisbane	Dredging	100%		
GEOSEA AUSTRALIA PTY LTD	Brisbane	Dredging	100%		

List of the main entities accounted for under the equity method

NAME	HEAD OFFICE	GROUP INTEREST (%) (ECONOMIC INTEREST)			
EUROPE					
Belgium					
LIGHTHOUSE PARKING	Ghent	Contracting	33.33%		
BLUECHEM BUILDING NV	Ghent	Dredging	25.47%		
BLUEPOWER NV	Zwijndrecht	Dredging	35.00%		
BLUE OPEN NV	Zwijndrecht	Dredging	49.94%		
BLUE GATE ANTWERP DEVELOPMENT NV	Zwijndrecht	Dredging	25.46%		
C-POWER NV	Ostend	Dredging	6.46%		
C-POWER HOLDCO NV	Zwijndrecht	Dredging	10.00%		
HIGH WIND NV	Zwijndrecht	Dredging	50.40%		
LA VELORIE SA	Froyennes	Dredging	12.48%		
OTARY RS NV	Ostend	Dredging	18.89%		
POWER@SEA NV	Zwijndrecht	Dredging	51.10%		
RENEWABLE ENERGY BASE OSTEND NV	Ostend	Dredging	25.50%		
RENTEL NV	Ostend	Dredging	18.89%		
SEDISOL SA	Farcennes	Dredging	37.45%		
SEASTAR NV	Ostend	Dredging	18.89%		
SILVAMO NV	Roeselare	Dredging	37.45%		
TERRANOVA NV	Zwijndrecht	Dredging	43.73%		
TOP WALLONIE SA	Mouscron	Dredging	37.45%		
PPP BETRIEB SCHULEN EUPEN	Eupen	Holding	25%		
PPP SCHULEN EUPEN SA	Eupen	Holding	19%		
GREEN OFFSHORE NV	Antwerp	Holding	50%		
RENT-A-PORT NV and its subsidiaries	Antwerp	Holding	45%		
BARBARAHOF NV	Louvain	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%		
ERASMUS GARDENS SA	Brussels	Real Estate	50%		
ERNEST 11 SA	Brussels	Real Estate	50%		
ESPACE ROLIN SA	Brussels	Real Estate	33.33%		
EUROPEA HOUSING SA	Brussels	Real Estate	33%		
FONCIERE DE BAVIERE A SA	Liège	Real Estate	30%		
FONCIERE DE BAVIERE C SA	Liège	Real Estate	30%		
GOODWAYS SA	Antwerp	Real Estate	31.20%		
GRAND POSTE SA	Liège	Real Estate	24.97%		
IMMOANGE SA	Brussels	Real Estate	50%		
IMMO KEYENVELD I SA	Brussels	Real Estate	50%		
IMMO KEYENVELD II SA	Brussels	Real Estate	50%		
IMMO PA 33 1 SA	Brussels	Real Estate	50%		
IMMO PA 44 1 SA	Brussels	Real Estate	50%		
IMMO PA 44 2 SA	Brussels	Real Estate	50%		
IMMOBILIERE DU BERREVELD SA	Brussels	Real Estate	50%		
LA RESERVE PROMOTION NV	Kapellen	Real Estate	33%		
LES JARDINS DE OISQUERCQ SPRL	Brussels	Real Estate	50%		
LES 2 PRINCES DEVELOPMENT SA	Brussels	Real Estate	50%		
LRP DEVELOPMENT BVBA	Ghent	Real Estate	33%		
PRE DE LA PERCHE CONSTRUCTION SA	Brussels	Real Estate	50%		
PROMOTION LEOPOLD SA	Brussels	Real Estate	30.44%		
VICTOR BARA	Brussels	Real Estate	50%		

NAME	HEAD OFFICE	GROUP INTEREST (%) (ECONOMIC INTEREST)
VICTOR ESTATE SA	Brussels	Real Estate 50%
VICTOR PROPERTIES SA	Brussels	Real Estate 50%
VICTOR SPAAK SA	Brussels	Real Estate 50%
VM PROPERTY I SA	Brussels	Real Estate 40%
VM PROPERTY II SPRL	Brussels	Real Estate 40%
VAN MAERLANT RESIDENTIAL SA	Brussels	Real Estate 40%
Luxembourg		
NORMALUX MARITIME SA	Luxembourg	Dredging 37.50%
BAYSIDE FINANCE SRL	Luxembourg	Real Estate 40%
BEDFORD FINANCE SRL	Luxembourg	Real Estate 40%
CHATEAU DE BEGGEN SA	Strassen	Real Estate 50%
ELINVEST SA	Strassen	Real Estate 50%
M1 SA	Strassen	Real Estate 33.33%
M7 SA	Strassen	Real Estate 33.33%
United Kingdom		
FAIR HEAD TIDAL ENERGY PARK LTD	Northern Ireland	Dredging 17.50%
HILTHAMMOOR SOIL TREATMENTS LTD	London	Dredging 37.45%
WEST ISLAY TIDAL ENERGY PARK LTD	Scotland	Dredging 17.50%
Poland		
B-WIND POLSKA S.P.ZOO	Gdynia	Dredging 51.10%
C-WIND POLSKA S.P.ZOO	Gdynia	Dredging 51.10%
IMMOMAX S.P.ZOO	Warsaw	Real Estate 47%
Other European countries		
CBD SAS	Ferques, France	Dredging 50%
DEEPROCK CV	Breda	Dredging 50%
DEEPROCK BEHEER CV	Breda	Dredging 50%
EARTH MOVING WORLDWIDE CYPRUS LTD	Cyprus	Dredging 50%
EXTRACT ECOTERRES SA	Villeneuve-le-Roi, France	Dredging 37.45%
K3 DEME BV	Amsterdam, Netherlands	Dredging 50%
MERKUR OFFSHORE GMBH	Hamburg, Germany	Dredging 12.50%
MORDRAGA LLC	Saint Petersburg, Russia	Dredging 40%
OVERSEAS CONTRACTING & CHARTERING SERVICES BV	Papendrecht, Netherlands	Dredging 50%
LIVEWAY LTD	Larnaca, Cyprus	Holding 50%
LOCKSIDE LTD	Larnaca, Cyprus	Holding 50%
AFRICA		
Morocco		
HYDROGEO SARL	Rabat	Dredging 43.50%
Nigeria		
COBEL CONTRACTING NIGERIA Ltd	Lagos	Holding 50%
Tunisia		
BIZERTE CAP 3000 SA and its subsidiaries	Tunis	Holding 20%
AMERICAS		
Brazil		
DEME BRAZIL SERVICOS DE DRAGAGEM LTDA	Rio de Janeiro	Dredging 50%
MSB MINERACOES SUSTENTAVEIS DO BRASIL SA	Sao Paulo	Dredging 51%
ASIA		
GUANGZHOU COSCOS DEME NEW ENERGY ENGINEERING CO LTD	Guangzhou, China	Dredging 50%
DREDGING INTERNATIONAL SAUDI ARABIA LTD	Saudi Arabia	Dredging 49%
DIAP DAELIM JOINT VENTURE PTE LTD	Singapore	Dredging 51%
DIAP-SHAP JOINT VENTURE PTE LTD	Singapore	Dredging 51%
DRAGAFI ASIA PACIFIC PTE LTD	Singapore	Dredging 40%
MIDDLE EAST DREDGING COMPANY QSC	Abu Dhabi	Dredging 44.10%
GULF EARTH MOVING QATAR WLL	Qatar	Dredging 50%
EARTH MOVING MIDDLE EAST CONTRACTING DMCEST	Dubai	Dredging 50%

All subsidiaries have 31 December as their reporting date, with the exception of Lighthouse Parking (30 June), José Coghe-WERBROUCK NV (30 September) and the DEME subsidiaries operating in India (31 March).

The CFE group also works with partnerships in joint ventures set up in Belgium or in foreign countries for the execution of projects. Joint ventures, commonly used as special purpose vehicle in the dredging and construction sector, are not listed here.

STATEMENT ON THE TRUE AND FAIR NATURE OF THE FINANCIAL STATEMENTS AND THE TRUE AND FAIR NATURE OF THE PRESENTATION IN THE MANAGEMENT REPORT

(Article 12/2, 3° of the Belgian Royal Decree of 14/11/2007 on the obligations of issuers of financial instruments listed for trading on a regulated market)

We certify, in the name and on behalf of Compagnie d'Entreprises CFE SA and on that company's responsibility, that, to our knowledge,

1. the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, financial position and results of Compagnie d'Entreprises CFE SA and of the companies included in its scope of consolidation;
2. the management report contains a true and fair presentation of the business, results and position of Compagnie d'Entreprises CFE SA and of the companies included in its scope of consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Signatures

Name: Fabien De Jonge	Renaud Bentégeat	Piet Dejonghe
Title: Administrative and Financial Director	Managing Director	Managing Director

Date: 23 March 2018

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 for the year ended 31 December 2017

In the context of the statutory audit of the consolidated financial statements of Compagnie d'Entreprises CFE SA ("the company") and its subsidiaries (jointly "the group"), we hereby submit our statutory audit report to you. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These reports are one and indivisible.

We were appointed in our capacity as statutory auditor by the shareholders' meeting of 4 May 2016 in accordance with the proposal of the board of directors issued upon recommendation of the Audit Committee. Our mandate will expire on the date of the shareholders' meeting approving the consolidated financial statements for the year ending 31 December 2018. We have performed the statutory audit of the consolidated financial statements of Compagnie d'Entreprises CFE SA for 28 consecutive years.

Report on the audit of the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the company and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2017, 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 balance sheet shows total assets of 4 646 893 (000) EUR and the consolidated income statement shows a consolidated profit (Group share) for the year then ended of 180 442 (000) EUR.

In our opinion, the consolidated financial statements of Compagnie d'Entreprises CFE SA give a true and fair view of the group's net equity and financial position

as of 31 December 2017 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 our unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Responsibilities of the statutory auditor for the audit of the consolidated financial statements" section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company's officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without modifying the unqualified opinion expressed above, we draw your attention to the note 26.7 of the financial statements which describes the uncertainties regarding the amount due by the State of Chad and the undertaken actions in order to facilitate its payment.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

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 with a high degree of certainty.
- This often involves a high degree of judgment due to the complexity of projects, uncertainty about costs to complete and uncertainty about the outcome of discussions with clients on variation orders and claims. Therefor there is a high degree of risk and associated management judgement in estimating the amount of revenue and associated profit (recognized based on percentage of completion) or loss (recognized in full) by the Group up to the balance sheet date and changes to these estimates could give rise to material variances.
- Contract accounting for the Group also involves a significant accounting analysis when it comes to bundling or unbundling of contract. The (un)bundling of one or multiple contracts can significantly impact the revenues and results recognized in the accounting period.

Reference to disclosures:

- The methodology applied in recognizing revenue and contract accounting is set out in note 2 (Significant accounting policies) of the consolidated financial statements. In addition, we refer to Note 17 of the consolidated financial statements relating to construction and service contracts.

- Project review: using a variety of quantitative and qualitative criteria we selected a sample of contracts to challenge the most significant and complex contract estimates. We gained an understanding of the current condition and history of the projects 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)

- During 2017, DEME acquired the offshore activities of A2SEA. The acquisition represents a business combination and should be accounted for in accordance with IFRS 3.
- As at 31 December 2017, the Group has not yet completed its analysis of the fair value of all assets and liabilities acquired and as such, the acquisition has been accounted for based on a provisional purchase price allocation.

Reference to disclosures:

- Refer to Note 2 (Significant accounting policies) and Note 5 (Acquisitions and disposals of subsidiaries)

- Gaining an understanding of the transaction and reading of the relevant agreements in relation to the acquisition of the shares of A2SEA.
- Confirming the appropriate accounting treatment of these agreements per 31 December 2017 in accordance with IFRS 3.
- Assessing the appropriateness of the disclosures relating to the provisional purchase price accounting in the consolidated financial statements of the Group.
- Involving experts: We have involved IFRS experts to analyze the appropriate accounting treatment of these transactions, including the provisional purchase price allocation and to verify the appropriateness of the disclosures made in relation to this transaction.

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 related to estimating the amount of accruals for uncertain tax positions to be recognized by the Group up to the balance sheet date and changes to these estimates could give rise to material variances.

Reference to disclosures:

- Refer to note 2 (Significant accounting policies) and note 10 (Income tax).

- In order to audit the adequacy of the recorded tax accrual, our audit procedures included an analysis of the estimated probability of the tax risk, of management's estimate of the potential outflows and a review of the supporting documentation.
- Involvement of experts: we involved tax specialists to review the assumptions supporting the estimates and to challenge the appropriateness of these assumptions in view of local tax regulations.
- We have obtained an understanding of the procedures relating to accounting for (deferred) taxes and considered design and implementation of the related controls and processes.
- Assessing the appropriateness of the disclosures relating to (deferred) taxes in the group's consolidated financial statements.

Revenue recognition and valuation of inventories (Real Estate Development Segment)

- The valuation of the land positions and the incurred constructions costs for residential property developments are based on the historical cost or lower net realizable value. The assessment of the net realizable values involves assumptions relating to future market developments, decisions of governmental bodies, discount rates and future changes in costs and selling prices. These estimates involve various terms and are sensitive to scenarios and assumptions used and involve as such significant management judgement. Risk exists that potential impairments of inventories are not appropriately accounted for.
- Revenues and results are recognized to the extent that components (housing units) have been sold and based on the percentage of completion of the development. The recognition of revenue and profit therefore relies on estimates in relation to the forecast total costs on each project.
- This often involves a high degree of judgment due to the complexity of projects and uncertainty about costs to complete. Therefore, there is a high degree of risk associated with estimating the amount of revenue and associated profit to be recognized by the Group up to the balance sheet date and changes to these estimates could give rise to material variances.

Reference to disclosures:

- Refer to note 2 (Significant accounting policies) and note 18 (inventories)

- A sample of project developments have been tested by verifying the costs incurred to date, relating to land and work in progress as well as recalculating the percentage of completion at the balance sheet date. A selection of these schemes have been reviewed with a sample of costs agreed to third party surveyors' certificates, total sales values agreed to contracts, and the accuracy of the recognition formula has been verified.
- We performed an assessment of the calculations of net realizable values and challenged the reasonableness and consistency of the assumptions and model used by management.
- Evaluating the financial performance of specific projects against budget and historical trends, specifically in view of assessing the reasonableness of the costs to complete.

Responsibilities of the board of directors for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements the board of directors is responsible for assessing the company'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 company or to cease operations, or has no 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

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 company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditor's report. However, future events or conditions may cause the company 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 those charged 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 those charged with 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 those charged with 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 auditor's report unless law or regulation precludes any public disclosure about the matter.

Report on other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements and other matters disclosed in this report.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian (revised) standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify the director's report on the consolidated financial statements and other matters disclosed in the annual report, in all material respects.

Aspects regarding the directors' report on the consolidated financial statements and other matters disclosed in this report

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, the directors' report on the consolidated financial statements is consistent with the consolidated financial statements for the same year and it has been established in accordance with the requirements of article 119 of the Companies Code.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements is free of material misstatement, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such material

misstatement. We do not express and will not express any kind of assurance on the directors' report on the consolidated financial statements.

The non-financial information as required by article 119, § 2 of the Companies Code, has been disclosed in the directors' report on the consolidated financial statements. This non-financial information has been established by the company in accordance with the Global Reporting Initiative ("GRI") reporting framework. We do however not express any opinion on the question whether this non-financial information has been established, in all material respects, in accordance with this Global Reporting Initiative ("GRI") reporting framework. Furthermore, we do not express any assurance on individual elements that have been disclosed in this non-financial information.

Statements regarding independence

- We did not perform any services that are incompatible with the statutory audit of the consolidated financial statements and remained independent from the company during the performance of our mandate.
- The fees for the non-audit services compatible with the statutory audit of the consolidated financial statements as defined in article 134 of the Companies Code have been properly disclosed and disaggregated in the disclosures 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 2018

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA/SC s.f.d. SCRL

Represented by Rik Neckebroeck - Michel Denayer

Parent-company financial statements

PARENT-COMPANY STATEMENTS OF FINANCIAL POSITION AND COMPREHENSIVE INCOME

Year ended 31 December (in € thousands)	2017	2016
Non-current assets	1,325,005	1,323,520
Start-up costs	0	0
Intangible assets	54	46
Property, plant and equipment	583	693
Financial assets	1,324,368	1,322,781
- Related parties	1,324,334	1,322,749
- Other	34	32
Current assets	155,489	236,408
Receivables at more than 1 year	0	0
Inventories and work in progress	6,912	8,097
Receivables at up to 1 year	128,885	196,447
- Trade receivables	36,853	53,033
- Other receivables	92,032	143,414
Cash investments	0	6
Cash equivalents	19,326	30,956
Prepaid expenses	366	902
Total assets	1,480,494	1,559,928
Equity	1,163,350	1,197,582
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)	33,316	67,548
Provisions and deferred tax	81,998	57,272
Liabilities	235,146	305,074
Liabilities at more than 1 year	248	132,580
Liabilities at up to 1 year	234,643	172,494
- Financial debt	102,332	0
- Trade payables	24,545	37,211
- Tax liabilities and down payments on orders	6,211	11,925
- Other payables	101,555	122,694
Prepaid income	255	664
Total equity and liabilities	1,480,494	1,559,928

Year ended 31 December
(in € thousands)

2017

2016

INCOME

Sales of goods and services	57,069	48,296
Cost of goods sold and services provided	(88,576)	(56,336)
- Merchandise	(36,822)	(26,800)
- Services and other goods	(16,165)	(17,763)
- Remuneration and social security payments	(9,762)	(12,538)
- Depreciation, amortisation, impairment and provisions	(23,781)	1,214
- Other	(2,046)	(449)
Operating income	(31,507)	(8,040)
Financial income	65,249	75,396
Financial expense	(7,050)	(8,481)
Pre-tax income	26,692	58,875
Tax (current and adjustments)	(170)	(17)
Net income	26,522	58,858

APPROPRIATION OF INCOME

Net income	26,522	58,858
Retained earnings	67,548	63,116
Dividend	(60,755)	(54,426)
Available reserves	0	0
Legal reserve	0	0
Retained earnings carried forward	33,315	67,548

ANALYSIS OF STATEMENTS OF FINANCIAL POSITION AND COMPREHENSIVE INCOME

The gradual delivery of the latest projects realized by CFE automatically leads to a decrease in its revenue.

The operating income was negatively affected by increases in the provisions for other liabilities and charges.

The net financial income consists mainly of €55.0 million and €6.0 million worth of dividends paid by DEME and CFE Contracting respectively.

In 2016, the non-recurring financial income included the capital gains realized on the disposal of Locorail and Coentunnel Company.

Report on non-financial indicators of the CFE group

On September 3, 2017, the law on the publication of non-financial information and information on diversity by some large corporations and groups (MB, 11 September 2017) was promulgated. This law provides for the transposition of European Directive 2014/95/EU on the same subject (the Directive). The report below has also been established in accordance with Article 119, §2 of the Companies Code.

For the first time, these obligations apply to the annual information relating to the 2017 financial year.

The reference system Global Reporting Initiative 'GRI Sustainability Reporting Standards 2016', as promulgated by the Global Sustainability Standards Board (www.globalreporting.org/standards), has served as a basis to edit the present report. However, all the performance indicators as foreseen by this reference system have not used.

Given the specific nature of their activities, non-financial information relating to the Dredging, Environment, Offshore, and Infra division has been presented and commented separately from the information relating to the Contracting and Real Estate Development divisions.

1. Environmental matters

1.1. Description of activities

Contracting and Real Estate Development Divisions

This part of the report deals with the environmental performance of the activities of the Contracting division and the Real Estate Development division. The reporting scope is Benelux, which represents almost all the activities of the Contracting and Real Estate Development Divisions.

The Contracting and Real Estate Development Divisions include multidisciplinary companies whose primary objective is the satisfaction of their clients. The main objective of these companies is to create the best solutions to build the future. Since we've taken on a mission to build the future, long-term profit is sought for our customers with everything it implies in terms of sustainability and environmental performance.

Dredging, Environment, Offshore and Infra division

The Dredging, Offshore and Infra (DEME) division is a major player in the market of complex hydraulic works.

Driven by a number of global challenges (increasing world population - rising sea levels - shortage of natural raw materials - increasing energy demand - reduction of CO₂ emissions - pollution of our waterways and soils), DEME has developed and starting from a simple dredging and land extension enterprise, has become a multidisciplinary and innovative civil and environmental engineering group active at global level.

Thanks to an integrated corporate structure, DEME is emerging as a solid "global solution provider" offering innovative total solutions to customers. DEME has a modern multi-purpose fleet at the forefront of technology.

The scope of DEME's reporting below covers the activities in Belgium and the Netherlands

1.2. Policy

Contracting and Real Estate Development divisions

The structure of the CFE Group is organized in such a way that all entities have a great deal of autonomy in determining their environmental policy. All companies in the Contracting and Real Estate Development divisions undertake to carry out their activities in accordance with the requirements and obligations arising both from contracts and agreements with customers as well as those laid down in applicable regulations and legislation. All these entities are also committed to integrating all relevant environmental aspects into their strategies, actions and activities.

This means that respect for the environment is an essential element for all companies in the CFE group. All these entities are also committed to achieving a constant improvement of their services in terms of environmental issues.

Dredging, Environment, Offshore and Infra division

Environment is an important issue and an integral part of DEME's core values, grouped under the name 'STRIVE' which stands for safety, technical leadership, respect & integrity, innovation, value creation and the environment.

DEME aspires to optimal protection of the environment. Key values are described in policies and charters tailored to the activities and sectors in which DEME is active. It also shows concrete actions integrated into a global QHSE-S vision (Quality, Health, Safety, Environmental - Security).

1.3. Results of the implementation of this policy

Contracting and Real Estate Development divisions

The most important sources of energy consumption are fuels. These are important sources of non-renewable energy that are needed on the one hand to operate generators and on-site machines and on the other hand to heat buildings.

Electricity consumption is also a major source of energy consumption, mainly of non-renewable origin. The share of green energy in the electricity bill still remains low, but is increasing. However, we observe that more and more energy supply contracts include a commitment to provide a fixed portion of renewable energy.

The main companies of the construction activities in the Contracting Division have an ISO 14001 certification. One of the main objectives of this standard is the continuous improvement of environmental performance matching the environmental policy of the division. The CFE group strives to increase the number of entities that have adopted this certification.

Dredging, Environment, Offshore and Infra division

DEME uses an integrated QHSE-S management system in which the management of environmental aspects and the improvement of environmental performance are key factors. Internal and external audits (see ISO 14001 and the CO₂ performance scale) guarantee this commitment to constant improvement of environmental protection.

1.4. Environmental risks

Contracting and Real Estate Development divisions

The risks posed by these environmental considerations relate to potential environmental incidents.

ISO 14001 and even ISO 9001 certified entities have a risk management approach as the basis for their management systems, which guarantees the management and the control of risks in accordance with their policies.

The company's management also provides for good communication with the authorities and stakeholders, particularly the residents close to the construction projects. The purpose of this communication is to inform stakeholders and the authorities about the measures taken to control nuisances and potential environmental problems.

Dredging, Environment, Offshore and Infra division

DEME has an integrated risk management system that also includes environmental aspects for activities in

companies, on ships, projects and sites. This system can be used both for the management of micro-projects and of megaprojects in a joint venture structure. To this end, a vast arsenal of risk analysis techniques, adapted to the type of risk to which we are exposed, has been implemented. This gives rise to specific actions and initiatives that are evaluated periodically. In this regard, we pay particular attention to subcontractors and suppliers.

A crucial factor in the success of the energy/environmental policy is also the organization's own employees. That is why DEME has launched several initiatives to increase the awareness of its employees (e.g. eco-operator training for crane operators, ship energy efficiency management plans for ships, campaigns for office workers and projects, green initiative campaigns...).

The cooperation between DEME and its subcontractors and suppliers is also essential. DEME therefore wants to include these in its energy/CO₂ policy and encourage them to improve their energy consumption and/or to consider alternatives with a lower carbon footprint.

1.5. Key Performance Indicators (KPIs)

Contracting and Real Estate Development divisions

The choice of KPIs was based on their social interest. In this respect the consumption of energy sources determines in particular significantly way the environmental footprint of the division's activities.

The KPIs have been chosen to reflect the environmental aspects on which the divisions have a direct influence. Taking into account these considerations, the indicators chosen are related to the carbon footprint of the activities.

Conversely, the elements over which the company has no influence, or negligible influence, are not the subject of indicators. Among others, the choice of materials for the construction of buildings almost always belongs to the client or his architect, or is made as a function of the obligations or restrictions imposed by the public administrations.

Since the energy consumption in the upstream and downstream processes of our projects are so different and fragmented, they are not included in the Group's internal reporting requirements. This concerns for example, the energy consumption necessary for the production of construction materials and the transportation of these to the worksites, or the electricity consumption of construction projects and facilities after completion.

The KPI's presented below, for the Contracting and Real Estate Development divisions are for the period from 1 October 2016 to 30 September 2017.

The KPI values of the Contracting and Real Estate Development divisions concern the Benelux area.

Dredging, Environment, Offshore and Infra division

DEME is certified according to the requirements of the CO₂ performance ladder level 5. This is a management system that encourages companies to map out and reduce their CO₂ emissions. DEME applies this system for its activities in Belgium and the Netherlands. A recognized independent body verifies the processes and results externally.

DEME reports twice a year on its CO₂ emissions in Belgium and the Netherlands (cfr. ISO 14064 scope 1 and 2). The reports are available on the DEME website:

<https://www.deme-group.com/nl/performance-ladder/inzicht>

The KPI values of DEME for the year 2017, presented in the table below, concern Belgium and the Netherlands.

KPI values (table):

KPI	units	Contracting and Real Estate Development divisions	Dredging, Environment, Offshore and Infra division	Total
Greenhouse gas emissions - ISO Scope 1 (direct GHG emissions)	T CO ₂	13,290	109,178	122,468
Greenhouse gas emissions - ISO Scope 2 (energy indirect GHG emissions)	T CO ₂	2,583	4,740	7,323
Grand total	T CO ₂	15,873	113,918	129,791

1.5.1. Green gas emissions ISO Scope 1

(Green House Gas Protocol/GHGPR and GRI Disclosure 305-1 - Direct (Scope 1) GHG emissions)

Direct emissions of greenhouse gases (GHGs) related to the use of fossil fuels and fuels. Only CO₂ production is taken into account, other greenhouse emissions are not taken into account.

These are only purchased fuel and fossil fuels that are used in own facilities, engines and boats or on our own projects. The fuel used in our own electricity generators is also included in this scope1.

1.5.2. Green gas emissions ISO Scope 2

(Green House Gas Protocol/GHGPR and the GRI Disclosure 305-2 Repository - Energy Indirect (Scope 2) GHG emissions)

Indirect emissions of greenhouse gases (GHGs) related to the consumption of purchased electricity. Only CO₂ production is taken into account, other greenhouse emissions are not taken into account.

The electricity that companies buy comes in many cases from both renewable and non-renewable sources. Only when the amount of renewable energy purchased by a firm is explicitly contracted can a breakdown be made for each part. In the other case, it is not possible to know exactly how much renewable energy has actually been

DEME's ambition is to optimize the efficiency of its activities (from a life cycle approach). An important aspect here is the optimization of the fuel consumption of the dredging and offshore ships. To achieve this, new technologies are being developed and applied (such as, for example, LNG dual fuel ships). The importance that DEME attaches to this is also demonstrated by the investment program currently underway, in which a complete series of new LNG dual fuel vessels are being built.

DEME focuses not only on the energy consumption of its ships, but also in other areas, such as earth-moving machines and the head office.

The actions and measures are described in the energy management action plan and are available on the DEME website:

<https://www.deme-group.com/nl/performance-ladder/reductie>

received. This report does not contain any breakdown in this respect.

Notes:

- For the calculation of the different fuel sources of the 'Green gas emissions ISO Scope 1' indicator, we used the referential GRI Disclosure 302-1 - Energy consumption within the organization.
- Several initiatives are being taken to reduce the share of electricity purchased from non-renewable sources. The production of clean electricity comes mainly from solar panels or wind turbines. This form of electricity generation is increasing every year. Obviously, this amount of renewable energy is not taken into consideration for the calculation of the 'Green gas emissions ISO Scope 2' indicator.

2. Social and Personnel Matters

2.1. Description of activities

This part of the report dealing with social and personnel issues deals with the activities of the CFE Group's three divisions (Contracting, Real Estate Development and Dredging, Environment, Offshore and Infra).

We are convinced that our staff is the key to our success and the continued deployment of our activities.

It consists of 4 distinct parts:

- social relations;
- health and safety;
- diversity and equal opportunities;
- training.

2.2. General Human Resources Policy:

Contracting and Real Estate Development divisions

Our attention to human rights is an integral part of our humanist culture. We have always given humans priority over systems. We are convinced that our teams are our main asset: it is through their qualities and commitment that our companies make a difference in their projects and on their projects.

Our decentralized organization and our management style derive from these humanist values: they value individual and collective initiatives as close as possible to the field; they rely on trust, respect and solidarity to promote the professional development of our employees. Beyond our own teams, we strive to share this vision with all employees of local partners and subcontractors who participate in our (building) projects.

Social relations:

Social dialogue is based on several founding principles:

- the commitment to recognition of unions within the Group and the right of employees to join a trade union organization;
- the search for a permanent balance between trade union commitment and maintaining a close link with the professional activity;
- the desire to facilitate communication and holding meetings for representatives of trade unions and staff representative bodies;
- the desire to develop information and training for staff and union representatives by involving them in the implementation of the Group's major actions (health, safety at work, sustainable development, occupational diversity, disability policy, etc.);
- willingness to develop consultation and collective bargaining;
- the internationalization of our recruitment efforts, taking into account diversity.

Health and security:

The objective of the health and safety policy is to anticipate and prevent work-related risks, including psychosocial risks. It also consists of ensuring the quality of hygiene, safety, health and quality of life at work, and finally ensuring the reclassification of employees who are victims of accidents at work and occupational diseases.

Security is a major priority in the Contracting and Real Estate Development divisions and is based in particular

on the following elements:

- the safety and health of each staff member and all parties concerned, as well as the respect for the environment and the surrounding area, are essential elements of the Security Policy of the Contracting and Real Estate Development Clusters;
- "working safely and caring for the safety of others" is a condition for employment in the Contracting and Real Estate Development divisions;
- The means and methods necessary for their prevention are made available.

Diversity and equal opportunities:

By applying the diversity policy to which they subscribe, the Contracting and Real Estate Development divisions want to ensure that each employee benefits from the same opportunities and wishes to see the diversity of the community represented in their staff.

This diversity policy applies to all entities in the Contracting and Real Estate Development Divisions and affects all staff member, both for blue-collar as well as for white-collar staff. When recruiting or during a promotion, only the competencies of the candidate are taken into account. These entities also ensure that all employees are treated equally in terms of pay and benefits, access to training, career development, and internal mobility.

Special attention is paid to women, workers over 45 years of age, people with a migrant background and people with disabilities, as specified in the values of the Contracting and Real Estate Development divisions.

Training:

The main objectives of the general training policy are to share the fundamentals of the culture of the Contracting and Real Estate Development division and to transmit knowledge and know-how in order to meet the expectations of our customers, to be the best partner and maintain the high level of operational performance of the teams. It also aims to promote the integration and professional development of each employee through "job" training and sessions dedicated to management and personal and professional development.

Skill development addresses the need to improve productivity and adapt to changing techniques and technologies in each job. The evolution of projects towards ever more complex and global structures also creates new training needs for the synergy of trades.

Dredging, Environment, Offshore and Infra division

DEME's general policy, with regard to social and personnel issues, is based on the respect of every person, one of our key values that have been summarized in the acronym 'STRIVE' (Security, Technical Leadership, Respect & Integrity, Innovation, Value Creation, Environment).

DEME has an equal opportunity policy. As an international group, we strongly believe in an equal opportunities policy and we strive to promote it within DEME. This policy, based on respect and integrity, must offer the opportunity to each of our employees to pursue a career within the group, provided they have the appropriate qualifications, training and experience.

To this end, we fully rely on:

- the reception and integration of new employees with a view to fast and optimal employability, in accordance with the agreements during the assignment/occupation to a new position;
- internal training, development and active promotion of career paths through the different entities and departments of the group, and through projects at national and international level;
- structural collaboration with partners and external training institutions, for the acquisition and transfer of specific expertise, and obtaining legally required training and/or safety certificates and/or ship navigation permits.
- internalisation of our recruitment efforts, considering diversity

The translation of these corporate objectives into human resource operational measures, policies and procedures is intended to support all employees anywhere in the world and to provide clarification regarding:

- recruitment, reception and integration,
- collective and individual working conditions,
- labour contracts and labour regulations,
- the evolution of careers on the basis of know-how, benefits and competence,
- opportunities and expectations/obligations in terms of training and development,
- commitment and entrepreneurship,
- safety and well-being at work,
- etc.

The support of our staff with regard to social and personnel issues is actively managed by a team of partners and human resources experts who, in close collaboration with the management and the social partners, must ensure their share of the organization, implementation, coherence, respect and fairness of these measures.

DEME also guarantees social dialogue and consultation. Actually, DEME is convinced that social dialogue and open communication between employees and management are essential for the successful execution and success of all our activities.

For the purposes of effective social dialogue, the required dialogue is organized and conducted in accordance with the local laws and regulations of the countries in which we operate. In this regard, we support an open and constructive dialogue with the aim of creating optimal and safe working conditions and establishing a fair policy in terms of working conditions.

2.3. Results of the implemented policy

Contracting and Real Estate Development divisions

The year 2017 was a year marked by significant investments in the field of human resources. In addition to strengthening human resource functions in the decentralized entities, various projects have been created under the Ambition 2020 project in order to promote the importance of human resources.

We can mention in particular:

- The creation of an HR Board that brings together the different human resources managers of the different entities and those at group level;
- The creation of a digital platform to promote the exchange of good practices, experiences and promote internal mobility;
- The implementation of a program that includes tools such as career plan, assessment, training and staff retention;
- Professionalization of the recruitment process, including the generalization of a personality test for executive positions;
- The implementation of concrete actions for workers aged 45 and over: adaptation of working time, training in computer tools and ergonomics, career assessment based on skills;
- At the training level, the focus was also on personal skills;

The results of the implementation of this policy are detailed in the ad hoc part of the annual report.

We may also note that the feedback and results of our internal audits have not shown any breach or other non-compliance in accordance with the laws or procedures internal to the group.

Dredging, Environment, Offshore and Infra division

Given the difficult situation in terms of traffic around Antwerp, and the impact on recruitment and retention, an important focus point in 2017 was the adaptation of the labour policy without constraints of location and schedule.

In this respect, labour policy has been fully focused on:

- an increase in flexibility in terms of daily working hours for positions in the main offices and satellites
- the provision of 6 satellite offices spread over Flanders and Brussels
- the possibility of regulated teleworking
- the necessary support in terms of work organization and IT infrastructure.

For other offices in Europe, similar flexibility in terms of hours and workplace is also contemplated when it is necessary, possible and/or timely.

In addition, the implementation, monitoring and evaluation of objectives relating to services, development of technical and/or management skills, and the satisfaction of general and specific training needs, were continued in 2017. This is reflected in:

- large-scale application and adherence to performance measurement and development through Time To (for management positions),
- expansion of the training offer for starters (Basics4Starters), and an in-depth analysis of the reception and integration policy for a new approach in 2018,
- the deepening of a number of management development initiatives (EPC, DEME 2020, etc.).

2.4. Main risks and management of these issues:

Contracting and Real Estate Development divisions

The risks associated with these issues involve:

- **social relations:** the main risks are absenteeism due to strikes and collective disputes;
- **health and safety:** the risks cover the five domains of well-being: health, safety, ergonomics, occupational hygiene and psychosocial aspects;
- **diversity:** in addition to the non-respect of legal obligations, diversity remains an inseparable theme of social dialogue and the lack of diversity may constitute a non-response to the expectations of civil society in terms of justice and social equity. This can also damage the brand image with customers and public authorities.

A charter of diversity in the Company was developed in 2005. This includes a human resources policy with clear standards in terms of salary policies, recruitment, evaluations, internal promotions, collective working conditions and disputes with trade unions.

Monitoring is carried out in particular through regular reporting of key social indicators and audit assignments, which includes a human resources and social aspects component.

A meeting is also organized every two months with the various human resources managers in order to exchange the best practices, knowledge, problems and experiences of their teams and their entities.

Dredging, Environment, Offshore and Infra division

The risks associated with these issues involve:

- recruitment and allocation of a significant number of new vacancies, a necessary condition for achieving planned growth
- the retention and consolidation of staff commitment - focusing on training, career development, well-being and development must prevent staff from leaving and limit the loss as much as possible in terms of know-how and expertise
- a possible lack of internationalization and diversity within the potential of employees
- an unwanted change in the positive and constructive social climate.

2.5. KPI

It should be noted that the figures mentioned below include those for the entire CFE group (i.e. the three business divisions), unless otherwise stated. These are effective numbers as of 31/12/2017.

2.5.1. Number of employees per division

(Referential: GRI - Disclosure 102-8 - Information on employees)

	Contracting and Real Estate Development divisions	Dredging, Environment, Offshore and Infra division	Total
2015	3,739	4,421	8,160
2016	3,276	4,476	7,752
2017	3,982	4,707	8,689

2.5.2. Staff members by status (blue-collar, white-collar, total)

(Referential: GRI - Disclosure 102-8 - Information on employees)

	Blue-collar workers	White-collar workers	Total
Contracting and Real Estate Development divisions	2,462	1,520	3,982
Dredging, Environment, Offshore and Infra division	2,171	2,536	4,707
Total	4,633	4,056	8,689

2.5.3. Staff by type of contract (indefinite duration, fixed term, etc.)

(Referential: GRI - Disclosure 102-8 - Information on employees)

	Permanent contract	Fixed term contract	Work & studies	Total
2015	6,471	1,685	4	8,160
2016	6,257	1,491	4	7,752
2017	7,733	949	7	8,689

2.5.4. Age pyramid (by 5 years)

(Referential: GRI - Disclosure 405-1 - Diversity of employees)

	2015	2016	2017
<25	584	513	382
26-30	1,182	1,106	1,160
31-35	1,320	1,245	1,374
36-40	1,164	1,125	1,267
41-45	1,087	1,004	1,189
46-50	1,055	1,005	1,105
51-55	861	877	1,072
56-60	641	603	754
> 60	266	274	386

2.5.5. Seniority (per 5 years) for the entire CFE group

(Referential: GRI - Disclosure 405-1 - Diversity of employees)

	2015	2016	2017
<1	1,527	830	1,344
1-5	2,599	2,978	2,866
6-10	1,804	1,725	1,847
11-15	779	762	960
16-20	539	570	682
21-25	454	426	379
> 25	458	461	611

2.5.6. Number of men/women

(Referential: GRI - Disclosure 405-1 - Diversity of employees)

	White-collar workers (male)	White-collar workers (female)	Blue-collar workers (male)	Blue-collar workers (female)
2015	2,968	909	4,227	56
2016	2,893	895	3,910	54
2017	3,040	1,016	4,569	64

We specify that for DEME, the male/female ratio across the total working population is 85% (men) and 15% (women). The nature of a number of activities (40% of personnel/crews at sea) and the required international mobility/engagement of the majority of management functions make it difficult to achieve greater diversity, despite the fact that in terms of recruitment and promotion, training and expertise are the main elements taken into consideration.

For the Contracting Division, the ratio of men to women is similar. In order to favour mixed teams, we make sure to recruit women for operational positions, to have career management that allows a woman as well as a man to access an executive/management position, we favour a good balance between professional and personal life.

2.5.7. Labour accidents: frequency rate and severity rate

(Referential: GRI - Disclosure 403-1 - Occupational Health & Safety)

Security Statistics	Frequency rate (= Fr)	Severity rate (= Sr)
Divisions of activities		
Contracting and real estate development divisions:	16.49	0.53
Dredging area, environment, offshore and infra division:	1.37	0.03

Fr (Frequency rate) = number of accidents with work incapacity multiplied by 1 million divided by the number of hours worked by employees.

Sr (severity rate) = number of calendar days of absence multiplied by 1000 and divided by the number of hours worked by employees.

2.5.8. Training

(Referential: GRI - Disclosure 404-1 Average number of hours training)

In number of hours by nature of training	Total 2016	Total 2017	Men	Women
Techniques	50,248	44,029	40,773	3,256
Health and Safety	82,068	55,325	50,706	4,619
Environment	1,851	1,581	1,495	86
Management	29,207	12,235	10,576	1,659
IT	10,858	6,899	5,187	1,712
Adm. / Accounts. / Man. / Leg.	9,553	13,029	10,103	2,926
Languages	5,635	3,484	2,783	701
Diversity	36	64	64	0
Other	12,511	6,808	5,156	1,652
Total	201,967	143,454	126,843	16,611

2.5.9. Absenteeism

	2015	2016	2017
Number of days of absence due to illness	71,604	69,031	70,954
Number of days of absence for labour acc.	5,974	4,454	4,109
Number of days of absence for acc. during commutes	430	6	36
Number of days of absence for occupational disease	0	0	0
Number of days worked	1,951,885	1,745,799	1,824,046
Absenteeism	4.00%	4.21%	4.12%

3. Respect for human rights

3.1. Policy implemented

Contracting and real estate development divisions:

The general policy of the Contracting and Real Estate Development divisions is based on strong values that guide our actions and continually reinforce our corporate culture. Respect for people is one of these fundamental values.

In all subsidiaries and countries where we operate, we implement a human resources policy based on strict compliance with the laws in place and fundamental principles of human rights. Any discrimination - whether in hiring or day-to-day labour relations - based on criteria related to age, race, nationality, sex, beliefs or disability are strictly prohibited.

In addition, the safety of our employees is our first priority at all times. We have a general policy of continuous improvement, which also aims to improve working conditions, and well-being and we have defined a general policy to respect the laws concerning staff privacy

Dredging, Environment, Offshore and Infra division

DEME's general policy is based on the respect for others. It is also one of our key values in the acronym 'STRIVE' (Security, Technical Leadership, Respect & Integrity, Innovation, Value Creation, Environment).

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

3.2. Results

No violation of our human rights policy has been reported.

3.3. Main risks related to this issue in connection with the commercial activities of the company

Contracting and Real Estate Development divisions

Our major risks are related to the following conditions:

- a multitude of companies and people work on our sites as partners, subcontractors or co-contractors employing people from a wide variety of countries and ethnicities.
- we are active in foreign countries with different legislations and different risk profiles regarding the respect of individual rights.

Dredging, Environment, Offshore and Infra division

We are active worldwide and therefore we are also represented in countries with a higher risk profile in terms of human rights violations. In particular, we must be vigilant in working with recruiting offices, temp agencies and other third parties that use personnel on our sites.

3.4. How do we manage these risks?

Contracting and real estate development divisions

Our management system is centred around the four main principles: prevention, training, control and continuous improvement. Prevention, starting with a company charter and its implementation in all subsidiaries; a system of approved suppliers and standard contractual clauses that clearly reflect our standards; a human resources policy with clear standards in terms of internal recruitment, evaluations and promotions. Training takes many forms, including communication meetings, toolbox meetings, feedback and regular training of the hierarchical line concerning the respect of legal social obligations and well-being. Monitoring is carried out in particular through regular site visits, regular reporting of key indicators and audit assignments, which also includes a human resources and social aspects component. Continuous improvement is achieved through our quality system, specialized working groups and experience sharing mechanisms within the group.

Dredging, Environment, Offshore and Infra division

A good screening of offices, agencies and other third parties in question is therefore a prerequisite before contracting with them.

DEME's policy is always clearly defined contractually with regard to compliance in general, and respect for human rights in particular.

A procedure developed for these offices and agencies, both in the pre-recruitment and post-recruitment phase, gives a high profile to our standard and how it should be met.

Regular audits and inspections of offices, agencies and other third parties that employ staff on our sites ensure that our standard is effectively met.

4. Fight against fraud and corruption

4.1. Policy implemented

Contracting and real estate development divisions

No form of corruption or fraud is tolerated within the Contracting and Real Estate divisions. Our general policy requires total integrity in our behaviour and the execution of our missions. Each staff member must refrain from any action that may implicate himself/herself in his or her subsidiary or the CFE Contracting group in an unfair or unlawful practice, whether in terms of respecting the principles of free competition, award of contracts or relations with our customers and our suppliers.

Dredging, Environment, Offshore and Infra division

DEME has a clear policy to carry out all its activities with integrity and to tolerate no form of corruption. Facilitation payments also fall under this absolute prohibition. Our Code of Ethics and Integrity clearly states this policy and applies to all directors, company representatives, staff, full-time or part-time employees (with permanent or temporary contract). At the same time, we expect all third parties with whom we do business to respect our high values and ethical principles and to act accordingly.

The implementation of this general policy is spelled out in our anti-corruption procedures, using concrete examples of what is allowed and what is not.

4.2. Results

No violation of our policy on compliance with the fight against fraud and corruption has been reported.

4.3. Main risks related to this issue in connection with the commercial activities of the company

Contracting and Real Estate Development divisions:

The nature and size of the markets regularly requires the setting up of temporary associations for the execution of works. The nature of the work carried out by the subsidiaries leads to numerous decentralized orders from a large number of subcontractors and suppliers. Relationships with clients may occasionally involve receiving them, offering them gifts, participating in patronage events or inviting them to conferences or other events. We work only very occasionally with commercial agents.

Dredging, Environment, Offshore and Infra division

Our activities are deployed worldwide and therefore also in countries that have a higher score in the perception of corruption index. We must therefore be more vigilant there. In addition, we only work occasionally in countries where agents are sometimes used, which increases the risk.

In this context, DEME has set up an e-learning program with a test for all its employees. All staff members must successfully complete this program every year. Moreover, we have also provided specific training for staff members who occupy a position where they face increased risks.

4.4. How do we manage these risks?

Contracting and Real Estate development divisions

The Contracting division has drawn up a governance charter and an internal procedures manual applicable to companies in this division. These documents define the minimum application procedures within CFE Contracting and its subsidiaries. The Governance Charter and the Contracting Group's Internal Procedures Manual set out the main principles and concrete examples of situations and actions to be taken. This Charter and this Manual are implemented in all subsidiaries of the Contracting division and their application is monitored through periodic audits and inspections. We will implement a training component specific to the fight against corruption and fraud to all management personnel.

As for the charter of the Real Estate Development division, it exists and is inspired by the one drafted for the Contracting division but is undergoing a complete revision.

Dredging, Environment, Offshore and Infra division

We are trying to control risks as much as possible through elaborate policies and procedures. It goes without saying that an important aspect in this respect is the fact that they are well known within the organization, hence the importance of training our staff. In addition to the general "E-learning", we also offer specific training to inform our executives and teach them how to manage the risks in full knowledge of the facts.

In order to minimize risks, we use agents as little as possible. If there is no way to do otherwise, this party must first be screened, to verify if it is honourable. Depending on the level of risk, the screening will be more or less extensive. In addition, a follow-up is also carried out concerning the third parties with whom we do business. Then, specific clauses are also included in the contracts, under which the parties agree to always act in accordance with our standard of conformity.

Finally, monitoring compliance with these policies and procedures is also an important aspect of our approach, so that we can control risks as much as possible.

5. Diversity policy applied to the governance bodies of the CFE group

(Referential: GRI - Disclosure 102-22 Composition of the highest governance body

5.1. Board of Directors (number of men compared to women)

Currently, the CFE Group Board of Directors has two women and nine men. Two other women will join the Board of Directors in May 2018 to comply with the law of 28 July 2011. This law stipulates that at least one-third of the members of the board of directors must be of a different gender than the other members.

At the level of its implementation, this parity is gradually taking place.

5.2. Executive Committee (number of men versus women)

Currently, the Executive Committee of CFE Contracting consists of four men.

The Steering Committee of the Real Estate Development division is composed of two women and seven men.

At DEME, there is no Executive Committee. There is a management team that consists of one woman and sixteen men.

5.3. Daily management (number of men compared to women)

While the day-to-day management of the Contracting and Real Estate Development divisions was entrusted three years ago to a dozen women and one hundred and seventy men (i.e. 6.3% of women's representation), daily management is currently entrusted to about twenty women and about one hundred and forty men (or 30%). This is a nice progression.

At the level of DEME, the day-to-day management is entrusted to the CEO.