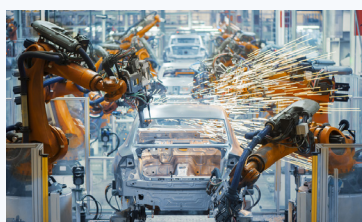
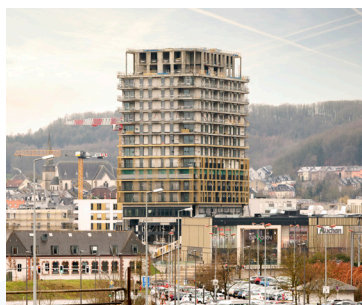




PRESS RELEASE

Friday 28 August 2020
regulated information

First half results 2020



First half results 2020

In spite of the pandemic, CFE realised a net profit in the first half of 2020 and increased its order book

The Board of Directors of CFE examined and approved the H1 2020 financial statements at the meeting of August 24, 2020.

1. Key figures in the first half of 2020

In million €	1 st semester 2020	1 st semester 2019	Variation
Revenue	1,491.2	1,847.7	-19.3%
Self-financing capacity (EBITDA) (*) % of revenue	159.8 10.7%	207.0 11.2%	-22.8%
Operating income on activities (*) % of revenue	2.6 0.2%	50.5 2.7%	-94.8%
Operating income (EBIT) (*) % of revenue	19.3 1.3%	61.2 3.3%	-68.5%
Net income share of the group % of revenue	8.4 0.6%	42.7 2.3%	-80.3%
Net income share of the group per share (in EUR)	0.33	1.69	-80.5%

In million €	30 June 2020	31 December 2019	Variation
Equity share of the Group	1,742.4	1,748.7	-0.4%
Net financial debt (*)	803.0	798,1	+0.6%
Order book (*)	5,636.6	5,182.9	+8.8%

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

GENERAL INTRODUCTION

Revenue in the first half of 2020 amounted to € 1,491.2 million, down by 19.3% compared with the first half of 2019. The drop in activity was observed at both DEME and Contracting, which were affected by the consequences of the health crisis.

EBITDA, which takes into account the capital gain on the sale of the stake in the Merkur wind farm (€ 63.9 million), amounted to € 159.8 million. This represents 10.7% of the revenue.

The operating income, which includes the positive contribution of the results of equity-consolidated investments, amounted to € 19.3 million compared with € 61.2 million in the first half of 2019. The decrease in operating income is largely due to both the direct and indirect effects of the pandemic.

CFE nevertheless succeeded in generating a positive net result in the first half of 2020. This once again demonstrates the relevance of its strategy based on the development and diversification of the activities within the three operational divisions.

Equity, share of the group, stood at € 1,742.4 million on 30 June 2020, which is stable compared with 31 December 2019.

The net financial debt amounted to € 803 million on 30 June 2020, close to that of 31 December 2019. While the debt is down in DEME, it has risen in Real Estate (BPI) following the acquisition of several building plots in Belgium, Luxembourg and Poland.

The cash position of the CFE group was further strengthened during the first half of 2020: it stood at € 805.3 million compared to € 612.2 million on 31 December 2019. CFE has also set up new confirmed credit lines. € 183 million was available on 30 June 2020 on the group's confirmed credit lines.

All the financial covenants have been fully complied with on June 30 2020.

2. Analysis by division of the activity, results and order book

Dredging, Environmental, Offshore and Infra division

Thanks to its long-term diversification strategy, DEME reported positive results, despite the Covid-19 pandemic, the decrease in oil prices and the accident with the Orion.

KEY FIGURES (*)

In million €	1 st semester 2020	1 st semester 2019	Variation
Revenue	1,047.9	1,349.3	-22.3%
EBITDA	153.8	199.1	-22.8%
Operating income	21.9	58.5	-62.6%
Net income share of the group	15.5	44.3	-65.0%

In million €	30 June 2020	31 December 2019	Variation
Order book	4,300.0	3,750.0	+14.7%
Net financial debt	665.4	708.5	-6.1%

(*) Excluding amounts restated in accordance with the recognition of DEME's identifiable assets and liabilities at fair value following the acquisition of an additional 50 % of DEME's shares on 24 December 2013.

REVENUE

DEME's revenue amounted to € 1,047.9 million in the first half of 2020, down by € 301.4 million compared with the first half of 2019. About half of this drop is attributable to the health crisis and its collateral effects on the oil and gas sector. An impact of the same magnitude is expected in the second half of the year.

The consequences of the pandemic are multiple but, in particular, it has led to difficulties with crew and staff changes, delays in the progress of project sites due to reduced productivity, as well as the postponement of certain projects in the tendering phase. Right from the start of the crisis, DEME has resolutely placed the well-being and safety of its workers at the forefront and has therefore spared no effort to ensure crew and staff changes worldwide.

In the first half of 2020, the Dredging division, which was the most affected by the effects of the pandemic, generated revenue of € 429.0 million compared with € 572.1 million in the first half of 2019.

The main dredging projects in execution are located in Europe (Belgium, Germany, Russia and Poland), Africa and India. The utilization rate of the hopper dredging fleet was good, while the activity level of the cutters was low in the first half of 2020.

DEME Offshore's revenue amounted to € 434.6 million in the first half of 2020 (€ 582.9 million in the first half of 2019). This decrease is essentially due to a low level of procurement compared with the first half of 2019. Work on the EPCI foundations contract for the Moray East wind farm in Scotland is progressing at a steady pace, as DEME succeeded in hiring substitute vessels in record time to replace the Orion. Two electrical substations and 20 jacket foundations had already been installed by mid-August 2020.

DEME Offshore also finished installing the turbines on the East Anglia ONE wind farm and is continuing the installation of wind turbines on the SeaMade (Belgium) and Borssele 1&2 (Netherlands) farms, after having successfully completed the installation of the foundations. The utilization rate of DEME Offshore's fleet remains at a high level.

At DIMCO (Infra division), whose activity progressed by approximately 10% compared with the first half of 2019, the three Dutch projects (Terneuzen lock, RijnlandRoute and the Blankenburg connection) continued despite the health crisis but with slightly lower productivity due to the implementation of social distancing measures. In Denmark, DEME and its partners are preparing to start the construction of the Fehmarnbelt link.

EVOLUTION OF ACTIVITY BY BUSINESS AREA

In %	1 st semester 2020	1 st semester 2019
Capital dredging	28%	32%
Maintenance dredging	13%	10%
Offshore	41%	43%
Infra / marine civil works	10%	7%
Environment	6%	6%
Others	2%	2%
Total	100%	100%

EVOLUTION OF ACTIVITY BY GEOGRAPHICAL AREA

In %	1 st semester 2020	1 st semester 2019
Europe (EU)	73%	66%
Europe (non-EU)	3%	2%
Africa	7%	10%
Americas	3%	4%
Asia-Pacific	9%	9%
Middle East	1%	5%
Indian subcontinent	4%	4%
Total	100%	100%

EBITDA AND OPERATING INCOME

EBITDA stood at € 153.8 million in the first half of 2020, or 14.7% of the revenue.

DEME's long-term diversification strategy is clearly bearing fruit, especially within the Concessions division. In 2019, the process of selling the 12.5% stake in Merkur Offshore GmbH was launched. The sale, which took place on 12 May 2020, generated a capital gain of € 63.9 million. This offsets the impact of the Covid-19 pandemic, the oil crisis and the Orion accident, estimated at a total of approximately € -60 million in the first half of 2020. For the full year 2020, DEME estimates that the impact of these three elements on operating profit will be around € -100 million.

The effects of the health crisis would have been even greater if DEME's management had not immediately taken all the necessary measures to reduce its overheads costs.

The operating income amounted to € 21.9 million, or 2.1% of the revenue. In addition to the effects of the pandemic, margins remain under pressure in the Dredging division due to difficult market conditions.

ORDER BOOK

The order book increased to a record level € 4.3 billion on 30 June 2020, compared with € 3.75 billion on 31 December 2019.

The breakdown of the order book between the operating divisions is as follows:

- Dredging € 1.8 billion
- Offshore € 1.2 billion
- Infra € 1.0 billion
- Environment € 0.2 billion
- Others € 0.1 billion

During the first half of the year, DEME received three major orders:

- the Fehmarnbelt link. This is a contract worth € 700 million for DEME, and involves the design and construction of the world's longest underwater road and rail tunnel that will link Denmark to Germany. Construction will begin on 1 January 2021;
- the Oosterweel Link tunnel. This contract, worth € 140 million for DEME, involves the construction of a 1,800 m long tunnel under the Scheldt in Antwerp. The preparatory works are planned for autumn 2020, while the actual works will begin after the summer of 2021;
- the Sea Channel project in northern Russia, in the estuary of the Ob River. This dredging contract concerns 60 million m³. The works will be carried out during the summers of 2020, 2021 and 2022.

On 20 August 2020, DEME Offshore was awarded the EPCI contract to design, manufacture and install the 650 km inter-array cables for the Dogger Bank A and Dogger Bank B wind farms located more than 130 km off the coast of North East England. The project will start in 2021 with the production of the submarine cables. This contract will be included in the order book in the third quarter of 2020.

DEME has the status of preferred bidder for the Hai Long 2, Hai Long 3 and Zhong Neng wind farms located off the coast of Taiwan. These projects, with a value of more than € 1.0 billion (DEME share), will not enter the order book until all the preconditions for the start of the works have been met.

INVESTMENTS

The investments of the first half of 2020 stand at € 128.4 million compared with € 252.9 million during the first half of 2019. They consist mainly of advance payments for vessels under construction.

The "River Thames" and "River Meuse", trailing suction hopper dredgers with a capacity of 2,500 and 8,300 m³ respectively, joined the DEME fleet in the second quarter of 2020.

Green Jade

On 25 June 2020, the Taiwanese joint venture DEME CSBC Wind Engineering (CDWE) approved the order for the construction of an offshore wind turbine installation vessel. The ship, called Green Jade, will be built by CSBC in Taiwan for delivery in 2022. The 216.5-metre long ship will be equipped with a crane with a hoisting capacity of 4,000 tons, DP3 technology, and will be able to accommodate 160 crew members.

Orion

A serious accident occurred on 2 May 2020 on board the offshore installation vessel Orion during crane load tests. The crane will have to be dismantled and replaced, rendering the vessel unavailable for many months: the Orion is not expected to be operational until the end of 2021.

Spartacus

The recapitalisation of the Royal IHC shipyard took place in the second quarter of 2020. This operation, which has the support of the Dutch state, should enable Royal IHC to complete the construction of the megacutter Spartacus. Delivery is due end of 2020.

NET FINANCIAL DEBT

Despite the additional costs and lower revenues related to the pandemic, DEME managed to generate significant operating cash flows in the first half of 2020 and significantly strengthened its free cash position (€ 672.4 million on 30 June 2020).

DEME's net financial debt amounted to € 665.4 million on 30 June 2020, down 6.1% and 17.4% respectively compared with 31 December 2019 and 30 June 2019. The postponement of the payment of the balance of the Orion acquisition price contributed to this decrease, as did the improvement of the working capital requirement (thanks in particular to the receipt of advance payments).

During the first half of the year, DEME successfully reactivated its commercial paper programme. The outstanding debt stood at € 125 million on 30 June 2020.

DEME was in compliance with all of its financial covenants on 30 June 2020.

Contracting division

KEY FIGURES

In million €	1 st semester 2020	1 st semester 2019	Variation
Revenue	423.2	501.4	-15.6%
Operating income	-5.6	1.4	n.s.
Net Income share of the group	-7.6	-2.9	n.s.

In million €	30 June 2020	31 December 2019	Variation
Order book	1,298.3	1,385.5	-6.3%
Net cash position	88.0	106.1	-17.1%

REVENUE

In million €	1 st semester 2020	1 st semester 2019	Variation
Construction	300.3	383.6	-21.7%
<i>Buildings, Belgium</i>	<i>215.9</i>	289.8	-25.5%
<i>Buildings, International</i>	<i>84.4</i>	93.8	-10.0%
Multitechnics (VMA)	78.1	79.8	-2.1%
Rail & Utilities (Mobix)	44.8	38.0	+17.9%
Total Contracting	423.2	501.4	-15.6%

The revenue of CFE Contracting amounted to € 423.2 million.

While activities in Poland were only slightly affected by the Covid-19 pandemic, it had a significant impact in Belgium and Luxembourg. In view of the lockdown measures, most of the construction sites were shut down from 18 March to early May 2020 and then gradually restarted. However, since June, most construction sites have returned to their pre-crisis productivity levels despite the implementation of social distancing measures. CFE Contracting estimates that the impact of the health crisis on its activity in the first half of 2020 amounts to approximately € 70 million, more than three-quarters of which is attributable to the Construction division in Belgium, which was the hardest hit. The effect on the whole of 2020 is estimated at approximately € 100 million.

OPERATING INCOME

The operating income amounted to € -5.6 million, compared with € +1.4 million in the first half of 2019.

The impact of the health crisis on the operating income for the first half of 2020 is estimated at € -20 million. This is mainly due to the under-coverage of overheads resulting from the reduction and postponement of activity, lower productivity and additional costs at the construction sites (rental contracts that continued to run during the lockdown, fitting out premises, reinforced cleaning services, purchase of protective equipment, security guards, etc.). These were partly offset in the first half 2020 by the temporary unemployment measures introduced by the Belgian and Luxembourg governments amounting to slightly more than € 5 million.

Relatively unaffected by the corona crisis, CFE Polska performed very well in the first half of the year, as did the Multitechnics cluster (VMA). Conversely, the other Construction division entities reported lower results than in the first half of 2019, mainly due to the effects of the Covid-19 pandemic.

ORDER BOOK

In million €	30 June 2020	31 December 2019	Variation
Construction	921.3	1,016.8	-9.4%
<i>Buildings, Belgium</i>	<i>782.6</i>	<i>833.5</i>	<i>-6.1%</i>
<i>Buildings, International</i>	<i>138.7</i>	<i>183.3</i>	<i>-24.3%</i>
Multitechnics (VMA)	186.9	188.5	-0.8%
Rail & Utilities (Mobix)	190.1	180.2	+5.5%
Total Contracting	1,298.3	1,385.5	-6.3%

The order book fell 6.3% to € 1,298.3 million on 30 June 2020.

While the order book for the Multitechnics (VMA) and Rail & Utilities (MOBIX) clusters remained at high levels, the decrease was significant in Construction, mainly in Flanders and Poland. Market conditions have deteriorated in recent months: the reduction in the amount of business put out to tender by both private and public customers has further increased the pressure on prices. Increased project selectiveness is more important than ever.

Among the most significant commercial successes of the first half of 2020 are:

- the order for the new courthouse in Namur awarded to BPC Wallonie and its partners. This involves the construction of a 35,000 m² building that will house the services of FPS Justice and the Federal Police. Work will start in September 2020 for a period of three years;
- the contract for the construction of timber-framed residential buildings and detached houses located in Mertert (Luxembourg) for BPI;
- the contract for the construction of residential buildings in Vilvoorde (Flanders) for the developer Matexi.

NET CASH POSITION

The Contracting division's net cash position amounted to € 88 million, down € 18.1 million compared with 31 December 2019, but significantly improved (+ € 34.1 million) compared with 30 June 2019. The working capital requirement increased slightly in the first half of 2020.

Real Estate division

KEY FIGURES

In million €	1 st semester 2020	1 st semester 2019	Variation
Revenue	33.4	24.0	+39.2%
Operating income	5.7	5.7	0.0%
Net income share of the group	3.2	4.5	-28.9%

EVOLUTION OF CAPITAL EMPLOYED (*)

The capital employed stood at € 177 million on 30 June 2020, an increase of € 34 million compared with 31 December 2019.

The stock of unsold units post completion is 5.6 % of the capital employed.

BPI's real estate portfolio currently has 557,000 m² under development (545,000 m² on 31 December 2019), of which 129,000 m² is under construction (103,000 m² on 31 December 2019).

BREAKDOWN BY STAGE OF PROJECT DEVELOPMENT

In million €	30 June 2020	31 December 2019
Unsold units post completion	10	4
Properties under construction	52	58
Properties in development	115	81
Total capital employed	177	143

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

BREAKDOWN BY COUNTRY

In million €	30 June 2020	31 December 2019
Belgium	120	97
Luxembourg	35	21
Poland	22	25
Total	177	143

NEW DEVELOPMENTS

In the first half of 2020, BPI acquired six new projects:

- the Brouck'R project located in the heart of Brussels. BPI will redevelop the site as a co-development mixed project, including housing, offices, shops, a four-star hotel and student accommodation (40,000 m² in total);
- the Serenity Valley project located in Auderghem (Brussels) will be a mixed redevelopment comprising 144 apartments and an office building of approximately 6,500 m²;
- the Pure project, also located in Auderghem, will be rebuilt as a high-end residential building with 26 spacious apartments;
- an office building located in the European district of Brussels. The ambition of BPI and its co-development partner is to renovate and rebuild this building to ensure it complies with the environmental and functional standards required by future occupants;
- a building plot and a fully let building composed of industrial halls and office spaces located in Bertrange, one of the most sought-after residential areas in Luxembourg. BPI eventually plans to demolish the building and to build residential units;
- the Wagrowska project located south-east of the city of Poznan (Poland). BPI will develop around 270 apartments and shops, covering a total surface area of almost 14,000 m².

Planning permission for the Key West, Brouck'R, Serenity Valley and Pure projects is currently under review and is expected to be obtained in early 2021.

REAL ESTATE DEVELOPMENTS AND HEALTH CRISIS

The health crisis has disrupted BPI's activities on three levels:

- a halt to the marketing of projects during the lockdown in Belgium and Luxembourg;
- delays in construction site progress;
- delays in obtaining building permits, particularly in Brussels.

However, the first two points have had a limited impact on BPI, given that the pace of marketing of current programmes has generally returned to pre-crisis levels, and delays in project delivery dates will remain limited overall.

NET FINANCIAL DEBT

The net financial debt slightly exceeds € 100 million. The increase in debt is explained by the acquisitions made during the half year.

BPI activated its "Medium Term Notes" programme for the first time and set up financing for several projects in both Belgium and Luxembourg.

NET RESULT SHARE OF THE GROUP

BPI's net income amounted to € 3.2 million compared with € 4.5 million on 30 June 2019. Despite the devaluation of the PLN against the euro in March 2020 and the postponement of the delivery of two Polish residential programmes to the second half of the year, the net income of the real estate division remains largely positive thanks, among other things, to the margin on pre-sold residential units in Luxembourg and Belgium and the profit recognised on the delivery of the Vilda Park project in Poland, which was almost entirely pre-sold.

Holding, non-transferred activities and inter division eliminations

KEY FIGURES

In million €	1 st semester 2020	1 st semester 2019	Variation
Revenue	10.3	12.9	-20.2%
Inter-divisions eliminations	-23.6	-39.9	n.s.
Total	-13.3	-27.0	n.s.
Operating income	0.0	-1.8	n.s.
Net income share of the group	-0.6	-1.5	n.s.

OPERATING INCOME

The Holding segment's net income (group share) was minus € 0.6 million compared with minus € 1.5 million on 30 June 2019.

RENT-A-PORT

Through its subsidiary Infra Asia Investment, Rent-A-Port is continuing the development of its five port concessions in the north of Vietnam, in the provinces of Haiphong and Quang Ninh. The Covid-19 pandemic did not have a significant impact in Vietnam. Development work on the industrial sites was able to continue without too much disruption. However, the closure of the borders followed by quarantine measures prevented many potential investors and customers from travelling to Vietnam, resulting in delays in finalising contracts for the sale of industrial land. These sales were limited to 10 hectares in the first half of 2020, which was insufficient to cover overheads costs and interest charges. As a result, Rent-A-Port reported a loss of € 1.3 million on 30 June 2020 (loss of € 1.4 million in the first half of 2019), 50% of which was accounted for in the CFE consolidated figures.

GREEN OFFSHORE

The contribution of Green Offshore to the net income of the Holding segment was € 2.9 million on 30 June 2020, compared with € 0.7 million in the first half of 2019. Green Offshore, which is equally owned by CFE and Ackermans & van Haaren, has a minority interest in the SeaMade and Rentel offshore wind farms. While the first one is under construction, the second one has been fully operational for more than a year.

3. Social responsibility and commitment to sustainability

Sustainability is at the heart of CFE group's strategy. The analysis of the 17 sustainable development goals established by the United Nations has made it possible for DEME, CFE Contracting and BPI to identify their own priority goals. These goals are structured around five major pillars, namely: "build for the future", "be a great place to work", "offer innovative solutions", "drive the energy transition towards climate neutrality" and "create sustainable shareholder value".

The coronavirus crisis has confirmed the relevance of the priority goals defined. In particular, the acceleration of digitisation and the focus on operational excellence are fully in line with our "offer innovative solutions" and "build for the future" approaches.

Continuing along the same vein, solidarity has also been addressed. More than ever, CFE is taking its social responsibilities and confirms that it is "a great place to work". The CFE group has therefore given its support to the "Medical Equipment for Belgium" organisation. This has facilitated access to essential medical equipment for Belgian hospitals. In addition, all of the group's management teams made a statement by donating 20% of their remuneration for May and June to charity.

CFE has also demonstrated during this first half year that it is truly "a great place to work" by giving priority to its employees. For the second time in a row (and third time in four years), DEME was awarded the title of "Belgium's most attractive employer" at the Randstad Awards 2020 (Diversity and Opportunity -Excel). In addition, as a result of Covid-19, an internal campaign on resilience and mental and physical health for all employees was implemented (Diversity & Opportunity - Excel). CFE Contracting also took the opportunity to launch a "digital awareness" programme for every employee and also trained its managers in remote team management. Training courses in well-being and positive thinking were also deployed. As part of its "Employer branding" campaign, CFE Contracting highlighted its characteristic "Framily" (family & friends). The human scale of the subsidiaries and the solidity of the group, as well as the numerous synergies between the subsidiaries allow every employee to benefit from the best of both worlds.

To meet their ambition to "build for the future", CFE Contracting and BPI combined their know-how to create the Wood Shapers joint venture in early 2020. Mastery of materials (especially wood) and construction methods for an optimised structure and an integrated vision of projects lie at the heart of Wood Shapers' sustainable approach. The emblematic Wooden project in Luxembourg thus offers a flying start for this new subsidiary.

Innovation and the preservation of natural capital are at the heart of DEME's activities. Thus, DEME has become part of the Blue Cluster (Natural Capital - Explore). This partnership has already produced promising results. In particular, the first phase of the Coastbusters project concluded very positively in April 2020. Coastbusters is an innovative and sustainable alternative to seawalls to combat rising sea levels and protect coastlines from erosion using natural reefs.

Of course, the climate and the environment have not been forgotten. DEME is more active than ever in offshore wind farm projects (Climate & Energy - Explore). Of particular note are the Borssele 1&2, SeaMade, Moray East and Triton Knoll projects. DEME also participates in the "Emissieloo's Network Infra" initiative with the aim of enabling construction with zero-emission construction machinery as of 2026 (Climate & Energy - Excel). As for CFE Contracting, it is contributing to its "drive the energy transition towards climate neutrality" objective by optimising the transport of materials to its sites. Three pilot projects use logistics consolidation centres (in Brussels, Antwerp and Luxembourg). This approach makes it possible to significantly limit the number of trucks on the roads, to use alternative supply routes such as river transport, but also to solve the problems of on-site storage and to make planning more reliable.

4. Outlook

Barring an unfavourable evolution of the pandemic or exceptional factors, CFE anticipates the following for the full year 2020:

- a 15 to 20% fall in revenue for DEME. However, the net income should be positive and up compared with that of 30 June 2020;
- a decrease in revenue of approximately 10% for Contracting. The net income should also be positive;
- BPI's net income at least equal to that of 2019.

5. An overview of the results

5.1 Consolidated statement of income

Year ended at 30 June In thousands €	2020	2019
Revenue	1,491,229	1,847,714
Revenue from auxiliary activities	112,750	48,376
Purchases	(901,428)	(1,083,566)
Remuneration and social security payments	(343,226)	(347,962)
Other operating charges	(200,602)	(256,755)
Depreciations and amortization	(156,168)	(157,265)
Income from operating activities	2,555	50,542
Earnings from associates and joint ventures	16,786	10,614
Operating income	19,341	61,156
Cost of financial debt	(3,164)	(1,044)
Other financial expenses and income	(6,425)	(4,185)
Net financial income/expense	(9,589)	(5,229)
Pre-tax income	9,752	55,927
Income tax expense	(2,557)	(14,297)
Net income for the period	7,195	41,630
Attributable to owner of non-controlling interests	1,235	1,106
Net income - share of the group	8,430	42,736
Year ended 30 June In thousands €	2020	2019
Net income - share of the group	8,430	42,736
Net income for the period	7,195	41,630
Change in fair values related to the hedging instruments	(6,228)	(39,120)
Currency translation differences	(9,059)	276
Deferred taxes	555	9,615
Other elements of the comprehensive income to be reclassified to profit or loss in subsequent period	(14,732)	(29,229)
Remeasurement on defined benefit and contribution plans	0	0
Deferred taxes	0	0
Other elements of the comprehensive income not to be reclassified to profit or loss in subsequent period	0	0
Total elements of the comprehensive income directly accounted in equity	(14,732)	(29,229)
Comprehensive income	(7,537)	12,401
- attributable to owners of the parent	(6,216)	13,474
- attributable to owners of non-controlling interests	(1,321)	(1,073)
Net income per share (€) (basic and diluted)	0.33	1.69
Comprehensive income per share (€) (basic and diluted)	(0,25)	0.53

5.2 Consolidated statement of financial position

Year ended In thousands €	30 June 2020	31 December 2019
Intangible assets	92,750	90,261
Goodwill	177,127	177,127
Property, plant and equipment	2,594,936	2,615,164
Investments in associates and joint ventures	180,343	167,653
Other non-current financial assets	90,826	83,913
Non-current derivative instruments	1,055	0
Other non-current assets	18,425	16,630
Deferred tax assets	125,065	100,420
Total non-current assets	3,280,527	3,251,168
Inventories	202,408	162,612
Trade receivables and other operating receivables	967,486	996,436
Other operating current assets	83,688	72,681
Other non operating current assets	4,804	6,267
Current derivative instruments	3,902	751
Current financial assets	2,900	0
Assets held for sale	0	10,511
Cash and cash equivalents	805,325	612,206
Total current assets	2,070,513	1,861,464
Total assets	5,351,040	5,112,632
Share capital	41,330	41,330
Share premium	800,008	800,008
Retained earnings	1,004,159	995,786
Defined benefits and contributions plans	(37,089)	(37,089)
Hedging reserves	(46,591)	(40,892)
Translation differences	(19,387)	(10,440)
Equity – part of the group CFE	1,742,430	1,748,703
Non-controlling interests	12,709	11,607
Equity	1,755,139	1,760,310
Retirement benefit obligations and employee benefits	70,831	70,269
Provisions - non current	14,302	12,414
Other non-current liabilities	14,278	10,651
Bonds - non-current	29,741	29,689
Financial debts - non-current	1,063,408	1,110,212
Non-current derivative instruments	10,550	8,986
Deferred tax liabilities	102,145	104,907
Total non-current liabilities	1,305,255	1,347,128
Current provisions	46,734	46,223
Trade payables & other operating liabilities	1,181,285	1,221,466
Tax liability due for payment	61,247	44,078
Bonds - current	0	0
Current financial debts	515,198	270,366
Current derivative instruments	12,415	9,356
Other operating current liabilities	198,954	155,601
Other non operating current liabilities	274,813	258,104
Total current liabilities	2,290,646	2,005,194
Total equity and liabilities	5,351,040	5,112,632

5.3 Condensed consolidated cash flow statement

Year ended 30 June In thousands €	2020	2019
Cash flows relating to operating activities	68,255	132,832
Cash flows relating to investing activities	-49,973	-258,662
Cash flows relating to financing activities	179,629	382,988
Net increase/decrease in cash position	197,911	257,158

5.4 Figures per share

	30 June 2020	30 June 2019
Total number of shares	25,314,482	25,314,482
Operating result after deduction of the net financial charges per share (in €)	0.38	2.21
Net result share of the group per share (in €)	0.33	1.69

6. Information related to the share

At 30 June 2020, CFE's share capital was divided into 25,314,482 shares.

Each share confers one vote. There has been no issue of convertible bonds or warrants.

7. Corporate Governance

The Ordinary General Meeting of 7 May 2020 approved the reappointment of Pas de Mots SRL, represented by Mrs Leen Geirnaerd, for a period of four years, ending after the annual general meeting of May 2024. Pas de Mots SRL meets the independence criteria defined in article 3.5 of the Belgian Corporate Governance Code 2020.

The Ordinary General Meeting also approved the reappointment of Mr Christian Labeyrie and Mr Philippe Delusinne for a term of four years, ending after annual general meeting of May 2024. Mr Christian Labeyrie does not meet the independence criteria defined in article 3.5 of the Belgian Corporate Governance Code 2020; Mr Philippe Delusinne meets these criteria until 5 May 2021.

8. Shareholders' agenda

Publication of interim statements	23 November 2020 (before opening of the stock market)
Publication of year results	26 February 2021 (before opening of the stock market)

The auditor, Deloitte Reviseurs d'Entreprises, represented by Mr Rik Neckebroeck, has confirmed that its limited review revealed no material corrections to be made to the accounting information disclosed in this press release.

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About CFE

CFE, founded in 1880 is a Belgian industrial group active in three different divisions. The first, Dredging, Environment, Offshore and Infra, is carried out by its wholly owned subsidiary DEME, one of the world leaders in the field. DEME has a modern fleet of multipurpose vessels equipped with the latest technologies. The second, Contracting, encompasses the group's construction, multitechnics and rail activities in Belgium, Luxembourg and Poland. The third, Real Estate Development, covers the real estate projects developed by BPI in Belgium, Luxembourg and Poland.

The CFE group currently employs more than 8,000 people and is active on every continent. CFE is listed on Euronext Brussels and is 61.85% owned by Ackermans & van Haaren.

This press release is available on our website at www.cfe.be.

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Note to editors

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**INTERIM REPORT
AS OF JUNE 30, 2020**

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of CFE examined and approved the H1 2020 financial statements at the meeting of August 24, 2020.

1. Key figures in the first half of 2020

In million €	1 st semester 2020	1 st semester 2019	Variation
Revenue	1,491.2	1,847.7	-19.3%
Self-financing capacity (EBITDA) (*) % of revenue	159.8 10.7%	207.0 11.2%	-22.8%
Operating income on activities (*) % of revenue	2.6 0.2%	50.5 2.7%	-94.8%
Operating income (EBIT) (*) % of revenue	19.3 1.3%	61.2 3.3%	-68.5%
Net income share of the group % of revenue	8.4 0.6%	42.7 2.3%	-80.3%
Net income share of the group per share (in EUR)	0.33	1.69	-80.5%

In million €	30 June 2020	31 December 2019	Variation
Equity share of the Group	1,742.4	1,748.7	-0.4%
Net financial debt (*)	803.0	798,1	+0.6%
Order book (*)	5,636.6	5,182.9	+8.8%

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

GENERAL INTRODUCTION

Revenue in the first half of 2020 amounted to € 1,491.2 million, down by 19.3% compared with the first half of 2019. The drop in activity was observed at both DEME and Contracting, which were affected by the consequences of the health crisis.

EBITDA, which takes into account the capital gain on the sale of the stake in the Merkur wind farm (€ 63.9 million), amounted to € 159.8 million. This represents 10.7% of the revenue.

The operating income, which includes the positive contribution of the results of equity-consolidated investments, amounted to € 19.3 million compared with € 61.2 million in the first half of 2019. The decrease in operating income is largely due to both the direct and indirect effects of the pandemic.

CFE nevertheless succeeded in generating a positive net result in the first half of 2020. This once again demonstrates the relevance of its strategy based on the development and diversification of the activities within the three operational divisions.

Equity, share of the group, stood at € 1,742.4 million on 30 June 2020, which is stable compared with 31 December 2019.

The net financial debt amounted to € 803 million on 30 June 2020, close to that of 31 December 2019. While the debt is down in DEME, it has risen in Real Estate (BPI) following the acquisition of several building plots in Belgium, Luxembourg and Poland.

The cash position of the CFE group was further strengthened during the first half of 2020: it stood at € 805.3 million compared to € 612.2 million on 31 December 2019. CFE has also set up new confirmed credit lines. € 183 million was available on 30 June 2020 on the group's confirmed credit lines.

All the financial covenants have been fully complied with on June 30 2020.

2. Analysis by division of the activity, results and order book

Dredging, Environmental, Offshore and Infra division

Thanks to its long-term diversification strategy, DEME reported positive results, despite the Covid-19 pandemic, the decrease in oil prices and the accident with the Orion.

KEY FIGURES (*)

In million €	1 st semester 2020	1 st semester 2019	Variation
Revenue	1,047.9	1,349.3	-22.3%
EBITDA	153.8	199.1	-22.8%
Operating income	21.9	58.5	-62.6%
Net income share of the group	15.5	44.3	-65.0%

In million €	30 June 2020	31 December 2019	Variation
Order book	4,300.0	3,750.0	+14.7%
Net financial debt	665.4	708.5	-6.1%

(*) Excluding amounts restated in accordance with the recognition of DEME's identifiable assets and liabilities at fair value following the acquisition of an additional 50 % of DEME's shares on 24 December 2013.

REVENUE

DEME's revenue amounted to € 1,047.9 million in the first half of 2020, down by € 301.4 million compared with the first half of 2019. About half of this drop is attributable to the health crisis and its collateral effects on the oil and gas sector. An impact of the same magnitude is expected in the second half of the year.

The consequences of the pandemic are multiple but, in particular, it has led to difficulties with crew and staff changes, delays in the progress of project sites due to reduced productivity, as well as the postponement of certain projects in the tendering phase. Right from the start of the crisis, DEME has resolutely placed the well-being and safety of its workers at the forefront and has therefore spared no effort to ensure crew and staff changes worldwide.

In the first half of 2020, the Dredging division, which was the most affected by the effects of the pandemic, generated revenue of € 429.0 million compared with € 572.1 million in the first half of 2019.

The main dredging projects in execution are located in Europe (Belgium, Germany, Russia and Poland), Africa and India. The utilization rate of the hopper dredging fleet was good, while the activity level of the cutters was low in the first half of 2020.

DEME Offshore's revenue amounted to € 434.6 million in the first half of 2020 (€ 582.9 million in the first half of 2019). This decrease is essentially due to a low level of procurement compared with the first half of 2019. Work on the EPCI foundations contract for the Moray East wind farm in Scotland is progressing at a steady pace, as DEME succeeded in hiring substitute vessels in record time to replace the Orion. Two electrical substations and 20 jacket foundations had already been installed by mid-August 2020.

DEME Offshore also finished installing the turbines on the East Anglia ONE wind farm and is continuing the installation of wind turbines on the SeaMade (Belgium) and Borssele 1&2 (Netherlands) farms, after having successfully completed the installation of the foundations. The utilization rate of DEME Offshore's fleet remains at a high level.

At DIMCO (Infra division), whose activity progressed by approximately 10% compared with the first half of 2019, the three Dutch projects (Terneuzen lock, RijnlandRoute and the Blankenburg connection) continued despite the health crisis but with slightly lower productivity due to the implementation of social distancing measures. In Denmark, DEME and its partners are preparing to start the construction of the Fehmarnbelt link.

EVOLUTION OF ACTIVITY BY BUSINESS AREA

In %	1 st semester 2020	1 st semester 2019
Capital dredging	28%	32%
Maintenance dredging	13%	10%
Offshore	41%	43%
Infra / marine civil works	10%	7%
Environment	6%	6%
Others	2%	2%
Total	100%	100%

EVOLUTION OF ACTIVITY BY GEOGRAPHICAL AREA

In %	1 st semester 2020	1 st semester 2019
Europe (EU)	73%	66%
Europe (non-EU)	3%	2%
Africa	7%	10%
Americas	3%	4%
Asia-Pacific	9%	9%
Middle East	1%	5%
Indian subcontinent	4%	4%
Total	100%	100%

EBITDA AND OPERATING INCOME

EBITDA stood at € 153.8 million in the first half of 2020, or 14.7% of the revenue.

DEME's long-term diversification strategy is clearly bearing fruit, especially within the Concessions division. In 2019, the process of selling the 12.5% stake in Merkur Offshore GmbH was launched. The sale, which took place on 12 May 2020, generated a capital gain of € 63.9 million. This offsets the impact of the Covid-19 pandemic, the oil crisis and the Orion accident, estimated at a total of approximately € -60 million in the first half of 2020. For the full year 2020, DEME estimates that the impact of these three elements on operating profit will be around € -100 million.

The effects of the health crisis would have been even greater if DEME's management had not immediately taken all the necessary measures to reduce its overheads costs.

The operating income amounted to € 21.9 million, or 2.1% of the revenue. In addition to the effects of the pandemic, margins remain under pressure in the Dredging division due to difficult market conditions.

ORDER BOOK

The order book increased to a record level € 4.3 billion on 30 June 2020, compared with € 3.75 billion on 31 December 2019.

The breakdown of the order book between the operating divisions is as follows:

- Dredging € 1.8 billion
- Offshore € 1.2 billion
- Infra € 1.0 billion
- Environment € 0.2 billion
- Others € 0.1 billion

During the first half of the year, DEME received three major orders:

- the Fehmarnbelt link. This is a contract worth € 700 million for DEME, and involves the design and construction of the world's longest underwater road and rail tunnel that will link Denmark to Germany. Construction will begin on 1 January 2021;
- the Oosterweel Link tunnel. This contract, worth € 140 million for DEME, involves the construction of a 1,800 m long tunnel under the Scheldt in Antwerp. The preparatory works are planned for autumn 2020, while the actual works will begin after the summer of 2021;
- the Sea Channel project in northern Russia, in the estuary of the Ob River. This dredging contract concerns 60 million m³. The works will be carried out during the summers of 2020, 2021 and 2022.

On 20 August 2020, DEME Offshore was awarded the EPCI contract to design, manufacture and install the 650 km inter-array cables for the Dogger Bank A and Dogger Bank B wind farms located more than 130 km off the coast of North East England. The project will start in 2021 with the production of the submarine cables. This contract will be included in the order book in the third quarter of 2020.

DEME has the status of preferred bidder for the Hai Long 2, Hai Long 3 and Zhong Neng wind farms located off the coast of Taiwan. These projects, with a value of more than € 1.0 billion (DEME share), will not enter the order book until all the preconditions for the start of the works have been met.

INVESTMENTS

The investments of the first half of 2020 stand at € 128.4 million compared with € 252.9 million during the first half of 2019. They consist mainly of advance payments for vessels under construction.

The "River Thames" and "River Meuse", trailing suction hopper dredgers with a capacity of 2,500 and 8,300 m³ respectively, joined the DEME fleet in the second quarter of 2020.

Green Jade

On 25 June 2020, the Taiwanese joint venture DEME CSBC Wind Engineering (CDWE) approved the order for the construction of an offshore wind turbine installation vessel. The ship, called Green Jade, will be built by CSBC in Taiwan for delivery in 2022. The 216.5-metre long ship will be equipped with a crane with a hoisting capacity of 4,000 tons, DP3 technology, and will be able to accommodate 160 crew members.

Orion

A serious accident occurred on 2 May 2020 on board the offshore installation vessel Orion during crane load tests. The crane will have to be dismantled and replaced, rendering the vessel unavailable for many months: the Orion is not expected to be operational until the end of 2021.

Spartacus

The recapitalisation of the Royal IHC shipyard took place in the second quarter of 2020. This operation, which has the support of the Dutch state, should enable Royal IHC to complete the construction of the megacutter Spartacus. Delivery is due end of 2020.

NET FINANCIAL DEBT

Despite the additional costs and lower revenues related to the pandemic, DEME managed to generate significant operating cash flows in the first half of 2020 and significantly strengthened its free cash position (€ 672.4 million on 30 June 2020).

DEME's net financial debt amounted to € 665.4 million on 30 June 2020, down 6.1% and 17.4% respectively compared with 31 December 2019 and 30 June 2019. The postponement of the payment of the balance of the Orion acquisition price contributed to this decrease, as did the improvement of the working capital requirement (thanks in particular to the receipt of advance payments).

During the first half of the year, DEME successfully reactivated its commercial paper programme. The outstanding debt stood at € 125 million on 30 June 2020.

DEME was in compliance with all of its financial covenants on 30 June 2020.

Contracting division

KEY FIGURES

In million €	1 st semester 2020	1 st semester 2019	Variation
Revenue	423.2	501.4	-15.6%
Operating income	-5.6	1.4	n.s.
Net Income share of the group	-7.6	-2.9	n.s.

In million €	30 June 2020	31 December 2019	Variation
Order book	1,298.3	1,385.5	-6.3%
Net cash position	88.0	106.1	-17.1%

REVENUE

In million €	1 st semester 2020	1 st semester 2019	Variation
Construction	300.3	383.6	-21.7%
<i>Buildings, Belgium</i>	215.9	289.8	-25.5%
<i>Buildings, International</i>	84.4	93.8	-10.0%
Multitechnics (VMA)	78.1	79.8	-2.1%
Rail & Utilities (Mobix)	44.8	38.0	+17.9%
Total Contracting	423.2	501.4	-15.6%

The revenue of CFE Contracting amounted to € 423.2 million.

While activities in Poland were only slightly affected by the Covid-19 pandemic, it had a significant impact in Belgium and Luxembourg. In view of the lockdown measures, most of the construction sites were shut down from 18 March to early May 2020 and then gradually restarted. However, since June, most construction sites have returned to their pre-crisis productivity levels despite the implementation of social distancing measures. CFE Contracting estimates that the impact of the health crisis on its activity in the first half of 2020 amounts to approximately € 70 million, more than three-quarters of which is attributable to the Construction division in Belgium, which was the hardest hit. The effect on the whole of 2020 is estimated at approximately € 100 million.

OPERATING INCOME

The operating income amounted to € -5.6 million, compared with € +1.4 million in the first half of 2019.

The impact of the health crisis on the operating income for the first half of 2020 is estimated at € -20 million. This is mainly due to the under-coverage of overheads resulting from the reduction and postponement of activity, lower productivity and additional costs at the construction sites (rental contracts that continued to run during the lockdown, fitting out premises, reinforced cleaning services, purchase of protective equipment, security guards, etc.). These were partly offset in the first half 2020 by the temporary unemployment measures introduced by the Belgian and Luxembourg governments amounting to slightly more than € 5 million.

Relatively unaffected by the corona crisis, CFE Polska performed very well in the first half of the year, as did the Multitechnics cluster (VMA). Conversely, the other Construction division entities reported lower results than in the first half of 2019, mainly due to the effects of the Covid-19 pandemic.

ORDER BOOK

In million €	30 June 2020	31 December 2019	Variation
Construction	921.3	1,016.8	-9.4%
<i>Buildings, Belgium</i>	<i>782.6</i>	<i>833.5</i>	<i>-6.1%</i>
<i>Buildings, International</i>	<i>138.7</i>	<i>183.3</i>	<i>-24.3%</i>
Multitechnics (VMA)	186.9	188.5	-0.8%
Rail & Utilities (Mobix)	190.1	180.2	+5.5%
Total Contracting	1,298.3	1,385.5	-6.3%

The order book fell 6.3% to € 1,298.3 million on 30 June 2020.

While the order book for the Multitechnics (VMA) and Rail & Utilities (MOBIX) clusters remained at high levels, the decrease was significant in Construction, mainly in Flanders and Poland. Market conditions have deteriorated in recent months: the reduction in the amount of business put out to tender by both private and public customers has further increased the pressure on prices. Increased project selectiveness is more important than ever.

Among the most significant commercial successes of the first half of 2020 are:

- the order for the new courthouse in Namur awarded to BPC Wallonie and its partners. This involves the construction of a 35,000 m² building that will house the services of FPS Justice and the Federal Police. Work will start in September 2020 for a period of three years;
- the contract for the construction of timber-framed residential buildings and detached houses located in Mertert (Luxembourg) for BPI;
- the contract for the construction of residential buildings in Vilvoorde (Flanders) for the developer Matexi.

NET CASH POSITION

The Contracting division's net cash position amounted to € 88 million, down € 18.1 million compared with 31 December 2019, but significantly improved (+ € 34.1 million) compared with 30 June 2019. The working capital requirement increased slightly in the first half of 2020.

Real Estate division

KEY FIGURES

In million €	1 st semester 2020	1 st semester 2019	Variation
Revenue	33.4	24.0	+39.2%
Operating income	5.7	5.7	0.0%
Net income share of the group	3.2	4.5	-28.9%

EVOLUTION OF CAPITAL EMPLOYED (*)

The capital employed stood at € 177 million on 30 June 2020, an increase of € 34 million compared with 31 December 2019.

The stock of unsold units post completion is 5.6 % of the capital employed.

BPI's real estate portfolio currently has 557,000 m² under development (545,000 m² on 31 December 2019), of which 129,000 m² is under construction (103,000 m² on 31 December 2019).

BREAKDOWN BY STAGE OF PROJECT DEVELOPMENT

In million €	30 June 2020	31 December 2019
Unsold units post completion	10	4
Properties under construction	52	58
Properties in development	115	81
Total capital employed	177	143

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

BREAKDOWN BY COUNTRY

In million €	30 June 2020	31 December 2019
Belgium	120	97
Luxembourg	35	21
Poland	22	25
Total	177	143

NEW DEVELOPMENTS

In the first half of 2020, BPI acquired six new projects:

- the Brouck'R project located in the heart of Brussels. BPI will redevelop the site as a co-development mixed project, including housing, offices, shops, a four-star hotel and student accommodation (40,000 m² in total);
- the Serenity Valley project located in Auderghem (Brussels) will be a mixed redevelopment comprising 144 apartments and an office building of approximately 6,500 m²;
- the Pure project, also located in Auderghem, will be rebuilt as a high-end residential building with 26 spacious apartments;
- an office building located in the European district of Brussels. The ambition of BPI and its co-development partner is to renovate and rebuild this building to ensure it complies with the environmental and functional standards required by future occupants;
- a building plot and a fully let building composed of industrial halls and office spaces located in Bertrange, one of the most sought-after residential areas in Luxembourg. BPI eventually plans to demolish the building and to build residential units;
- the Wagrowska project located south-east of the city of Poznan (Poland). BPI will develop around 270 apartments and shops, covering a total surface area of almost 14,000 m².

Planning permission for the Key West, Brouck'R, Serenity Valley and Pure projects is currently under review and is expected to be obtained in early 2021.

REAL ESTATE DEVELOPMENTS AND HEALTH CRISIS

The health crisis has disrupted BPI's activities on three levels:

- a halt to the marketing of projects during the lockdown in Belgium and Luxembourg;
- delays in construction site progress;
- delays in obtaining building permits, particularly in Brussels.

However, the first two points have had a limited impact on BPI, given that the pace of marketing of current programmes has generally returned to pre-crisis levels, and delays in project delivery dates will remain limited overall.

NET FINANCIAL DEBT

The net financial debt slightly exceeds € 100 million. The increase in debt is explained by the acquisitions made during the half year.

BPI activated its "Medium Term Notes" programme for the first time and set up financing for several projects in both Belgium and Luxembourg.

NET RESULT SHARE OF THE GROUP

BPI's net income amounted to € 3.2 million compared with € 4.5 million on 30 June 2019. Despite the devaluation of the PLN against the euro in March 2020 and the postponement of the delivery of two Polish residential programmes to the second half of the year, the net income of the real estate division remains largely positive thanks, among other things, to the margin on pre-sold residential units in Luxembourg and Belgium and the profit recognised on the delivery of the Vilda Park project in Poland, which was almost entirely pre-sold.

Holding, non-transferred activities and inter division eliminations

KEY FIGURES

In million €	1 st semester 2020	1 st semester 2019	Variation
Revenue	10.3	12.9	-20.2%
Inter-divisions eliminations	-23.6	-39.9	n.s.
Total	-13.3	-27.0	n.s.
Operating income	0.0	-1.8	n.s.
Net income share of the group	-0.6	-1.5	n.s.

OPERATING INCOME

The Holding segment's net income (group share) was minus € 0.6 million compared with minus € 1.5 million on 30 June 2019.

RENT-A-PORT

Through its subsidiary Infra Asia Investment, Rent-A-Port is continuing the development of its five port concessions in the north of Vietnam, in the provinces of Haiphong and Quang Ninh. The Covid-19 pandemic did not have a significant impact in Vietnam. Development work on the industrial sites was able to continue without too much disruption. However, the closure of the borders followed by quarantine measures prevented many potential investors and customers from travelling to Vietnam, resulting in delays in finalising contracts for the sale of industrial land. These sales were limited to 10 hectares in the first half of 2020, which was insufficient to cover overheads costs and interest charges. As a result, Rent-A-Port reported a loss of € 1.3 million on 30 June 2020 (loss of € 1.4 million in the first half of 2019), 50% of which was accounted for in the CFE consolidated figures.

GREEN OFFSHORE

The contribution of Green Offshore to the net income of the Holding segment was € 2.9 million on 30 June 2020, compared with € 0.7 million in the first half of 2019. Green Offshore, which is equally owned by CFE and Ackermans & van Haaren, has a minority interest in the SeaMade and Rentel offshore wind farms. While the first one is under construction, the second one has been fully operational for more than a year.

3. Social responsibility and commitment to sustainability

Sustainability is at the heart of CFE group's strategy. The analysis of the 17 sustainable development goals established by the United Nations has made it possible for DEME, CFE Contracting and BPI to identify their own priority goals. These goals are structured around five major pillars, namely: "build for the future", "be a great place to work", "offer innovative solutions", "drive the energy transition towards climate neutrality" and "create sustainable shareholder value".

The coronavirus crisis has confirmed the relevance of the priority goals defined. In particular, the acceleration of digitisation and the focus on operational excellence are fully in line with our "offer innovative solutions" and "build for the future" approaches.

Continuing along the same vein, solidarity has also been addressed. More than ever, CFE is taking its social responsibilities and confirms that it is "a great place to work". The CFE group has therefore given its support to the "Medical Equipment for Belgium" organisation. This has facilitated access to essential medical equipment for Belgian hospitals. In addition, all of the group's management teams made a statement by donating 20% of their remuneration for May and June to charity.

CFE has also demonstrated during this first half year that it is truly "a great place to work" by giving priority to its employees. For the second time in a row (and third time in four years), DEME was awarded the title of "Belgium's most attractive employer" at the Randstad Awards 2020 (Diversity and Opportunity -Excel). In addition, as a result of Covid-19, an internal campaign on resilience and mental and physical health for all employees was implemented (Diversity & Opportunity - Excel). CFE Contracting also took the opportunity to launch a "digital awareness" programme for every employee and also trained its managers in remote team management. Training courses in well-being and positive thinking were also deployed. As part of its "Employer branding" campaign, CFE Contracting highlighted its characteristic "Framily" (family & friends). The human scale of the subsidiaries and the solidity of the group, as well as the numerous synergies between the subsidiaries allow every employee to benefit from the best of both worlds.

To meet their ambition to "build for the future", CFE Contracting and BPI combined their know-how to create the Wood Shapers joint venture in early 2020. Mastery of materials (especially wood) and construction methods for an optimised structure and an integrated vision of projects lie at the heart of Wood Shapers' sustainable approach. The emblematic Wooden project in Luxembourg thus offers a flying start for this new subsidiary.

Innovation and the preservation of natural capital are at the heart of DEME's activities. Thus, DEME has become part of the Blue Cluster (Natural Capital - Explore). This partnership has already produced promising results. In particular, the first phase of the Coastbusters project concluded very positively in April 2020. Coastbusters is an innovative and sustainable alternative to seawalls to combat rising sea levels and protect coastlines from erosion using natural reefs.

Of course, the climate and the environment have not been forgotten. DEME is more active than ever in offshore wind farm projects (Climate & Energy - Explore). Of particular note are the Borssele 1&2, SeaMade, Moray East and Triton Knoll projects. DEME also participates in the "Emissielooos Netwerk Infra" initiative with the aim of enabling construction with zero-emission construction machinery as of 2026 (Climate & Energy - Excel). As for CFE Contracting, it is contributing to its "drive the energy transition towards climate neutrality" objective by optimising the transport of materials to its sites. Three pilot projects use logistics consolidation centres (in Brussels, Antwerp and Luxembourg). This approach makes it possible to significantly limit the number of trucks on the roads, to use alternative supply routes such as river transport, but also to solve the problems of on-site storage and to make planning more reliable.

4. Outlook

Barring an unfavourable evolution of the pandemic or exceptional factors, CFE anticipates the following for the full year 2020:

- a 15 to 20% fall in revenue for DEME. However, the net income should be positive and up compared with that of 30 June 2020;
- a decrease in revenue of approximately 10% for Contracting. The net income should also be positive;
- BPI's net income at least equal to that of 2019.

5. Impact of the health crisis on certain Risk Factors

The health crisis has had an impact on the following risk factors:

5.1 Operational risks

Among the operational risks related to the execution of projects presented in the 2019 annual report (page 82 and following), the pandemic mainly had an impact on meeting contractual deadlines. The shutdown of certain construction sites in countries that applied lockdown rules, the fall in productivity due to the implementation of social distancing rules, difficulties in mobilising the teams and supply chain disruptions are all factors that have led to delays in the progress of most construction sites. Negotiations are currently underway with customers to adapt the delivery schedules.

In real estate development, the lockdown in Belgium, which lasted from mid-March to early May, led to delays of at least six months in issuing building permits.

5.2 Economic situation

The COVID-19 pandemic has had a strong impact on the global economy and has caused a decline of the prices of oil and gas. Many of the projects under consideration, particularly but not exclusively related to the oil and gas sector, could be either postponed or cancelled depending on the development of the pandemic. On the other hand, the major recovery and public investment plans that should soon be launched present real opportunities for the group.

5.3 Management and the workforce

Restrictions on the free movement of people (closed borders, quarantine, suspension of air travel, etc.) are causing a disruption on projects. It should be stressed that the situation has improved in Europe since June 2020 but remains extremely complicated for dredging projects outside Europe.

5.4 Market risks

In spite of the crisis and the tension it is causing on the markets, the group has significantly increased its liquidity reserves and has not experienced any difficulty in setting up new credit lines, on terms similar to those in force before the crisis. In addition, all financial covenants have been complied with on 30 June 2020.

In terms of credit risk, CFE has not observed any increase in doubtful receivables to date. Monitoring is in place in the various entities to assess the situation on an ongoing basis.

On the other hand, in terms of exchange rate risk, the devaluation of most currencies in relation to the euro has affected the financial results because, despite the implementation of hedges, the exchange rate risk can never be fully covered.

6. Corporate Governance

The Ordinary General Meeting of 7 May 2020 approved the reappointment of Pas de Mots SRL, represented by Mrs Leen Geirnaerd, for a period of four years, ending after the annual general meeting of May 2024. Pas de Mots SRL meets the independence criteria defined in article 3.5 of the Belgian Corporate Governance Code 2020.

The Ordinary General Meeting also approved the reappointment of Mr Christian Labeyrie and Mr Philippe Delusinne for a term of four years, ending after annual general meeting of May 2024. Mr Christian Labeyrie does not meet the independence criteria defined in article 3.5 of the Belgian Corporate Governance Code 2020; Mr Philippe Delusinne meets these criteria until 5 May 2021.

Interim Report
As of June 30, 2020



Interim condensed and consolidated financial statements and notes

DEFINITIONS

Working capital requirement	Inventories + trade receivables and other operating receivables + other current assets + non-current assets held for sale - other current provisions - trade payables and other operating liabilities - tax payables - other current liabilities
Capital employed	Equity of real estate segment + net financial debt of real estate segment
Net financial debt (NFD)	Non-current bonds + non-current financial liabilities + current bonds + current financial liabilities - cash and cash equivalents
Income from operating activities	Turnover + revenue from auxiliary activities + purchases + wages, salaries and social charges + other operational charges and depreciation and goodwill depreciation
Operating income (EBIT)	Income from operating activities + earnings from associates and joint-ventures
EBITDA	Income from operating activities + amortisation and depreciation + other non-cash items
Return on equity (ROE)	Net income, share of the group / equity, share of the group
Order book	Revenue to be generated by the projects for which the contract has been signed and has come into effect (after notice to proceed has been given or conditions precedent have been fulfilled) and for which project financing is in place.

CONSOLIDATED STATEMENT OF INCOME

For the period from January 1 st to June 30 th (in € thousands)	Notes	2020	2019
Revenue		1,491,229	1,847,714
Revenue from auxiliary activities	6	112,750	48,376
Purchases		(901,428)	(1,083,566)
Remuneration and social security payments		(343,226)	(347,962)
Other operating expenses		(200,602)	(256,755)
Depreciation and amortisation		(156,168)	(157,265)
Income from operating activities		2,555	50,542
Earnings from associates and joint ventures	11	16,786	10,614
Operating income		19,341	61,156
Cost of gross financial debt	7	(3,164)	(1,044)
Other financial expenses & income	7	(6,425)	(4,185)
Net financial income/expense		(9,589)	(5,229)
Pre-tax income		9,752	55,927
Income tax expense	9	(2,557)	(14,297)
Net income for the period		7,195	41,630
Attributable to owners of non-controlling interests	8	1,235	1,106
Net income share of the group		8,430	42,736
Net income of the group per share (€) (basic and diluted)		0.33	1.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from January 1 st to June 30 th (in € thousands)	Notes	2020	2019
Net income share of the group		8,430	42,736
Net income for the period		7,195	41,630
Changes in fair value related to hedging instruments		(6,228)	(39,120)
Currency translation differences		(9,059)	276
Deferred taxes		555	9,615
Other elements of the comprehensive income to be reclassified to profit or loss in subsequent periods		(14,732)	(29,229)
Re-measurement on defined benefit and contribution plans		0	0
Deferred taxes		0	0
Other elements of the comprehensive income not to be reclassified to profit or loss in subsequent periods		0	0
Other elements of the comprehensive income		(14,732)	(29,229)
Comprehensive income:		(7,537)	12,401
- Attributable to owners of the parent		(6,216)	13,474
- Attributable to owners of non-controlling interests		(1,321)	(1,073)
Net income attributable to owners of the parent per share (€) (basic and diluted)		(0.25)	0.53

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in € thousands)	Notes	June 2020	December 2019
Intangible assets		92,750	90,261
Goodwill		177,127	177,127
Property, plant and equipment	10	2,594,936	2,615,164
Investments in associates and joint ventures	11	180,343	167,653
Other non-current financial assets		90,826	83,913
Derivative instruments – Non-current assets	16	1,055	0
Other non-current assets		18,425	16,630
Deferred tax assets		125,065	100,420
Total non-current assets		3,280,527	3,251,168
Inventories	12	202,408	162,612
Trade and other operating receivables	13	967,486	996,436
Other operating current assets		83,688	72,681
Other non-operating current assets		4,804	6,267
Derivative instruments – Current assets	16	3,902	751
Current financial assets		2,900	0
Assets held for sale	5	0	10,511
Cash and cash equivalents	17	805,325	612,206
Total current assets		2,070,513	1,861,464
Total assets		5,351,040	5,112,632
Share capital		41,330	41,330
Share premium		800,008	800,008
Retained earnings		1,004,159	995,786
Defined benefit and contribution pension plans		(37,089)	(37,089)
Hedging reserves	16	(46,591)	(40,892)
Currency translation differences		(19,387)	(10,440)
Equity attributable to owners of the parent		1,742,430	1,748,703
Non-controlling interests		12,709	11,607
Equity		1,755,139	1,760,310
Retirement benefit obligations and employee benefits		70,831	70,269
Provisions	14	14,302	12,414
Other non-current liabilities		14,278	10,651
Non-current bonds	17	29,741	29,689
Non-current financial liabilities	17	1,063,408	1,110,212
Derivative instruments – Non-current assets	16	10,550	8,986
Deferred tax liabilities		102,145	104,907
Total non-current liabilities		1,305,255	1,347,128
Current provisions	14	46,734	46,223
Trade and other operating payables		1,181,285	1,221,466
Income tax payable		61,247	44,078
Current bonds	17	0	0
Current financial liabilities	17	515,198	270,366
Derivative instruments – Current assets	16	12,415	9,356
Other operating current liabilities		198,954	155,601
Other non-operating current liabilities		274,813	258,104
Total current liabilities		2,290,646	2,005,194
Total equity and liabilities		5,351,040	5,112,632

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from January 1 st to June 30 th (in € thousands)	Notes	2020	2019
Operating activities			
Income from operating activities		2,555	50,542
Depreciation and amortisation of (in)tangible assets and investment property		156,168	157,265
Net provision expense		1,202	(614)
Impairment on assets and other non-cash items		(151)	(238)
Income/(losses) from sales of property, plant & equipment and financial assets		(64,605)	(6,403)
Dividends received from associates and joint ventures		14,779	4,541
Cash flow from operating activities before changes in working capital		109,948	205,093
Decrease/(increase) in trade receivables and other current and non-current receivables		(999)	57,890
Decrease/(increase) in inventories		(46,700)	5,525
Increase/(decrease) in trade payables and other current and non-current payables		18,123	(113,286)
Income tax paid/received		(12,117)	(22,390)
Cash flow from operating activities		68,255	132,832
Investing activities			
Sales of non-current assets		3,886	11,793
Purchases of non-current assets		(134,206)	(262,228)
Acquisition of subsidiaries net of cash acquired		0	0
Variation of the investment percentage in associates and joint ventures		0	0
Capital increase of equity-accounted companies	15	(5,088)	(16,303)
Sale of subsidiaries	5	88,898	0
Reimbursement of borrowings (new borrowings) given to associates and joint ventures		(3,463)	8,076
Cash flow from investing activities		(49,973)	(258,662)
Financing activities			
Interest paid		(7,217)	(15,780)
Interest received		4,156	7,245
Other financial expenses & income		(5,486)	(5,172)
Borrowings	17.3	327,826	506,217
Reimbursements of borrowings	17.3	(139,650)	(48,767)
Dividends paid		0	(60,755)
Cash flow from financing activities		179,629	382,988
Net increase/(decrease) in cash position		197,911	257,158
Cash and cash equivalents at start of the year		612,206	388,346
Exchange rate effects		(4,792)	593
Cash and cash equivalents at end of period		805,325	646,097

Purchases and sales of subsidiaries net of cash acquired do not include entities that are not a business combination (Real Estate segment). They are not considered as investment operations and are directly reflected in cash flows from operating activities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended June 30, 2020

(in € thousands)	Share capital	Share premium	Retained earnings	Defined benefit or contribution pension plans	Hedging reserves	Currency translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total
December 2019	41,330	800,008	995,786	(37,089)	(40,892)	(10,440)	1,748,703	11,607	1,760,310
Comprehensive income for the period			8,430		(5,699)	(8,947)	(6,216)	(1,321)	(7,537)
Dividends paid to shareholders							0		0
Dividends from non-controlling interests							0	50	50
Change in consolidation scope and other movements			(57)				(57)	2,373	2,316
June 2020	41,330	800,008	1,004,159	(37,089)	(46,591)	(19,387)	1,742,430	12,709	1,755,139

For the period ended June 30, 2019

(in € thousands)	Share capital	Share premium	Retained earnings	Defined benefit or contribution pension plans	Hedging reserves	Currency translation differences	Equity attributable to owners of the parent	Non-controlling interests	Total
December 2018	41,330	800,008	923,768	(25,521)	(7,153)	(11,554)	1,720,878	13,973	1,734,851
IFRS 16 amended							0		0
December 2018 (*)	41,330	800,008	923,768	(25,521)	(7,153)	(11,554)	1,720,878	13,973	1,734,851
Comprehensive income for the period			42,736		(29,518)	256	13,474	(1,073)	12,401
Dividends paid to shareholders			(60,755)				(60,755)		(60,755)
Dividends from non-controlling interests								(531)	(531)
Change in consolidation scope and other movements								847	847
June 2019	41,330	800,008	905,749	(25,521)	(36,671)	(11,298)	1,673,597	13,216	1,686,813

(*) Amounts restated in accordance with changes in accounting method linked to the application of accounting standard IFRS 16 *Leases*.

SHARE CAPITAL AND RESERVES

The share capital on June 30, 2020 was divided into 25,314,482 ordinary shares. These shares are without nominal value. The owners of ordinary shares have the right to receive dividends and have one vote per share in Shareholders' General Meetings.

In the evolving context of the COVID-19 pandemic, the General Shareholders Meeting decided on May 7, 2020, as proposed by the Board of Directors of CFE, not to pay out a dividend in respect of the 2019 financial year.

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:

EARNINGS PER SHARE FOR THE PERIOD ENDED JUNE 30	2020	2019
(in € thousands)		
Net income attributable to shareholders	8,430	42,736
Comprehensive income attributable to owners of the parent	(6,216)	13,474
Number of ordinary shares at the balance sheet date	25,314,482	25,314,482
Net income share of the group per share (€)	0.33	1.69
Comprehensive income attributable to owners of the parent per share (€)	(0.25)	0.53

NOTES TO THE INTERIM CONDENSED AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED JUNE 30, 2020

1. GENERAL POLICIES
 2. CONSOLIDATION METHODS
 - 2.1. SCOPE OF CONSOLIDATION
 - 2.2. INTRAGROUP TRANSACTIONS
 - 2.3. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN COMPANIES AND ESTABLISHMENTS
 - 2.4. FOREIGN CURRENCY TRANSACTIONS
 3. VALUATION RULES AND METHODS
 - 3.1. MAIN ASSUMPTIONS AND ESTIMATES
 - 3.2. ADDITIONAL INFORMATION REGARDING THE CONTEXT OF THE COVID-19 HEALTH CRISIS
 - 3.2.1. APPLICATION OF ACCOUNTING RULES
 - 3.2.2. ASSESSMENT OF THE COVID-19 IMPACT ON THE FINANCIAL SITUATION OF THE CFE GROUP AT JUNE 30, 2020
 4. SEGMENT REPORTING
 - 4.1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 - 4.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 - 4.3. CONSOLIDATED STATEMENT OF CASH FLOWS
 - 4.4. OTHER INFORMATION
 - 4.5. GEOGRAPHICAL INFORMATION
 5. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES
 6. REVENUE FROM AUXILIARY ACTIVITIES
 7. NET FINANCIAL INCOME/EXPENSE
 8. NON-CONTROLLING INTERESTS
 9. INCOME TAX
 10. PROPERTY, PLANT AND EQUIPMENT
 11. ASSOCIATES AND JOINT VENTURES
 12. INVENTORIES
 13. TRADE RECEIVABLES AND OTHER OPERATING RECEIVABLES
 14. PROVISIONS OTHER THAN THOSE RELATING TO RETIREMENT BENEFIT OBLIGATIONS AND NON-CURRENT EMPLOYEE BENEFITS
 15. CONTINGENT ASSETS AND LIABILITIES
 16. DERIVATIVE FINANCIAL INSTRUMENTS
 17. NET FINANCIAL DEBT
 - 17.1. NET FINANCIAL DEBT
 - 17.2. DEBT MATURITY SCHEDULE
 - 17.3. CASH FLOWS RELATING TO FINANCIAL LIABILITIES
 - 17.4. CREDIT FACILITIES AND COMMERCIAL PAPERS
 - 17.5. FINANCIAL COVENANTS
 18. FINANCIAL RISK MANAGEMENT
 - 18.1. INTEREST RATE RISK
 - 18.2. DISTRIBUTION OF THE LONG TERM FINANCIAL DEBTS BY CURRENCY
 - 18.3. CARRYING AMOUNTS AND FAIR VALUE BY ACCOUNTING CATEGORY
 19. LEASES (IN ACCORDANCE WITH IFRS 16 STANDARD)
 20. OTHER COMMITMENTS GIVEN
 21. OTHER COMMITMENTS RECEIVED
 22. LITIGATION
 23. RELATED PARTIES
 24. SUBSEQUENT EVENTS
 25. IMPACT OF FOREIGN CURRENCIES
 26. SEASONAL NATURE OF THE BUSINESS
- ALTERNATIVE PERFORMANCE MEASURES RECONCILIATION
- STATEMENT ON THE TRUE AND FAIR NATURE OF THE FINANCIAL STATEMENTS AND THE TRUE AND FAIR NATURE OF THE PRESENTATION IN THE MANAGEMENT REPORT
- GENERAL INFORMATION ABOUT THE COMPANY
- AUDITOR'S REPORT

Introduction

The Board of Directors authorized the publication of the CFE group's consolidated financial statements on August 28, 2020.

MAIN TRANSACTIONS FOR THE FIRST SIX MONTHS OF 2020 AND OF 2019 WITH EFFECT ON THE SCOPE OF THE CFE GROUP

TRANSACTIONS FOR THE FIRST SIX MONTHS OF 2020

1. Dredging, environment, offshore and infra segment – “DEME”

During the first semester of 2020, the main changes in the consolidation scope with effect on the DEME segment of the CFE group are the following:

- DEME acquired a 100% stake in the newly created company Dredging International Argentina SA. This company has been fully consolidated.
- DEME acquired a stake of 37.45% and of 19.47% in the companies Blue Site SA and Feluy M2M SA respectively. These companies have been integrated under the equity method.
- DEME increased its stake in the company CBD SAS from 50% to 100%. This company, which was integrated under the equity method, is now fully consolidated.
- DEME increased its stake in the company International Seaport Dredging PVT LTD from 89.61% to 93.64%. This company remains fully consolidated.
- DEME increased its stake in the company DIAP Thailand Co LTD from 49% to 98%. This company, which was integrated under the equity method, is now fully consolidated.
- DEME decreased its stake in the company Terranova NV from 43.73% to 24.96%. This company remains integrated under the equity method.
- DEME disposed of its entire stake (12.5%) in the company Merkur Offshore GmbH. This company was shown as an asset held for sale at December 31, 2019.

2. Contracting segment

During the first semester of 2020, the main changes in the consolidation scope with effect on the Contracting segment of the CFE group are the following:

- The company VMA Vanderhoydoncks NV was absorbed by VMA NV, a 100% subsidiary of CFE Contracting, with retroactive effect to January 1, 2020.
- The company Bâtiments et Ponts Construction SA (BPC SA), a 100% subsidiary of CFE Contracting, transferred on April 1, 2020, with retroactive effect to January 1, 2020, the divisions BPC Hainaut, BPC Liège and BPC Namur to the company Thiran SA, also a 100% subsidiary of CFE Contracting. Following this demerger without the demerged company being wound up, the company Thiran SA was renamed BPC Wallonie SA.
- The company Algemeen Bouw-en Betonbedrijf NV (ABEB NV), a 100% subsidiary of CFE Contracting, was liquidated. This company was fully consolidated.

3. Real estate segment

During the first semester of 2020, the main changes in the consolidation scope with effect on the Real Estate segment of the CFE group are the following:

- The company BPI Real Estate Belgium SA (BPI) acquired during the first semester of 2020:
 - a 100% stake in the newly created company BPI Serenity Valley SA;
 - a 100% stake in the newly created company Samaya Development SA.

The acquired entities listed above have been fully consolidated.

- a 50% stake in the newly created company Arlon 53 SA;
- a 50% stake in the company Mobius I SA.

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

- The company BPI Real Estate Poland Sp. z o.o. increased its stake in the company BPI Wolare Sp. z o.o. from 90% to 100%. This company remains fully consolidated.
- The company BPI Project VII Sp. z o.o. has been established. This company is 100% owned by BPI Real Estate Poland Sp. z o.o., and has been fully consolidated.
- The company BPI Real Estate Luxembourg SA reduced its stake in the company Gravity SA from 100% to 50%. This company, which was fully consolidated, is now integrated under the equity method.
- The company Pourpelt SA has been established. This company is 100% owned by BPI Real Estate Luxembourg SA, and has been fully consolidated.
- The companies Bedford Finance SRL and Bayside Finance SRL, 40% subsidiaries of BPI, liquidated their stakes in the companies VM Property I SA and VM Property II SA which were integrated under the equity method.

TRANSACTIONS FOR THE FIRST SIX MONTHS OF 2019

1. Dredging, environment, offshore and infra segment – “DEME”

During the first semester of 2019, DEME acquired:

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

The acquired entities listed above have been fully consolidated.

During the first semester of 2019, the DEME group also acquired:

- a 50% stake in the company DBM-Bontrup BV;
- a 50% stake in the company BNS JV Ltd;
- a 49.99% stake in the company CSBC-DEME Wind Engineering CO, Ltd (CDWE Taiwan).

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

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

- 100% of the company MDCC Insurance Broker NV. This company was fully consolidated;
- 100% of the company Offshore Manpower Singapore PTE Ltd. This company was fully consolidated;
- 51.10% of the company B-WIND Polska Sp. z o.o. This company was integrated under the equity method;
- 51.10% of the company C-WIND Polska Sp. z o.o. This company was integrated under the equity method.

2. Contracting segment

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

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

On May 15, 2019, the company CFE Bouw Vlaanderen NV, a subsidiary of CFE Contracting, was renamed MBG NV.

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

On May 28, 2019, the company “CFE Bâtiment Brabant Wallonie (CFE BBW)” was renamed “Bâtiments et Ponts construction (BPC)”.

3. Real estate segment

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

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

4. Holding and non-transferred activities

On February 14, 2019, the CFE group increased its stake in Rent-A-Port NV from 45% to 50%.

The company remains integrated under the equity method. On February 28, 2019, the company Liveway Ltd, 50% owned by the CFE group, was liquidated. This company was integrated under the equity method.

ACCOUNTING PRINCIPLES AND EVALUATION METHOD

1. GENERAL POLICIES

IFRS AS ADOPTED BY THE EUROPEAN UNION

The accounting principles used at June 30, 2020 are the same as that those used for the consolidated financial statements at December 31, 2019. We refer to Note 3.2. of this report.

STANDARDS AND INTERPRETATIONS APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON OR AFTER JANUARY 1, 2020

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 3 Business Combinations: Definition of a business
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform
- Amendments to references to the Conceptual Framework in IFRS standards

STANDARDS AND INTERPRETATIONS PUBLISHED, BUT NOT YET APPLICABLE FOR THE ANNUAL PERIOD BEGINNING ON OR AFTER JANUARY 1, 2020

The group did not apply early any of the following new standards and interpretations, application of which was not mandatory on June 30, 2020.

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after January 1, 2023, but not yet endorsed by the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after January 1, 2023, but not yet endorsed by the EU)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after January 1, 2022, but not yet endorsed by the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract (applicable for annual periods beginning on or after January 1, 2022, but not yet endorsed by the EU)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after January 1, 2022, but not yet endorsed by the EU)
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after June 1, 2020, but not yet endorsed by the EU)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (applicable for annual periods beginning on or after January 1, 2022, but not yet endorsed by the EU)

The assessment of the potential impact of those standards and interpretations on the group's consolidated financial statements is still in progress. They are not expected to have a material impact on the financial statements of the CFE group.

2. CONSOLIDATION METHODS

2.1. SCOPE OF CONSOLIDATION

Companies in which the Group holds, directly or indirectly, the majority of voting rights enabling control to be exercised, are fully consolidated.

Companies over which the Group exercises joint control with another entity are consolidated under the equity method. This applies in particular to Rent-A-Port, Green Offshore and some entities of DEME and BPI.

Changes in the scope of consolidation

Number of entities	June 2020	December 2019
Full consolidation	204	200
Equity method	138	142
Total	342	342

2.2. 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.

2.3. 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.

2.4. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are translated into euros at the exchange rate on the transaction date. At the balance sheet date, financial assets and monetary liabilities denominated in foreign currencies are translated at the closing rate. Resulting exchange gains and losses are recognized under foreign exchange gains and losses and are shown under other financial income and other financial expenses in the income statement.

Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign exchange derivatives used to hedge stakes in foreign subsidiaries are recorded in currency translation differences in the other elements of the comprehensive income and are accumulated in a separate equity reserve..

3. VALUATION RULES AND METHODS

3.1. MAIN ASSUMPTIONS AND ESTIMATES

The preparation of financial statements under IFRSs standards requires estimates to be used and assumptions to be made that affect the amounts shown in those financial statements, particularly as regards valuations made for impairment tests.

3.2. ADDITIONAL INFORMATION REGARDING THE CONTEXT OF THE COVID-19 HEALTH CRISIS

3.2.1. APPLICATION OF ACCOUNTING RULES

In the context of the COVID-19 health crisis, the following specifications are made for the preparation of the financial statements at June 30, 2020:

- Measurement of income or losses on construction contracts using the percentage of completion method

In accordance with IFRS 15, the revenue of contracts is measured according to the estimated revenue at completion and according to the percentage of completion at the closing date.

The identified additional costs are incorporated in the estimated revenue at completion. On the basis of the contractual conditions that are defined contract by contract, any compensation granted or, conversely, penalties charged for delays are also incorporated in the estimated revenue at completion in line with the valuation rules of the CFE group. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

The labour costs or costs materials not allocated to the contracts are excluded from the percentage of completion measurement and are directly recognized as an expense for the period.

- Estimates used in impairment tests

At June 30, 2020, the market capitalization of the CFE group amounted to €1,537 million. As this fair value is lower than the net carrying amount of CFE's equity, which is €1,755 million, this is an impairment indicator.

Consequently, an impairment test was carried out on DEME, the main cash generating unit (CGU) of the CFE group. The management of DEME performed an update of the group's strategic plan. This is a provisional analysis that will be finetuned when the financial statements are prepared at the end of the financial year. The impact of the delay in the delivery of the vessel 'Orion' and the downturn of the oil and gas market are also taken into account.

The parameters of the model applied to cash flow projections have not changed in relation to 2019: 7.9% discount rate, 1.5% growth rate (terminal value).

The impairment test closes with a recoverable amount that is higher than the carrying amount of the cash generating unit DEME. Consequently, no impairment loss was recognized at June 30, 2020.

- Trade receivables

In line with the valuation rules of the CFE group, the analysis of the bankruptcy risk of customers was performed on a case-by-case basis. No general or statistical provision was recognized at June 30, 2020. The in-depth review of trade receivables did not give rise to the recognition of significant additional impairment losses.

- Recognition of deferred tax assets

In line with the valuation rules of the CFE group, 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. The recovery of deferred tax assets was given special attention at June 30, 2020.

3.2.2. ASSESSMENT OF THE COVID-19 IMPACT ON THE FINANCIAL SITUATION OF THE CFE GROUP AT JUNE 30, 2020

Throughout the CFE group, the implementation of social distancing measures and the conditions in which the operating activities could be carried on are different according to the business segment concerned.

In the **dredging, environment, offshore and infra** segment, the operating activities were considerably slowed down but could still be continued, barring exceptions. Consequently, DEME's financial statements are impacted by a decrease in activity and by additional expenses linked to the health crisis. The estimated impact of the COVID-19 pandemic on the revenue and EBIT of the first semester of 2020 is €150 million and €60 million respectively. This estimate of €60 million includes mainly:

- the impact of the lower productivity on project margins (also including the impact of the unavailability of the Orion vessel);
- the under-coverage of costs connected with the fleet and overheads;
- additional costs directly attributable to COVID-19; partly offset by:
- cost-saving measures adopted by the company and support received from the public authorities.

The construction activities of the **contracting segment** in Belgium and Luxembourg were suspended between March 18 and the beginning of May. On the other hand, work on the construction sites in Poland could continue. The activities of VMA and Mobix were partially delayed during that same period. The impact on the revenue of CFE Contracting in the first semester is estimated at €70 million. The impact of this total or partial suspension of works on the EBIT is estimated at €20 million. The following elements are taken into account:

- the additional direct costs allocated to the projects;
- the under-coverage of overheads resulting from the postponement of activity;
- the labour costs not allocated to the projects;
- the cost of machinery and equipment not allocated to the projects;

partly offset by:

- temporary unemployment measures introduced by the Belgian and Luxembourg governments amounting to slightly more than €5 million.

The **real estate segment** is impacted by delays in the planning application procedures, particularly in Brussels. For the projects under development, in the absence of planning permission, the expenses incurred are not capitalized. There is no material impact on the pre-tax income. Furthermore, a limited number of deeds of sale could be formalized during the second quarter of 2020, which defers the margin recognition on those sales to the second semester of 2020.

4. SEGMENT REPORTING

Segment reporting is presented in respect of the group's operating segments. Segment profits, losses, assets and liabilities include items that can be attributed directly to a segment or allocated on a reasonable basis.

The CFE group consists of four operating segments:

- **Dredging, environment, offshore and infra – “DEME”**

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

- **Contracting**

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

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

The Multitechnics, Rail & Utilities activities operate mainly in Belgium through two clusters:

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

- **Real estate development**

The Real estate development segment develops real estate projects in Belgium, Luxembourg and Poland.

- **Holding and non-transferred activities**

Besides the usual holding activities, this segment includes:

- participations in Rent-A-Port, Green Offshore and in two Design Build Finance and Maintenance contracts in Belgium;
- contracting activities not transferred to CFE Contracting SA and DEME NV, including several engineering projects in Belgium and building projects in Africa (except Tunisia) and in Central Europe (except Poland).

4.1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended June 30, 2020	DEME	Restate ments DEME	Contracting	Real estate development	Holding and non- transferred activities	Eliminatio ns between segments	Consolidated total
(in € thousands)							
Revenue	1,047,888		423,171	33,433	10,315	(23,578)	1,491,229
Income from operating activities	9,588	(2,294)	(5,734)	2,576	(1,719)	138	2,555
Earnings from associates and joint ventures	12,266	(364)	102	3,160	1,622		16,786
Operating income (EBIT)	21,854	(2,658)	(5,632)	5,736	(97)	138	19,341
% Revenue	2.09%		(1.33%)	17.16%			1.30%
Net financial income/expense	(6,974)		(673)	(1,455)	(487)		(9,589)
Taxes	(627)	619	(1,330)	(1,090)	(116)	(13)	(2,557)
Net income share of the group	15,488	(2,039)	(7,635)	3,191	(700)	125	8,430
% Revenue	1.48%		(1.80%)	9.54%			0.57%
Non-cash items	144,217	2,294	11,570	53	(915)		157,219
EBITDA	153,805		5,836	2,629	(2,634)	138	159,774
% Revenue	14.68%		1.38%	7.86%			10.71%
For the period ended June 30, 2019	DEME	Restate ments DEME	Contracting	Real estate development	Holding and non- transferred activities	Eliminatio ns between segments	Consolidated total
(in € thousands)							
Revenue	1,349,272		501,384	24,042	12,932	(39,916)	1,847,714
Income from operating activities	52,694	(2,294)	1,397	526	(1,886)	105	50,542
Earnings from associates and joint ventures	5,847	(343)	(15)	5,137	(12)		10,614
Operating income (EBIT)	58,541	(2,637)	1,382	5,663	(1,898)	105	61,156
% Revenue	4.34%		0.28%	23.55%			3.31%
Net financial income/expense	(4,753)	416	(525)	(769)	402	0	(5,229)
Taxes	(10,549)	497	(3,751)	(424)	(35)	(35)	(14,297)
Net income share of the group	44,324	(1,724)	(2,894)	4,491	(1,531)	70	42,736
% Revenue	3.29%		(0.58%)	18.68%			2.31%
Non-cash items	146,398	2,294	9,967	(139)	(2,109)	0	156,411
EBITDA	199,092		11,364	387	(3,995)	105	206,953
% Revenue	14.76%		2.27%	1.61%			11.20%

4.2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the period ended June 30, 2020	DEME	Contracting	Real estate development	Holding and non-transferred activities	Eliminations between segments	Consolidated total
(in € thousands)						
ASSETS						
Goodwill	155,567	21,560	0	0	0	177,127
Property, plant and equipment	2,511,879	79,413	1,597	2,047	0	2,594,936
Non-current loans to consolidated group companies	0	0	0	20,000	(20,000)	0
Other non-current financial assets	35,783	0	37,080	17,963	0	90,826
Other non-current assets	305,009	15,530	55,466	1,287,520	(1,245,887)	417,638
Inventories	12,210	16,923	169,819	5,081	(1,625)	202,408
Cash and cash equivalents	672,426	68,043	6,307	58,549	0	805,325
Internal cash position - cash pooling - assets	0	57,350	5,493	2,265	(65,108)	0
Other current assets	679,361	304,977	45,826	40,148	(7,532)	1,062,780
Total assets	4,372,235	563,796	321,588	1,433,573	(1,340,152)	5,351,040
EQUITY AND LIABILITIES						
Equity	1,677,724	65,226	75,912	1,183,790	(1,247,513)	1,755,139
Non-current borrowings from consolidated group companies	0	0	20,000	0	(20,000)	0
Non-current bonds	0	0	29,741	0	0	29,741
Non-current financial liabilities	839,346	27,664	50,531	145,867	0	1,063,408
Other non-current liabilities	174,748	15,981	19,614	1,763	0	212,106
Current bonds	0	0	0	0	0	0
Current financial liabilities	498,493	6,343	10,200	162	0	515,198
Internal cash position - cash pooling - liabilities	0	3,340	2,197	59,571	(65,108)	0
Other current liabilities	1,181,924	445,242	113,393	42,420	(7,531)	1,775,448
Total liabilities	2,694,511	498,570	245,676	249,783	(92,639)	3,595,901
Total equity and liabilities	4,372,235	563,796	321,588	1,433,573	(1,340,152)	5,351,040

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

4.3. CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended June 30, 2020	DEME	Contracting	Real estate development	Holding and non-transferred activities & eliminations	Consolidated total
<i>(in € thousands)</i>					
<i>Cash flow from operating activities before change in working capital</i>	94,798	4,900	11,857	(1,607)	109,948
Net cash flow from (used in) operating activities	102,660	245	(29,935)	(4,715)	68,255
Cash flow from (used in) investing activities	(44,198)	(2,494)	(59)	(3,222)	(49,973)
Cash flow from (used in) financing activities	141,729	4,375	30,148	3,377	179,629
Net increase/(decrease) in cash position	200,191	2,126	154	(4,560)	197,911
For the period ended June 30, 2019	DEME	Contracting	Real estate development	Holding and non-transferred activities & eliminations	Consolidated total
<i>(in € thousands)</i>					
<i>Cash flow from operating activities before change in working capital</i>	194,498	11,017	3,480	(3,902)	205,093
Net cash flow from (used in) operating activities	147,047	(15,365)	2,310	(1,160)	132,832
Cash flow from (used in) investing activities	(240,061)	(7,673)	(214)	(10,714)	(258,662)
Cash flow from (used in) financing activities	372,863	9,685	3,448	(3,008)	382,988
Net increase/(decrease) in cash position	279,849	(13,353)	5,544	(14,882)	257,158

Cash flows from financing activities include cash pooling loans from other segments. A positive amount means a use of pooled cash. This item is also influenced by external financing, especially and primarily in the segments DEME, Real Estate, Holding and non-transferred activities. The DEME segment is not part of the CFE cash pooling arrangement.

4.4. OTHER INFORMATION

For the period ended June 30, 2020	DEME	Contracting	Real estate development	Holding and non- transferred activities	Consolidated total
(in € thousands)					
Amortisation	(146,511)	(8,891)	(393)	(373)	(156,168)
Investments	133,828	10,206	198	98	144,330
For the period ended June 30, 2019	DEME	Contracting	Real estate development	Holding and non- transferred activities	Consolidated total
(in € thousands)					
Amortisation	(148,692)	(7,905)	(384)	(284)	(157,265)
Investments	230,807	13,294	472	90	244,663

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

BREAKDOWN OF REVENUE IN THE DEME SEGMENT	June 2020	June 2019
(in € thousands)		
Dredging	428,981	572,126
Offshore	434,617	582,939
Environment	59,280	76,709
Infra	101,123	89,730
Others	23,887	27,768
Total DEME	1,047,888	1,349,272

BREAKDOWN OF REVENUE IN THE CONTRACTING SEGMENT	June 2020	June 2019
(in € thousands)		
Construction	300,339	383,528
Multitechnics	78,078	79,813
Rail & Utilities	44,754	38,043
Total Contracting	423,171	501,384

4.5. GEOGRAPHICAL INFORMATION

REVENUE OF CFE GROUP	June 2020	June 2019
(in € thousands)		
Belgium	555,300	770,358
Other Europe	683,927	645,873
Middle East	5,806	61,945
Other Asia	119,210	161,019
Oceania	18,458	16,466
Africa	74,943	136,178
Americas	33,585	55,875
Consolidated total	1,491,229	1,847,714

5. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

ASSETS HELD FOR SALE AT JUNE 30, 2020

On May 12, 2020, DEME sold its 12.5% stake in the company Merkur Offshore GmbH to APG and *The renewables infrastructures Group Limited* “TRIG” for €88.9 million. The net carrying amount of the consolidated assets in the financial statements of the CFE group, namely €10.5 million, were shown as assets held for sale at December 31, 2019.

At June 30, 2020, a gain on disposal of €63.9 million is reported in the financial statements of the CFE group.

ACQUISITIONS FOR THE PERIOD ENDED JUNE 30, 2020

No transactions having a material impact took place during the first six months of 2020.

DISPOSALS FOR THE PERIOD ENDED JUNE 30, 2020

No transactions having a material impact took place during the first six months of 2020.

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

COMPREHENSIVE INCOME

6. REVENUE FROM AUXILIARY ACTIVITIES

Revenue from auxiliary activities amounted to €112,750 thousand (June 2019: €48,376 thousand) and primarily includes the capital gain on disposal of DEME shares in the Merkur offshore wind farm (+ €63,935 thousand) as well as rental income, other reimbursements and rebilling of various expenses worth €47,981 thousand (June 2019: €41,858 thousand) of which DEME accounts for €23,292 thousand. At June 30, 2020, capital gains on disposals of tangible and intangible assets amounted to €834 thousand (June 2019: €6,518 thousand).

7. NET FINANCIAL INCOME/EXPENSE

As of June 30 (in € thousands)	2020	2019
Cost of financial debt	(3,164)	(1,044)
Derivative instruments - fair value adjustments through profit and loss	0	0
Derivative instruments used as hedging instruments	0	0
Assets measured at fair value	0	0
Available-for-sale financial instruments	0	0
Assets and liabilities at amortized cost - interest income	4,156	7,242
Assets and liabilities at amortized cost - interest expense	(7,320)	(8,286)
Other financial income and expense	(6,425)	(4,185)
Realized / unrealized translation gains/(losses)	(4,061)	(1,656)
Dividends received from non-consolidated companies	0	5
Defined benefit plan financial cost	0	0
Impairment of financial assets	0	0
Others	(2,364)	(2,534)
Net financial income/expense	(9,589)	(5,229)

The change in realized (unrealized) exchange gains/(losses) and other as of June 30, 2020 is mainly explained by the devaluation of most currencies against the euro at DEME and the devaluation of the zloty against the euro at BPI and CFE Contracting.

8. NON-CONTROLLING INTERESTS

As of June 30, 2020, the share of non-controlling interests in the income statement amounted to €1,235 thousand (June 2019: €1,106 thousand) and is entirely related to DEME.

9. INCOME TAX

The tax expenses amounted to €2,557 thousand for the first half of 2020, compared to €14,297 thousand for the first half of 2019. The effective tax rate amounted to -36.4%, compared to 31.55% as of June 30, 2019. The effective tax rate is defined as the income tax expense over the pre-tax income from which the earnings from associates and joint ventures are deducted.

At June 30, 2020, the effective tax rate was strongly influenced by the capital gain on the disposal of Merkur Offshore GmbH by DEME, which is not subject to income tax, and by the recognition of deferred tax assets on losses carried forward where it is probable that a future taxable profit will be available for the use of the fiscal losses carried forward. The deferred tax assets increase by €11.8 thousand as a result of the recognition of those deferred taxes on some of the tax losses.

FINANCIAL POSITION

10. PROPERTY, PLANT AND EQUIPMENT

For the period ended June 30, 2020	Land and buildings	Fixtures and equipment	Furniture, fittings and vehicles	Under construction	Total
(in € thousands)					
Acquisition costs					
Balance at the end of the previous period	229,873	4,070,355	102,912	540,374	4,943,514
Effects of changes in foreign exchange rates	(1,117)	(2,544)	(622)	(2)	(4,285)
Effects of changes in consolidation scope	1,983	364	0	0	2,347
Acquisitions	7,225	45,042	9,282	79,782	141,331
Transfers between asset items	102	90,800	(78)	(91,384)	(560)
Disposals	(5,279)	(19,740)	(4,451)	(509)	(29,979)
Balance at the end of the period	232,787	4,184,277	107,043	528,261	5,052,368
Amortisation and impairment					
Balance at the end of the previous period	(72,676)	(2,192,432)	(63,242)	0	(2,328,350)
Effects of changes in foreign exchange rates	330	1,769	368	0	2,467
Effects of changes in consolidation scope	0	(177)	0	0	(177)
Amortisation	(9,622)	(136,887)	(8,801)	0	(155,310)
Transfers between asset items	(34)	3	244	0	213
Disposals	1,637	18,853	3,235	0	23,725
Balance at the end of the period	(80,365)	(2,308,871)	(68,196)	0	(2,457,432)
Net carrying amount					
At January 1, 2020	157,197	1,877,923	39,670	540,374	2,615,164
At June 30, 2020	152,422	1,875,406	38,847	528,261	2,594,936

The net carrying amount of property, plant and equipment amounted to €2,594,936 thousand as of June 30, 2020 (December 31, 2019: €2,615,164 thousand).

As of June 30, 2020, acquisitions of property, plant and equipment amounted to €141,331 thousand, and are mainly related to DEME (€131,330 thousand).

Of the ten vessels ordered in 2015, 2016 and 2018, worth a total of over one billion euros, the trailing suction hopper dredgers 'Minerva' and 'Scheldt River', and the vessels 'Gulliver' (in joint venture), 'Apollo', 'Living Stone' and 'Bonny River' were delivered in 2017, 2018 and 2019. The vessels 'Meuse River' and 'River Thames' joined DEME's fleet in the first half of 2020. As of June 30, 2020, a residual amount of €157.8 million will be invested in vessels under construction over the next few years, primarily the 'Orion' and the 'Spartacus'.

The net carrying amount of property, plant and equipment used as collateral for certain loans totalled €55,686 thousand (December 2019: €55,686 thousand).

The net carrying amount of right-of-use assets was €158,156 thousand as of June 30, 2020 (December 2019: €163,529 thousand). Those assets primarily include the concessions and buildings of the DEME group, the vehicle fleet of the group, the registered offices of the subsidiaries Mobix Stevens NV, Mobix Engema SA, VMA Druart SA, CFE SA, BPI Real Estate Belgium SA and Arthur Vandendorpe NV; the equipment of Benelmat SA, Mobix Coghe NV and Mobix Remacom NV.

Depreciation of property, plant and equipment during the first semester of 2020 amounted to €155,310 thousand (June 2019: €156,691 thousand).

For the period ended June 30, 2019	Land and buildings	Fixtures and equipment	Furniture, fittings and vehicles	Under construction	Total
<i>(in € thousands)</i>					
Acquisition costs					
Balance at the end of the previous period	144,300	3,914,871	68,409	431,022	4,558,602
Right-of-use assets, January 1, 2019	72,371	5,311	21,081	0	98,763
Effects of changes in foreign exchange rates	(495)	746	(39)	1	213
Effects of changes in consolidation scope	0	0	0	0	0
Acquisitions	2,915	91,143	9,552	140,786	244,396
Transfers between asset items	32	125,230	79	(119,303)	6,038
Disposals	(215)	(80,096)	(4,065)	0	(84,376)
Balance at the end of the period	218,908	4,057,205	95,017	452,506	4,823,636
Amortisation and impairment					
Balance at the end of the previous period	(59,027)	(2,053,942)	(55,397)	0	(2,168,366)
Effects of changes in foreign exchange rates	(27)	(1,007)	(18)	0	(1,052)
Effects of changes in consolidation scope	0	0	0	0	0
Amortisation	(8,407)	(140,901)	(7,383)	0	(156,691)
Transfers between asset items	(1)	428	(104)	(6,229)	(5,906)
Disposals	99	68,876	3,667	6,229	78,871
Balance at the end of the period	(67,363)	(2,126,546)	(59,235)	0	(2,253,144)
Net carrying amount					
At January 1, 2019	85,273	1,860,929	13,012	431,022	2,390,236
At June 30, 2019	151,545	1,930,659	35,782	452,506	2,570,492

11. ASSOCIATES AND JOINT VENTURES

As of June 30, 2020, investments in associates and joint ventures amounted to €180,343 thousand (December 2019: €167,653 thousand). This increase is explained by the acquisition of 50% of the shares in the company Mobius I SA (+ €9,683 thousand) in the Real Estate segment.

CFE group share in the net result of associates and joint ventures amounted to €16,786 thousand (June 2019: €10,614 thousand) and mainly derives from DEME activities, offshore wind farms and real estate development activities.

12. INVENTORIES

As of June 30, 2020, inventories amounted to €202,408 thousand (December 2019: €162,612 thousand) and broke down as follows:

<i>(in € thousands)</i>	June 2020	December 2019
Raw materials and auxiliary products	44,056	42,609
Impairment on inventories of raw materials and auxiliary products	(154)	(166)
Finished products and properties held for sale	159,054	120,648
Impairment on inventories of finished products	(548)	(479)
Inventories	202,408	162,612

The increase in finished products and properties held for sale (+ €38,406 thousand) is primarily attributable to the acquisition by BPI Real Estate Belgium and BPI Real Estate Luxembourg of land for development (+ €32,687 thousand).

13. TRADE RECEIVABLES AND OTHER OPERATING RECEIVABLES

As of June 30, 2020, trade receivables and other operating receivables amounted to €967,486 thousand (December 2019: €996,436 thousand). The decrease during the first half of 2020 is primarily attributable to the activities of the DEME group.

Regarding the risk on trade receivables, the group defined procedures in order to limit the risk. It should be noted that an important part of the consolidated sales is realized with public or semi-public customers. In addition, CFE considers that the concentration of the counterparty risk for customers is limited due to the large number of customers. It should also be noted that the CFE group continues its efforts to collect the outstanding receivables from the Chadian government.

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

As of June 30, 2020, these provisions amounted to €61,036 thousand, which represents an increase of €2,399 thousand compared to December 2019 (€58,637 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	15,166	31,057	9,430	2,984	58,637
Effects of changes in foreign exchange rates	(77)	(143)	0	0	(220)
Discounting effect	0	0	0	0	0
Transfers between items	0	(283)	2,019	(207)	1,529
Additions to provisions	919	8,153	0	258	9,330
Used provisions	(1,495)	(6,563)	0	(182)	(8,240)
Provisions reversed unused	0	0	0	0	0
Balance at the end of the period	14,513	32,221	11,449	2,853	61,036

of which current: €46,734 thousand
non-current: €14,302 thousand

The provision for after-sales service decreased by €653 thousand to €14,513 thousand as of June 30, 2020.

The provisions for other current risks increased by €1,164 thousand to €32,221 thousand as of June 30, 2020.

These provisions include:

- provisions for current litigation (€6,235 thousand), provisions for social risks (€399 thousand) and provisions for other current risks (€8,572 thousand). As regards other current risks, given that negotiations with customers are ongoing, we cannot provide more information about the assumptions made, nor about when the outflow of funds is likely to happen;
- provisions for losses on completion (€17,015 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 used up when the related contracts are performed.

When the CFE group's share in the losses of companies consolidated under the equity method exceeds the carrying amount of the investment, the latter amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate. The amount of those commitments is accounted for in the non-current provisions, as the Group considers having the obligation to support those entities and their projects.

Provisions for other non-current liabilities include the provisions for liabilities not directly related to site operations in progress.

15. CONTINGENT ASSETS AND LIABILITIES

Based on available information at the date on which the financial statements were approved by the Board of Directors, we are not aware of any contingent assets or liabilities, with the exception of contingent assets or liabilities related to construction contracts (for example, the group's claims against customers or claims by subcontractors) that can be described as normal in the dredging and construction sector and which are treated by applying the percentage-of-completion method during the recognition of revenue.

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

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

16. DERIVATIVE FINANCIAL INSTRUMENTS

The CFE group uses derivative financial instruments primarily to reduce exposure to adverse fluctuations in interest rates, foreign exchange rates, prices of commodities and other market risks. The company does not hold or issue any financial instruments for trading purposes. However, derivatives which do not qualify as hedging instruments are disclosed as instruments held for trading.

The change in fair value of hedging instruments in the consolidated equity of the CFE group amounts to €-5.7 million. This change is the consequence of the decrease of medium and long-term interest rates in the euro zone, and mainly concerns IRS hedging instruments from SPVs BAAK, SeaMade and Rentel, entities consolidated under the equity method.

As of June 30, 2020, derivative financial instruments have been estimated at their fair value.

17. NET FINANCIAL DEBT

17.1. NET FINANCIAL DEBT

(in € thousands)	June 2020			December 2019		
	Non-current	Current	Total	Non-current	Current	Total
Bank loans and other financial debts	814,688	204,986	1,019,674	899,236	207,098	1,106,334
Bonds	29,741	0	29,741	29,689	0	29,689
Drawings on credit facilities	136,200	0	136,200	98,000	0	98,000
Lease debts	112,520	29,440	141,960	112,976	36,374	149,350
Total long-term financial debt	1,093,149	234,426	1,327,575	1,139,901	243,472	1,383,373
Short-term financial debts	0	280,772	280,772	0	26,894	26,894
Cash equivalents	0	(15,476)	(15,476)	0	(31,105)	(31,105)
Cash	0	(789,849)	(789,849)	0	(581,101)	(581,101)
Net short-term financial debt/(cash)	0	(524,553)	(524,553)	0	(585,312)	(585,312)
Total net financial debt	1,093,149	(290,127)	803,022	1,139,901	(341,840)	798,061
Derivative instruments used as interest-rate hedges	10,548	4,431	14,979	8,369	3,567	11,936

The bank loans and other financial debts (€1,019,674 thousand) mainly relate to the corporate credit lines and project financing granted to DEME which are allocated to the financing of vessels.

The only bond still outstanding is that of BPI. This bond was issued on December 19, 2017 and is worth €30 million. It pays a coupon of 3.75% and matures on December 19, 2022.

The lease debts (€141,960 thousand) mainly concern the liabilities relating to the contracts that fall within the scope of IFRS 16 *Leases*. The share of the DEME group amounts to €106,112 thousand and primarily concerns their concessions, while the Contracting, Real Estate and Holding & non-transferred activities segments account for €35,848 thousand.

17.2. 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	June 2020
Bank loans and other financial debts	204,986	205,467	206,070	256,542	146,609	0	1,019,674
Bonds	0	0	29,741	0	0	0	29,741
Drawings on credit facilities	0	13,200	95,000	28,000	0	0	136,200
Lease debts	29,440	23,512	19,652	30,926	19,167	19,263	141,960
Total long-term financial debt	234,426	242,179	350,463	315,468	165,776	19,263	1,327,575
Short-term financial debts	280,772	0	0	0	0	0	280,772
Cash equivalents	(15,476)	0	0	0	0	0	(15,476)
Cash	(789,849)	0	0	0	0	0	(789,849)
Net short-term financial debt	(524,553)	0	0	0	0	0	(524,553)
Total net financial debt	(290,127)	242,179	350,463	315,468	165,776	19,263	803,022

17.3. CASH FLOWS RELATING TO FINANCIAL LIABILITIES

As of June 30, 2020, CFE Group's financial liabilities amounted to €1,608,347 thousand, or an increase by €198,080 thousand compared to December 31, 2019. This increased debt is primarily accounted for by the issuance of €125 million worth of commercial paper by DEME together with the use of their bank credit lines (revolving credit facilities) to the amount of €125 million.

(in € thousands)	December 2019	Cash flow	Non-cash movements		Total non-cash movements	June 2020
			Change in consolidation scope	Other changes		
Non-current financial liabilities						
Non-current bonds	29,689	0	0	52	52	29,741
Other non-current financial liabilities	1,110,212	(61,463)	1,980	12,679	14,659	1,063,408
Current financial liabilities						
Current bonds	0	0	0	0	0	0
Other current financial liabilities	270,366	249,639	0	(4,807)	(4,807)	515,198
Total	1,410,267	188,176	1,980	7,924	9,904	1,608,347

17.4. CREDIT FACILITIES AND COMMERCIAL PAPERS

As of June 30, 2020, CFE SA has confirmed long-term bank credit facilities of €274 million, of which €105 million was drawn as of June 30, 2020. CFE SA also has the possibility of issuing commercial paper and “Medium Term Notes” up to an amount of €50 million. This form of financing was drawn on to an amount of €35 million as of June 30, 2020.

As of June 30, 2020, BPI Real Estate Belgium SA has confirmed long-term bank credit facilities of €40 million, of which €26.2 million was drawn as of June 30, 2020. BPI Real Estate Belgium SA also has the possibility of issuing commercial paper up to an amount of €40 million. This form of financing was drawn on to an amount of €18.3 million as of June 30, 2020.

DEME has confirmed bank credit facilities (revolving credit facilities) of €100 million. DEME also has the possibility of issuing commercial paper up to an amount of €125 million. As of June 30, 2020, those two sources of funding have been fully used.

17.5. 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 EBITDA. The group complied with all these financial covenants as at June 30, 2020.

18. FINANCIAL RISK MANAGEMENT

18.1. INTEREST RATE RISK

The policy and the risk management procedures defined by the group are the same as those described in the 2019 annual report.

The impact of the risk coverage with regard to changes in interest rates on financial debts, excluding lease debts, can be summarized as follows:

Effective average interest rate **before** considering derivative products

Type of debts	Fixed rate			Floating rate			Total		
	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Bank loans and other financial debts	54,700	57.92%	1.16%	964,974	88.43%	0.74%	1,019,674	86.00%	0.76%
Bonds	29,741	31.49%	3.75%	0	0.00%	0.00%	29,741	2.51%	3.75%
Drawings on credit facilities	10,000	10.59%	1.40%	126,200	11.57%	1.02%	136,200	11.49%	1.05%
Total	94,441	100%	2.00%	1,091,174	100%	0.77%	1,185,615	100%	0.87%

Effective average interest rate **after** considering floating derivative products

Type of debts	Fixed rate			Floating rate			Floating rate capped + inflation			Total		
	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Bank loans and other financial debts	950,224	90.67%	1.17%	69,450	50.45%	1.09%	0	0.00%	0.00%	1,019,674	86.00%	1.17%
Bonds	29,741	2.84%	3.75%	0	0.00%	0.00%	0	0.00%	0.00%	29,741	2.51%	3.75%
Drawings on credit facilities	68,000	6.49%	1.48%	68,200	49.55%	1.06%	0	0.00%	0.00%	136,200	11.49%	1.27%
Total	1,047,965	100%	1.27%	137,650	100%	1.08%	0	0.00%	0.00%	1,185,615	100%	1.24%

18.2. DISTRIBUTION OF THE LONG TERM FINANCIAL DEBTS BY CURRENCY

The outstanding debts (excluding lease liabilities which are mostly in euros) by currency are as follows:

(in € thousands)	June 2020	December 2019
Euro	1,185,615	1,234,023
US Dollar	0	0
Other currencies	0	0
Total long term debts	1,185,615	1,234,023

18.3. CARRYING AMOUNTS AND FAIR VALUE BY ACCOUNTING CATEGORY

For the period ended June 30, 2020 (in € thousands)	FAMMFV / FLFVPL (3) – Derivatives not designated as hedging instruments	FAMMFV / FLFVPL (3) – Derivatives designated as hedging instruments	Assets/liabilit ies at amortised cost	Total of net carrying amount	Fair value measurement of financial assets by level	Fair value of the class
Non-current financial assets	702	353	90,826	91,881		91,881
Investments (1)	0	0	6,733	6,733	Level 2	6,733
Financial loans and receivables (1)	0	0	84,093	84,093	Level 2	84,093
Derivatives	702	353	0	1,055	Level 2	1,055
Current financial assets	3,252	650	1,772,811	1,776,713		1,776,713
Trade and other receivables	3,252	650	0	3,902	Level 2	3,902
Derivatives	0	0	967,486	967,486	Level 2	967,486
Cash equivalents (2)	0	0	15,476	15,476	Level 1	15,476
Cash at bank and in hand (2)	0	0	789,849	789,849	Level 1	789,849
Total assets	3,954	1,003	1,863,637	1,868,594		1,868,594
Non-current financial debts	2	10,548	1,093,149	1,103,699		1,111,172
Bonds	0	0	29,741	29,741	Level 1	29,741
Financial debts	0	0	1,063,408	1,063,408	Level 2	1,070,881
Derivatives	2	10,548	0	10,550	Level 2	10,550
Current financial liabilities	891	11,524	1,696,483	1,708,898		1,710,947
Trade payables and other operating debts	0	0	1,181,285	1,181,285	Level 2	1,181,285
Bonds	0	0	0	0	Level 1	0
Financial debts	0	0	515,198	515,198	Level 2	517,247
Derivatives	891	11,524	0	12,415	Level 2	12,415
Total liabilities	893	22,072	2,789,632	2,812,597		2,822,119

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

- (1) Included in items "Other non-current financial assets" and "Other non-current assets".
- (2) Included in item "Cash and cash equivalents".
- (3) FAMMFV: Financial assets mandatorily measured at fair value through profit and loss
FLFVPL: Financial liabilities measured at fair value through profit and loss

The fair value of financial instruments can be classified into three levels (1 to 3) based on the degree to which the inputs to the fair value measurements are observable:

- Fair value measurements of level 1 are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Fair value measurements of level 2 are based on inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (through prices) or indirectly (through input derived from prices);
- Fair value measurements of level 3 are based on valuation techniques comprising inputs which are unobservable for the asset or liability.

The fair value of financial instruments has been determined using the following methods:

- For short-term financial instruments, such as trade receivables and payables, the fair value is considered not to be significantly different from the carrying amount measured at 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 BPI, the fair value is based on the quoted price at reporting date;
- For fixed rate liabilities, the fair value is based on the discounted cash flows based on the market interest rates at the closing date.

19. LEASES (IN ACCORDANCE WITH IFRS 16 STANDARD)

As of June 30, 2020, the impact of IFRS 16 *Leases* on the consolidated statement of comprehensive income, the consolidated statement of financial position and the consolidated statement of cash flows of the CFE group can be summarized as follows:

As of June 30 (in € thousands)	2020	2019
Impact on the consolidated statement of comprehensive income		
Reversal of lease expenses	+14,575	+12.122
Depreciation expenses and impairment of right-of-use assets	(14,061)	(11.660)
EBIT	+514	+462
EBITDA	+14,575	+12.122
Financial result - Financial interests relating to lease liability	(907)	(1.008)
Impact on net result for the period	(393)	(546)
Impact on the consolidated statement of financial position		
Right-of-use assets	98,193	97.395
<i>of which right-of-use assets newly held during the first semester</i>	<i>12,054</i>	<i>11.554</i>
Lease debt	99,497	97.940
Impact on the consolidated statements of cash flows		
Cash flow from operating activities – reversal of lease expenses	+14,575	+12.122
Cash flow from financing activities – principal	(13,668)	(11.114)
Cash flow from financing activities – interest	(907)	(1.008)

20. OTHER COMMITMENTS GIVEN

Total commitments given by the CFE group as of June 30, 2020, other than real security interests, totalled €1,359,722 thousand (December 2019: €1,348,770 thousand). These commitments break down as follows:

(in € thousands)	June 2020	December 2019
Performance guarantees and performance bonds (a)	1,157,422	1,181,738
Bid bonds (b)	40,067	15,702
Repayment of advance payments (c)	840	840
Retentions (d)	19,272	19,415
Deferred payments to subcontractors and suppliers (e)	37,303	39,005
Other commitments given - including €52,799 thousand of corporate guarantees at DEME	104,818	92,070
Total	1,359,722	1,348,770

- 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.
- Guarantees provided as part of tenders relating to works contracts.
- Guarantees provided by a bank to a customer guaranteeing the repayment of advance payments in relation to contracts (mainly at DEME).
- Security provided by a bank to a client to replace the use of retention money.
- Guarantee covering the settlement of a debt to a supplier or subcontractor.

21. OTHER COMMITMENTS RECEIVED

(in € thousands)	June 2020	December 2019
Performance guarantees and performance bonds	449,920	603,641
Other commitments received	2,456	3,321
Total	452,376	606,962

22. LITIGATION

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

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

23. RELATED PARTIES

- Ackermans & van Haaren (AvH) owns 15,656,484 shares of CFE as of June 30, 2020 and is the main shareholder of the CFE group with a stake of 61.85%.
- Loans were granted to some members of the executive committee of CFE Contracting and BPI Real Estate Belgium in the framework of the stock option plans granted to these members.
- Dredging Environmental & Marine Engineering NV and CFE SA concluded a service contract with Ackermans & van Haaren NV on November 26, 2001 and on June 11, 2018 respectively. The remuneration due by Dredging Environmental & Marine Engineering NV, a 100% subsidiary of CFE SA, and CFE SA in accordance with that agreement amounted to €1,228 thousand and €672 thousand per year respectively.
- There were no transactions with the companies Trorema SRL, Frédéric Claes SA, 8822 SRL, D2C Partners SAS, Renaud Bentégeat Conseil SASU, Artist Valley SA, Almacon SRL, MSQ SRL, Codimmo SRL, Lesire Real Estate SRL and Smilestone SRL, without prejudice to the invoicing of these companies relating to the provision of services.
- As of June 30, 2020, the CFE group has joint control over Rent-A-Port NV, Green Offshore NV and their subsidiaries.
- Transactions with related parties concerned mainly transactions with companies in which CFE has a significant influence or a joint control. These transactions are concluded at arm's length.
- In the first half of 2020, there were no major changes in the nature of transactions with related parties compared to December 31, 2019.

Commercial and financing transactions between the group and associates or joint ventures consolidated under the equity method are as follows:

(in € thousands)	June 2020	December 2019
Assets with related parties	143,449	194,553
Non-current financial assets	88,543	92,177
Trade and other receivables	44,674	95,353
Other current assets	10,232	7,023
Liabilities with related parties	35,369	46,829
Other non-current liabilities	5,312	1,303
Trade and other operating payables	30,057	45,526
(in € thousands)	June 2020	June 2019
Revenues and expenses with related parties	176,878	158,474
Revenue and income from auxiliary activities	186,106	172,226
Purchases and other operating expenses	(12,171)	(19,833)
Net financial income/expense	2,943	6,081

24. SUBSEQUENT EVENTS

None.

25. IMPACT OF FOREIGN CURRENCIES

The international activities of the CFE group for the Contracting and Real Estate segments are mainly within the Euro zone and Poland. Consequently, the exposure of those segments to exchange risk and the impact on the financial statements are limited. DEME, however, carries on a large part of its business internationally. These activities are mainly in US dollars or in currencies that are closely tied to the US dollar. DEME uses financial instruments to hedge exchange rate risk.

26. SEASONAL NATURE OF THE BUSINESS

The construction activity is seasonal and susceptible to the climatic conditions of winter.

Revenue and income achieved in the first half year cannot be extrapolated over the full year. The seasonal nature of the business is reflected in a higher use of cash in the first half year.

No adjustments were made to take account of the impact of seasonal factors on the group's financial statements for the first half year. Income and expenses of the group from normal business operations which are subject to a seasonal, cyclical or occasional nature were recognized following the same valuation rules as at year-end. They were neither anticipated nor deferred in the interim financial statements.

ALTERNATIVE PERFORMANCE MEASURES RECONCILIATION

CFE Group uses performance measures in order to assess the group's financial performance, as presented below. The definitions of those performance measures are presented in the "Glossary" section of this report.

The net financial debt and EBITDA have been computed using the consolidated statement of income and the consolidated statement of financial position:

Net financial debt	June 2020	December 2019
(in € thousands)		
Non-current bonds	29,741	29,689
Non-current financial liabilities	1,063,408	1,110,212
Current bonds	0	0
Current financial liabilities	515,198	270,366
Financial liabilities	1,608,347	1,410,267
Cash and cash equivalents	(805,325)	(612,206)
Cash and cash equivalents	(805,325)	(612,206)
Consolidated net financial debt	<u>803,022</u>	<u>798,061</u>

EBITDA	June 2020	June 2019
(in € thousands)		
Income from operating activities	2,555	50,542
Depreciation on (in)tangible assets and investment property	156,168	157,265
Net depreciation on provisions	1,202	(614)
Impairment on assets and other non-cash items	(151)	(238)
Non-cash items	157,219	156,411
Consolidated EBITDA	<u>159,774</u>	<u>206,953</u>

The capital employed from the real estate segment has been computed using the consolidated statement of financial position per segment :

Capital employed	June 2020	December 2019
(in € thousands)		
Equity – Real estate segment	75,912	76,296
<i>Non-current borrowings from consolidated group companies (*)</i>	<i>20,000</i>	<i>21,800</i>
Non-current bonds	29,741	29,689
Non-current financial liabilities	50,531	13,378
Current bonds	0	0
Current financial liabilities	10,200	14,382
<i>Internal cash position – cash pooling - liabilities (*)</i>	<i>2,197</i>	<i>4,698</i>
Financial liabilities	112,669	83,947
<i>Non-current loans to consolidated group companies (*)</i>	<i>0</i>	<i>0</i>
Cash and cash equivalents	(6,307)	(6,411)
<i>Internal cash position – cash pooling – assets (*)</i>	<i>(5,493)</i>	<i>(11,167)</i>
Cash and cash equivalents	(11,800)	(17,578)
Consolidated net financial debt	100,869	66,369
Capital employed	<u>176,781</u>	<u>142,665</u>

(*) These account positions relate to cash positions with group entities belonging to other group segments (mainly CFE SA).

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: MSQ SRL, represented by Fabien De Jonge
Title: Chief Financial Officer

Piet Dejonghe
Managing Director

Date: August 24, 2020

GENERAL INFORMATION ABOUT THE COMPANY

Company name: Compagnie d'Entreprises CFE
Head office: avenue Herrmann-Debroux 42, 1160 Brussels
Telephone: + 32 2 661 12 11
Legal form: public limited company (*société anonyme*)
Incorporated under Belgian law
Date of incorporation: June 21, 1880
Duration: indefinite
Accounting period: from January 1 to December 31
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.”

AUDITOR'S REPORT

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the consolidated condensed statement of financial position as at 30 June 2020, the consolidated condensed income statement, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the period of six months then ended, as well as selective notes 1 to 26.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Compagnie d'Entreprises CFE NV/SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated condensed statement of financial position shows total assets of 5 351 040 (000) EUR and the consolidated condensed income statement shows a consolidated profit (group share) for the period then ended of 8 430 (000) EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Compagnie d'Entreprises CFE NV/SA has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 24 August 2020

The statutory auditor

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises CVBA/SCRL
Represented by Rik Neckebroeck