2019 HALF-YEARLY FINANCIAL REPORT

C O N T E N T S

I.

BUSINESS REVIEW FOR THE FIRST HALF OF 2019

ENVIRONMENT AND MARKET TRENDS IN THE 1ST HALF OF 2019

- **A nuanced economic slowdown in a sensitive geopolitical context**

Over the period, the Group benefited from a more promising environment than was expected at the end of 2018. Although GDP in the Eurozone experienced a substantial increase in the 1st quarter (+0.4%), encouraged by a favourable economic environment and public policies supporting domestic demand, growth slowed in the 2nd quarter. The uncertain geopolitical climate of the first half-year (potential of a hard Brexit, European elections, new governments in Europe, US trade policy), has not favoured European exports or investments.

Of the countries where the STEF Group operates, some have recorded a strong growth such as Spain and Portugal, where domestic demand should continue to support such growth. Conversely, the Italian economy has experienced a real downturn.

- ***Indicators reflecting the economic development of the first half-year*** [1]

	GDP in the Group's operating countries		Household food[1] consumption in the 1st half of 2019
	Q1	**Q2**	**H1**
Eurozone	**0.4%**	**0.2%**	0.9%
France	0.3%	0.2%	1.0%
Italy	0.1%	0.0%	-0.1%
Spain	0.7%(p)	0.5%(p)	1.5%
Portugal	0.5%(e)	*n.a.*	4.1%
Belgium	0.3%	*n.a.*	-1.6%
The Netherlands	0.5%(p)	0.5%(p)	*n.a.*
Switzerland	0.6%	*n.a.*	-0.8%

(e)estimated
(p)provisional

- **New consumption habits are affecting all organisations involved in the agrifood chain**

The transformation of the agrifood sector is widely recognised, but it is the pace of this transformation that is accelerating.

"CONSUMACTORS" – The choices made by end consumers now have a domino effect on the entire agrifood chain. Their new consumption habits, related to a changing lifestyle, but also to societal and environmental concerns, are driving them towards greater transparency, quality and practicality. Thus, those organisations involved in the food chain are increasing their initiatives to respond to these new paradigms, offering more innovations, products and services.

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[1] *Source: Eurostat, development compared to the previous period*
[1] *Source: Eurostat, development compared to the previous period, drinks and tobacco included*

PRODUCERS AND MANUFACTURERS – The successive climate events that have affected agricultural production in Europe since the start of the year (rainfall surplus and/or deficit, drought, heatwaves) are expected to have repercussions on the prices of raw materials and livestock and therefore, on the financial performance of manufacturers.
For the moment, agrifood manufacturers seem relatively robust and apart from the meat manufacturers who have suffered the consequences of swine fever, major international manufacturing groups have achieved good results.
Production was steady in the Group's main operating countries, despite a fall in industrial investments, particularly in France.

RETAILERS & RESTAURANT MANAGERS – Retailers are also working to satisfy consumers' new expectations. The first half-year confirmed the growing demand for e-commerce and the real competitive pressure caused by the arrival of the e-commerce giants (Amazon, Alibaba) and their business models on the European continent. In response, retailers are speeding up their digital transformation by increasing their technological and strategic partnerships.

SUPPLY CHAIN – By connecting the agrifood chain upstream and downstream, from production to distribution, the supply chain will continue to play a decisive and key role in these transformations that will represent growth opportunities for the sector in the coming years.

STEF – Aware of these challenges and the need to respond to a dynamic market, changing and awaiting innovation, STEF confirms its strategy of specialisation and investing in digital, but also innovation with its customers and its own operations to address these new requirements. By developing its structure towards a customer-focused model, the Group will be ready to address these market changes with dedicated services accompanied by personalised digital services, thereby creating value.

ACTIVITY OF THE OPERATIONAL SEGMENTS

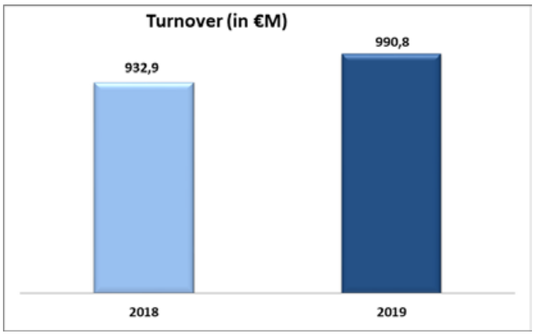
In the first half of 2019, the STEF Group's activities were well positioned with a turnover of €1,665.9 million, an increase of 7% compared with the first half of 2018 (+4% at comparable scope) and an operating profit up by 40%.

Milestones in the first half of 2019:

- The successful implementation of the Group's new structure in France focused on the specialisation of its activities*;
- The encouraging trend of the International activities, especially Italy and Portugal;
- Negotiations and a difficult context for La Méridionale regarding the future public service concession to operate crossings to Corsica;
- The contribution of external growth operations (in France, Transports Frigorifiques Grégoire Galliard, acquired in January 2019 and in the Netherlands, Netko, of which the Group took control in March 2019);
- The continued recruitment plan to support the Group's growth (an additional 1,200 employees over the period – including external growth).

**From 1 January 2019, the transport and logistics activities in France have been grouped under the name "STEF France". This new organisation is a result of the Group's strategy of supporting the changing markets and its customers' requirements for a single point of contact. The performances of the businesses are now presented by customer market segment. There are seven of these: Chilled Consignments/Chilled Supply Chain/Frozen/Ambient and temperature-controlled/Out-of-home foodservice/Retail/Seafood.*

STEF FRANCE



With a turnover of €990.8 million at the end of the 1st half-year, the STEF FRANCE division posted a growth of +6.2% (3.6% at constant scope), galvanised by its strengthened market share and the effect of fuel prices which remains favourable.
Operating profit, up by +41.9%, was driven by the Chilled Consignments, Chilled Supply Chain and Frozen businesses.

CHILLED CONSIGNMENTS

Turnover for chilled consignments rose by +3.5%. This trend was primarily the result of the sustained development of its Mid Market activities (+8.5%).
Over the half-year, the BU improved its operational system with the successful integration of the company Transports Frigorifiques Grégoire Gaillard, a long-standing partner of the STEF Group. Digital solutions are being deployed with the implementation of electronic signatures for bills of lading and the development of portals for customers and consignees. The BU has continued its recruitment policy with the creation of 300 permanent positions.
The 12% rise in operating profit confirms the Group's strategy of specialisation for its services.

CHILLED SUPPLY CHAIN

Turnover for the Chilled Supply Chain business rose by 5.6%. The Darvault site in the Paris region, opened in 2017, accounts for most of this growth, with a development of +23% compared with 2018 and an occupancy rate of 80%. Operational performance is showing a marked improvement.

FROZEN

During the half-year, the Frozen business experienced a strong improvement in its performances. Campaigns for ice creams, butter and pork exports to China generated an occupancy coefficient in the warehouses of 91.7% on average for the half-year, higher than the record rate in 2018 (91.2%) and despite a 5% increase in the BU's storage capacities.

AMBIENT AND TEMPERATURE-CONTROLLED

The ambient and temperature-controlled activity recorded steady results in the 1st half-year. For the second half of the year, establishing new deals for the summer period and launching prospects could herald a rapidly developing activity.

OUT-OF-HOME FOODSERVICE

The Out-of-home foodservice business saw its turnover grow by 5.9%, driven by the volumes from its main customers.
The structuring of the warehouse network continued, with the successful strengthening of the Plessis-Pâté site, in Ile-de- France and the opening of the Lyon-Mions site in April 2019. Operational performances continued to improve, particularly due to the finalised deployment of the monitoring, preparation and traceability tools for deliveries. The BU has started a new phase of increasing its market share.

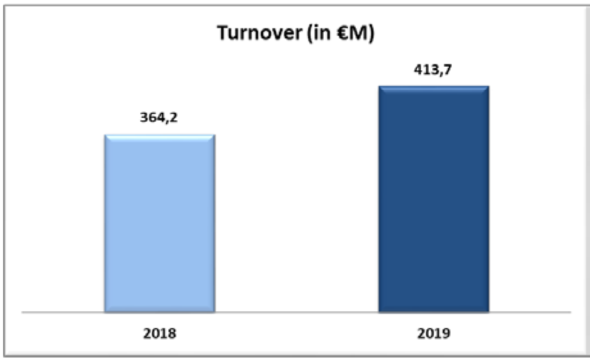
RETAIL

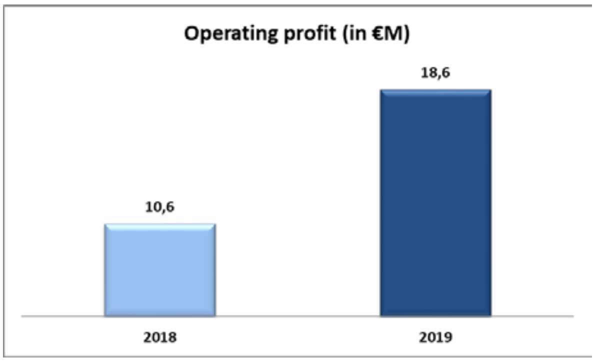
The Retail activity experienced very strong growth in the 1st half-year (+13.5%), boosted by the e-commerce business (BtoC) which grew by +56% and which now represents over 17% of retail turnover. The growing importance of the Aulnay-sous-Bois site, created to respond to the needs of the Ile de France drive-in services, is contributing to this development. The mechanisation of this site is currently underway and expected to be operational in the second half-year.
BtoB activity, up +7.6%, is driven by the Aix en Provence site, configured for the specific needs of a particular retailer since January 2019.
Commercial growth is strong with two contracts signed for 2020, one to operate chilled and dried activities in the Lyon region for an organic brand and the second, in Alsace, covering the processing of fruit and vegetable and frozen activities for one of the Group’s customers.

SEAFOOD

The growth in turnover for STEF Seafood (+65.2%) was mainly boosted by the company Express Marée, acquired in July 2018. However, the reality of this sector is more mixed and the BU’s results are falling, impacted by the difficulties experienced by retail customers who are suffering a decrease in volumes on this segment.

STEF INTERNATIONAL





International activities remain well positioned with turnover up by 13.6% (7.7% at constant scope), in the first half of 2019. Business was very steady in Italy (+17.8%), Portugal (+16.3%) and to a lesser extent in Spain (+5.7%).
Operating profit rose by 76.2%.

Changes in scope were a result of the Frozen activities of the company Marconi, acquired in May 2018 in Italy and the Dutch company STEF Raalte of which the Group took control on 1 March 2019.

ITALY

Despite the downturn in economic growth in Italy, turnover grew by 17.8% (+7% at comparable scope), galvanised by the transport and logistics activities for fresh products domestically and internationally, but also due to the diversification provided by the Marconi group's Frozen business. Increasing the market share, focused in recent years on Mid Market customers, is now targeting key account customers.

Redefining the system and bringing the new building complexes up to Group standards has led to a sustainable foundation for future development.

SPAIN

In a context of more moderate economic growth, the Group's turnover in Spain increased by 5.7% compared with the first half of 2018.

The growth is mainly due to the transport activities for fresh products on the domestic and international markets. The out-of-home foodservice business was boosted by its customers' development and the expansion in the product ranges handled for them. Logistics activities were maintained with a steady occupancy rate. All activities recorded a satisfactory trend in their performances.

The Group maintained its policy of developing and specialising its activities in Spain with the acquisition of a land reserve near Barcelona.

PORTUGAL

Portugal recorded a faster growth in the first half-year (+16.3%), boosted by the launch of new domestic consolidation activities, the growth in international consignments and frozen logistics. The additional frozen storage capacities developed in 2018 with the extensions to the Lisbon and Porto platforms, contributed to this performance. Building on this success, the Group continues to invest in Portugal with the acquisition of a land reserve in the Lisbon region.

BELGIUM

The rescue plan for the activities on the Saintes site (near Brussels), launched in 2018, has proved successful and the results have shown a marked improvement.
The Group has begun to create a national distribution network, the first step of which was setting up a partnership with a transport company in Liège. The next step will target the city of Antwerp.

THE NETHERLANDS

STEF’s TMS business application was successfully installed during the first half-year at the two sites of Bodegraven and Raalte. Along with the Eindhoven site, STEF’s three sites in the Netherlands will be connected to the same transport network in October 2019. The Group has launched initiatives to improve performance since the expected results were not achieved.

SWITZERLAND

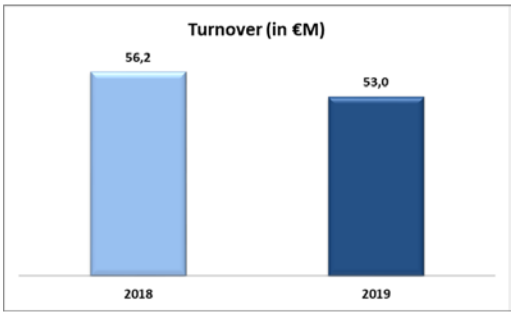
The growing importance of the activity on the Kolliken site, in German-speaking Switzerland, was confirmed with a first Chilled logistics deal successfully established at the start of the year and a second in late June.

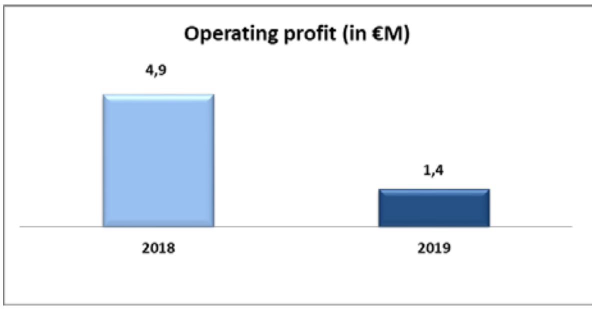
The new warehouse at Givisiez, near Fribourg, helps to consolidate the links with Swiss retailers and develop activities with national agrifood organisations.

EUROPEAN CONSIGNMENTS

European consignments continue to grow (+12%), mainly on the historical north-south axis. The scarcity of rolling stock remains a current phenomenon in Europe, but the company has adapted to this situation through solid partnerships.

MARITIME





For La Méridionale, activity in the first half-year was impacted by two social movements (in February and June), motivated by the company's exclusion from providing services from the ports of Bastia and Ajaccio under the call for tenders to operate services to Corsica from October 2019 to late 2020.

- Freight: the market between the French continent and Corsica is down slightly (-0.5%). Due to industrial disputes, activity at the Port of Marseille fell slightly in favour of the ports at Toulon and Nice. In this context, the volumes transported by La Méridionale fell by -6.1%;

- Passenger transport: traffic between France and Corsica (air and sea) fell by 1.4%, with air travel increasing by 2.7% to the detriment of the maritime traffic which decreased by 7.7%. Given this trend and the disruptions, the number of passengers transported by La Méridionale was down by 15.2%, a fall partially offset by the improvement in unit revenue (+3.3%).

Operating profit stood at €1.4M.

The summer period is looking promising for freight activity, with a significantly higher volume transported compared with 2018; passenger activity is slowing, given the competition from air transport and a less promising start to the tourist season.

From 1 October 2019, the activity will resume at the ports of Propriano and Porto-Vecchio (through the chartering of a vessel). The Corsican Authorities have issued a new call for tenders for these last two routes covering the period from February to December 2020, for which the company has applied. La Méridionale is also working on alternative solutions for the external chartering of those of its vessels which are available over the period.

REAL ESTATE

With approximately 240 warehouses and platforms in operation and twenty projects currently underway in Europe, IMMOSTEF supports the Group's long-term growth by constantly adapting its property assets and a sustained acquisition policy.

MAIN BUILDING PROJECTS STARTED AND DELIVERED IN 2019

Building projects delivered in the 1st half-year:

- STEF Seafood Rome (5,120 m²): delivery of a seafood products platform;
- STEF Bologna Phase 2 (9,610 m²): delivery of the extension to the Bologna platform, comprising 2 positive cold units;
- Extension of the Corbas frozen site in the Lyon region, representing a total net floor area of 4,350 m²;
- New STEF Suisse site at Givisiez, near Fribourg, mainly comprised of a 25,000 m³negative cold room and a 1,000m² chilled preparation room;
- Several remodelling projects and extensions to existing sites, particularly at Aix en Provence (8,000 m²), Montsoult (45,000 m³), Mions, Nice, Quimper and Boulogne sur Mer.

Main building projects started, to be delivered in the 2nd half of 2019:

- A tri-temperature warehouse for out-of-home foodservice operations at Miramas with a total net floor area of 11,900 m²;
- A new 3,700 m² chilled Consignments platform at Névian;
- A 5,850 m² extension to the Essarts site to increase the chilled consignments capacities and accommodate a chilled supply chain activity.

ACQUISITIONS OF LAND RESERVES IN 2019

- Portugal: Acquisition of a plot of land at Alenquer, intended for the construction of the Lisbon chilled consignments platform;
- Spain: Reservation of two plots of land in Girona (Catalonia) and Malaga (Andalusia), intended to accommodate two sites dedicated to chilled consignment activities;
- The Netherlands: acquisition of an office building adjoining the STEF Nederland site in Bodegraven;
- Italy: Reservation of a plot of land with buildings adjoining the current Parma site;
- France: Reservation of a plot of land near Mulhouse, intended to accommodate the extension of the existing transport site.

HUMAN RESOURCES

At 30 June 2019, the Group's workforce (permanent and fixed-term employment contracts) changed as follows, compared to 30 June 2018:

WORKFORCE BY BUSINESS DIVISION

Permanent and fixed-term employment contracts	30/06/2018	30/06/2019
STEF France	12,408	13,405
STEF International	3,826	4,057
Maritime (mainly La Méridionale)	570	570
Other activities and central functions	645	652
GROUP TOTAL	**17,449**	**18,684**

WORKFORCE BY COUNTRY

France	**13,689**	**14,698**
Outside France:	**3,760**	**3,986**
Spain	1,731	1,851
Portugal	519	488
Italy	802	842
Belgium	365	371
The Netherlands	237	309
Switzerland	106	125
GROUP TOTAL	**17,449**	**18,684**

The Group's workforce (permanent and fixed-term employment contracts) grew by 7.1%, continuing the trend of 2018. This is the result of external growth with the integration of:

- the company Express Marée in July 2018 (370 employees);
- the company Transports Frigorifiques Grégoire Galliard (now STEF Transport Sens) in January 2019 (140 employees);
- the company NETKO (now STEF Raalte) in the Netherlands in March 2019 (84 employees).

but also, the continuation of the Group’s hiring policy and the reduction in the use of temporary workers. In France, as part of the plan to recruit drivers, 150 permanent employees were hired in this category over the period.

CONSOLIDATED FINANCIAL STATEMENTS

CHANGE IN SCOPE

Change in the consolidation scope during the first half of 2019:

- Acquisition of 100% of the shares in Transports Frigorifiques Grégoire Galliard (now STEF Transport Sens), Logistique Frigorifique Bourguignonne and the SCI (real estate investment company) that owns the Transports Frigorifiques Grégoire Gaillard operating site;

- Acquisition of 60% of the shares in Netko (now STEF Raalte), bringing the shareholding in this company to 100%.

OVERVIEW OF TURNOVER

From 1 January 2019, the transport and logistics activities in France have been grouped under the name STEF France. This new presentation has resulted in a reclassification of €2.4 million in turnover, under the 1st half of 2018, from the STEF International segment to STEF France.

Cumulative half-year in €M	2018	2019	Change in %	At constant scope %
STEF France	932.9	990.8	6.2%	3.6%
STEF International	364.2	413.7	13.6%	7.7%
Sub-total Transport and Logistics	**1,297.0**	**1,404.5**	**8.3%**	**4.8%**
Maritime	56.2	53.0	(5.7)%	(5.7)%
Others	204.3	208.4	2.0%	2.0%
TOTAL	**1,557.6**	**1,665.9**	**7.0%**	**4.0%**

With the exception of Maritime, all the Group's activities were buoyant in the first half of 2019. Turnover increased by 7%, driven in particular by food consumption.

Consolidated income statement

Cumulative half-year in €M	2018	2019	Change in %
Turnover	**1,557.6**	**1,665.9**	7.0%
EBIT	**48.0**	**67.4**	40.4%
Financial income	(3.5)	(4.7)	
Profit before tax	**44.5**	**62.7**	40.7%
Tax expense	(12.0)	(22.4)	
Share in net profit of companies accounted for by the equity method	0.6	(0.5)	
Net profit (loss)	**33.1**	**39.8**	20.3%
- of which profit attributable to Group shareholders	**33.1**	**39.9**	20.6%
- of which profit attributable to minorities	0.0	(0.0)	

The Group's operating profit rose by more than 40% over the half-year. It was driven by a steady growth in activity, both in France and abroad.

The financial expenses include the interest expenses related to the application of the IFRS 16 standard for €0.7 million.

The Group's effective tax rate increased substantially in 2019 following the removal of the CICE tax measure on 1 January 2019.

The net profit attributable to Group shareholders stood at €39.9 million, an increase of 20.6% compared to the first half of 2018.

FINANCIAL STRUCTURE

Consolidated equity amounted to €701 million against €695 million at 31 December 2018. This change includes the distribution of dividends amounting to €30.9 million, following the 2018 allocation of the results.

FINANCIAL FLOWS

Cash flow from operations increased, mainly due to the cash flow generated by the business.

TRANSACTIONS BETWEEN RELATED PARTIES

The nature, terms and amounts of the transactions with related parties did not change significantly over the first half of 2019.

SIGNIFICANT CHANGES COMPARED WITH THE LAST ANNUAL REPORT

On the date of this financial report, there is no significant change compared with the 2018 annual report.

More specifically, there is no change or uncertainty relating to the principal risk factors set out in the 2018 annual report and which would likely have a significant impact on the business and the results of the second half of 2019.

IMPORTANT EVENTS OCCURRING BETWEEN THE BALANCE SHEET DATE AND THE DATE OF THIS REPORT

External growth: on 19 July 2019, by agreement subject to conditions precedent, the Group acquired 100% of the share capital in the company Dyad based in Flers in Escrebieux (Nord departement) and its operating property. Dyad specialises in industrial packaging, "co-packing and co-manufacturing". It generated a turnover of €12 million in 2018 and employs 120 people. The completion of the merger is scheduled for the end of September 2019.

La Méridionale: under the Public Service Concession between Marseille and Corsica, the company:

- will continue to provide the service between Marseille and Propriano until 31 January 2020;
- will operate the service between Marseille and Porto Vecchio on behalf of Corsica Linéa between 1 October 2019 and 31 January 2020;
- will respond to the call for tenders in early September to operate the service for the ports of Propriano and Porto Vecchio between 1 February 2020 and 31 December 2020.

At the same time, La Méridionale will study all alternative solutions for external chartering of its vessels which are available over the period.

OUTLOOK FOR 2019

In France, the results of the first-half year show the relevance of the new organisation of the "STEF France" activities and STEF will continue the actions related to the specialisation of its activities.
For the other countries, especially Italy, Spain and Portugal, the strong systems in place should help to continue to gain market share, despite less promising economic trends.
For La Méridionale, after the coming transition period, the objective is to prepare for the future long-term PSC and promote La Méridionale's role serving Corsica for 40 years.
Finally, STEF will strengthen its investments in digital and innovation to respond to the new requirements expressed by its customers and related to the transformation of the agrifood sector.

II.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2019

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

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CONSOLIDATED INCOME STATEMENT

	note	1st half 2019 (1)	1st half 2018	Change
TURNOVER	**9**	**1.665.906**	**1.557.555**	**7,0%**
Purchases from third parties	10	(1.032.242)	(1.000.830)	3,1%
Taxes and related expenses		(37.320)	(33.930)	10,0%
Payroll expenses		(454.266)	(420.149)	8,1%
Depreciation and amortisation	11	(83.520)	(54.578)	53,0%
(Net charges to) net reversals of provisions		3.677	(796)	
Other operating income and expenses	12	5.164	726	
OPERATING PROFIT		**67.399**	**47.998**	**40,4%**
Financial expenses	13	(5.063)	(3.984)	
Financial income	13	358	532	
Financial results		**(4.705)**	**(3.452)**	**36,3%**
PROFIT BEFORE TAX		**62.695**	**44.546**	**40,7%**
Tax expense	14	(22.355)	(11.994)	
Share in net profit of companies accounted for by the equity method	23	(506)	552	
PROFIT FOR THE PERIOD		**39.834**	**33.104**	**20,3%**
*** of which attributable to Group shareholders**		**39.862**	**33.055**	**20,6%**
* of which attributable to minorities		(28)	49	
EBITDA	**15**	**147.242**	**103.372**	**42,4%**
Earnings per share:		(in euros)	(in euros)	
- basic earnings per share:		3,23	2,68	
- diluted:		3,22	2,67	

(1) The accounts at 30 June 2019 are drawn up in accordance with the IFRS 16 standard using the modified retrospective approach (without restatement of the previous financial year)

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(in thousands of euros)

	1st half 2019	1st half 2018
PROFIT FOR THE PERIOD	**39.834**	**33.104**
Actuarial gains and losses on pension plans	(4.065)	289
Tax expense on non-recyclable items	1.099	(62)
Other items of comprehensive income, net of income tax which are not subsequently reclassified into income	**(2.966)**	**227**
Unrealised foreign exchange gains or losses from activities abı	678	274
Effective portion of change in fair value of cash flow hedging derivatives	(2.559)	452
Tax expense on recyclable items	806	(16)
Other items of comprehensive income, net of income tax which are subsequently reclassified into income	**(1.075)**	**710**
Comprehensive income for the period	35.793	**34.042**
*** of which attributable to Group shareholders**	35.820	**33.993**
* of which attributable to minorities	(28)	49

CONSOLIDATED BALANCE SHEET

(in thousands of euros)

ASSETS	note	30 June 2019 (1)	31 diciembre 2018
Goodwill	16	191.105	186.799
Other intangible assets	17	17.109	18.367
Tangible fixed assets	17	1.135.052	1.250.080
Right of use under leases	18	284.377	
Non-current financial assets		29.268	31.621
Investments in associated companies	23	25.946	27.892
Deferred tax assets		33.048	21.283
Total non-current assets		**1.715.905**	**1.536.042**
Inventories and work in progress		64.913	62.939
Customers		544.235	508.154
Other receivables and current financial assets		119.228	138.570
Current tax assets		1.726	18.442
Cash and cash equivalents (a)		51.341	59.609
Total current assets		**781.443**	**787.714**
TOTAL ASSETS		**2.497.348**	**2.323.756**

LIABILITIES	note	30 June 2019 (1)	31 diciembre 2018
Equity			
Share capital	19	13.166	13.166
Share premium account		0	0
Reserves		686.010	679.974
Equity, Group share		**699.176**	**693.140**
Minority interests		1.849	1.894
Total equity		**701.025**	**695.034**
Non-current provisions	20	42.690	37.358
Deferred tax liabilities		38.524	39.138
Non-current financial liabilities (b)	21	328.927	406.557
Non-current lease obligations (c)	21	152.341	
Total non-current liabilities		**562.482**	**483.053**
Trade accounts payable		430.805	446.837
Current provisions	20	14.514	21.050
Other current liabilities		329.791	352.823
Current tax liabilities		12.085	224
Current financial liabilities (d)	21	395.091	324.735
Current lease obligations (e)	21	51.555	
Total current liabilities		**1.233.841**	**1.145.669**
TOTAL LIABILITIES		**2.497.348**	**2.323.756**
Net debt (b) + (c) + (d) + (e) - (a)		876.573	671.683
Debt/equity ratio		1,25	0,97

(1) The accounts at 30 June 2019 are drawn up in accordance with the IFRS 16 standard using the modified retrospective approach (without restatement of the previous financial year)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of euros)

	Share capital	Share premium account	Consolidated reserves	Translation reserves	Treasury shares	Fair value reserve	Equity attributable to equity shareholders of the parent company STEF	Minority interests	Total equity
Equity at 1 January 2018	**13.166**		**659.735**	**(1.640)**	**(40.438)**	**(5.001)**	**625.822**	**2.629**	**628.451**
Dividends paid			(30.232)				(30.232)	(65)	(30.297)
Acquisition and disposal of treasury shares					346		346		346
Other share transactions			2.186				2.186		2.186
Transactions with minority interests							0	(66)	(66)
Total transactions with shareholders	**0**	**0**	**(28.046)**	**0**	**346**	**0**	**(27.700)**	**(131)**	**(27.831)**
Comprehensive income for the period			**33.282**	**274**		**436**	**33.993**	**49**	**34.042**
Equity at 30 June 2018	**13.166**	**0**	**664.971**	**(1.366)**	**(40.092)**	**(4.565)**	**632.115**	**2.547**	**634.662**
Equity at 1 January 2019	**13.166**	**0**	**725.372**	**(738)**	**(40.538)**	**(4.122)**	**693.140**	**1.894**	**695.034**
Dividends paid			(30.869)				(30.869)		(30.869)
Acquisition and disposal of treasury shares							0		0
Other share transactions					1.085		1.085	(18)	1.067
Transactions with minority interests							0		0
Total transactions with shareholders	**0**	**0**	**(30.869)**	**0**	**1.085**	**0**	**(29.784)**	**(18)**	**(29.802)**
Comprehensive income for the period			**36.896**	**678**		**(1.753)**	**35.820**	**(28)**	**35.793**
Equity at 30 June 2019	**13.166**	**0**	**731.399**	**(60)**	**(39.453)**	**(5.875)**	**699.176**	**1.848**	**701.025**

CASH FLOW STATEMENT

(in thousands of euros)

	1st half 2019 (1)	1st half 2018	Exercice 2018
Profit for the period	**39.835**	**33.103**	**94.550**
+/- Net depreciation, amortisation, impairment of non-current assets and provisions	77.435	54.942	113.785
+/- Gains or losses from the sale of non-current assets	(820)	(1.015)	(906)
+/- Share in net profit (loss) of associated companies	506	(552)	(298)
+/- Change in market value of derivatives	(19)	(34)	(26)
+/- Other expenses and income, generating no change in cash	(400)	2.186	1.753
- Deferred tax	0	0	(395)
Cash flow from operations (A)	**116.537**	**88.630**	**208.463**
Cancellation of the tax expense (income)	22.355	11.994	36.112
Taxes paid (not including the CICE tax measure)	(19.380)	(13.275)	(27.450)
Changes in the other items of the WC	(32.364)	(19.259)	17.466
+/- Change in working capital (B)	**(29.389)**	**(20.540)**	**26.128**
NET CASH FROM OPERATING ACTIVITIES (C) = (A+B)	**87.148**	**68.090**	**234.591**
- Cash used in acquiring intangible assets	(772)	(4.311)	(7.699)
- Cash used in acquiring tangible fixed assets	(84.970)	(172.002)	(295.697)
+/- Change in granted loans and advances + financial assets	1.196	(161)	(2.612)
-/+ Proceeds and cash used in the acquisition and sale of subsidiaries net of acquired cash (*)	(1.975)	(35.865)	(44.218)
+ Proceeds from sale of tangible and intangible fixed assets	2.563	3.053	6.604
+ Dividends received from associated companies	1.403	1.134	1.438
NET CASH FROM INVESTMENT ACTIVITIES (D)	**(82.555)**	**(208.152)**	**(342.184)**
+/- Acquisition and disposal of treasury shares	(144)	346	(100)
- Dividends paid to STEF owners	(30.869)	(30.232)	(30.230)
- Dividends paid to minority shareholders	(0)	(65)	(65)
+ Proceeds from new borrowings	78.389	202.469	255.916
- Repayment of borrowings and lease obligations	(114.376)	(40.372)	(67.379)
NET CASH FROM FINANCING ACTIVITIES (E)	**(67.000)**	**132.146**	**158.142**
Net cash position at beginning of period	44.993	(5.556)	(5.556)
Net cash position at end of period	(17.414)	(13.472)	44.993
= CHANGE IN NET CASH POSITION (C+D+E)	**(62.407)**	**(7.916)**	**50.549**

Net cash positions at the balance sheet dates are as follows:	1st half 2019 (1)	1st half 2018	Exercice 2018
Cash and cash equivalents	51.341	46.580	59.609
Bank overdrafts and short-term loans (note 21)	(68.755)	(60.052)	(14.616)
	(17.414)	**(13.472)**	**44.993**

(*) -/+ Proceeds and cash used in the acquisition and sale of subsidiaries net of acquired cash (*)	1st half 2019 (1)	1st half 2018	Exercice 2018
Cost of acquiring financial assets of purchased companies	(4.565)	(34.603)	(42.619)
Acquired cash/cash outflow from sold companies	2.590	(1.262)	(1.599)
Net cash paid out	**(1.975)**	**(35.865)**	**(44.218)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2019

1 – ENTITY PRESENTING THE FINANCIAL STATEMENTS

STEF SA, is a public limited company incorporated under French law with its registered office in Paris and its shares listed on the NYSE Euronext Paris' B compartment. The interim condensed consolidated financial statements for the half-year ended on 30 June 2019 include STEF S.A. and its subsidiaries, collectively referred to as “the Group” and the Group’s share in associated companies. Unless otherwise specified, they are presented in euros, rounded to the nearest thousand.
These interim condensed consolidated financial statements were approved by the Board of Directors of STEF S.A. on 29 August 2019.

2 – ACCOUNTING STANDARDS

The interim condensed consolidated financial statements for the half-year ended on 30 June 2019 have been prepared in accordance with the IAS 34 standard *“Interim financial information”* of the International Financial Reporting Standards (IFRS) as adopted by the European Union.
These interim condensed accounts do not include all the information required for the annual accounts and must be read alongside the consolidated financial statements for the financial year ended on 31 December 2018.

3 – ACCOUNTING PRINCIPLES AND PRESENTATION OPTIONS

The accounting methods applied by the Group for the preparation of the interim financial statements are the same as those applied to the consolidated financial statements for the financial year ended on 31 December 2018, to which it is important to refer, with the exception:

- of the standards, amendments to standards and interpretations applicable for the first time in 2019 and;
- the evaluation methods specific to interim financial reporting described in paragraph 4 below.

IFRS 16 “Leases” standard

The Group applied the IFRS 16 “leases” standard, the application of which became compulsory in the European Union on 1 January 2019. This standard replaces the IAS 17 standard and its interpretations.

For lessees, recognition is now based on a single model, due to the removal of the distinction between operating and finance leases.
IFRS 16 provides for the recognition of all leases in the lessees’ balance sheet, with recognition of an asset (representative of the right of use of the asset leased for the contract term) and a liability (in respect of the lease payment obligation).

The Group favours a policy of owning its own major assets, however it does have a certain number of leased assets mainly comprised of land or platforms and warehouses, operating vehicles, handling equipment and computer hardware.

The Group has chosen to presents the rights of use separately from other assets and the lease obligations separately from the financial liabilities in the consolidated balance sheet.

The transition method selected is the modified retrospective approach. This considers that the asset under the right of use is equal to the amount of the lease obligations on the transition date. Consequently, the comparative information is not adjusted.

For contracts in force on the date of first application, the Group has chosen to apply the simplification measure which avoids applying IFRS 16 to the portfolio of existing contracts on the transition date (retention of the IAS 17/IFRIC 4 analyses). For leases previously classified as finance leases, on the transition date, the right of use and lease obligation are evaluated as the same amounts as under the IAS 17 standard on the date of first application.

Furthermore, the Group applies the following simplification measures:

- Contracts where the original term is less than 12 months do not result in the recognition of an asset and a liability;
- Lease payments corresponding to an asset with a low unit value (less than or equal to 5,000 euros) are not adjusted and are reported under expenses.

The discount rates used correspond to the contract rate when this is available. Otherwise, a rate is determined based on the Group's incremental borrowing rate to which a spread is added to take account of the risk appropriate to each country. This rate is adjusted to the contract term (residual term for existing contracts at the first application date) taking account of its duration.

The impacts of the first application of IFRS 16 are presented in notes 5 and 18.

Other standards, amendments and interpretations

The Group has applied the following amendments and interpretations:

IFRS 9 – amendment: Prepayment features with negative compensation
IAS 28 – amendment: Long-term Interests in associated companies and joint ventures
IAS 19 – amendment: Plan amendment, curtailment or settlement
IFRIC 23 – amendment: Uncertain tax positions

These amendments do not affect the Group's consolidated financial statements at 30 June 2019.

Operational segments: Consolidation of the Transport and Logistics France activities

On 1 January 2019, the Group decided to group the Transport France and Logistics France business sectors under the name STEF France. This development relates to the Group's desire to support the changing markets and our customers' requirements for a single point of contact within the Group. Consequently, the segment information has been amended to reflect this new organisation and the reporting used by the Group's Management.

4 – ESTIMATES

The preparation of the interim consolidated financial statements requires the Group's management to make estimates and assumptions that have an impact on the application of the accounting methods and on the values used to close the accounts for the financial year concerned. In particular, the definitive actual values may differ from the estimated values.

For the preparation of the interim consolidated financial statements, the significant assumptions used to apply the Group's accounting methods and the main sources of uncertainty relating to the estimates were similar to those described in the consolidated financial statements for the financial year ending on 31 December 2018.

The specific evaluation methods applied to the interim financial reports were as follows:

- the tax expense for the half-year was evaluated by applying the profit before tax for the half-year excluding the Maritime profit, the estimated average effective tax rate for the full year;

- expenses relating to the contractual incentives for personnel corresponded to half the estimated expenses for the entire financial year;

- employee profit-sharing expenses were estimated based on the budget for the 2019 financial year. At 30 June the share of profit-sharing expenses was accounted for depending on the profit before tax;

- the amounts recognised as pension benefit commitments in the consolidated balance sheet at 30 June were determined by adjusting the net book value on the opening of the accrued benefits, the interest costs and contributions to the plan depending on the amounts estimated at 31 December 2018 for 2019 along with the actuarial gains and losses of the period.

5 – IFRS 16: IMPACT OF THE FIRST APPLICATION ON THE 2019 ACCOUNTS

The impact of the implementation of this new standard is presented below:

Impact of the first application of IFRS 16 on the opening balance sheet:

(in thousands of euros)	Balance sheet at 31 December 2018	First application of IFRS 16	Balance sheet at 1 January 2019 with IFRS 16
Assets			
Right of use under leases	0	297.872	297.872
Goodwill	186.799		186.799
Other intangible assets	18.367		18.367
Tangible fixed assets	1.250.080	(153.841)	1.096.239
Other non-current assets	80.796		80.796
Total non-current assets	**1.536.042**	**144.031**	**1.680.073**
Current assets	728.105		728.105
Cash and cash equivalents (a)	59.609		59.609
Total current assets	**787.714**	**0**	**787.714**
TOTAL ASSETS	**2.323.756**	**144.031**	**2.467.787**
Liabilities			
Total equity	**695.034**		**695.034**
Non-current financial liabilities (b)	406.557	(48.010)	358.547
Non-current lease obligations (c)		154.793	154.793
Other non-current liabilities	76.496		76.496
Total non-current liabilities	**483.053**	**106.783**	**589.836**
Current financial liabilities (d)	324.735	(19.579)	305.156
Current lease obligations (e)		56.827	56.827
Other non-current liabilities	820.934		820.934
Total current liabilities	**1.145.669**	**37.248**	**1.182.917**
TOTAL LIABILITIES	**2.323.756**	**144.031**	**2.467.787**
Net debt (b) + (c) + (d) + (e) - (a)	**671.683**	**144.031**	**815.714**
Debt/equity ratio	**0,97**		**1,17**

The main impacts include:
- Recognition of the rights of use under leases;
- The reclassification of assets and liabilities recognised under existing finance leases at 31 December 2018.

Presentation of the 2019 income statement if the Group had continued to apply IAS 17:

(in thousands of euros)	Proforma at 30 June 2019 with IAS 17	IFRS 16 impact	Income statement at 30 June 2019
TURNOVER	**1.665.906**		**1.665.906**
Purchases from third parties	(1.053.504)	21.263	(1.032.242)
Taxes and related expenses	(37.320)		(37.320)
Payroll expenses	(454.266)		(454.266)
Depreciation and amortisation	(62.113)	(21.407)	(83.520)
(Net charges to) net reversals of provisions	3.677		3.677
Other operating income and expenses	5.164		5.164
OPERATING PROFIT	**67.543**	**(144)**	**67.399**
FINANCIAL INCOME	**(4.002)**	**(703)**	**(4.705)**
PROFIT BEFORE TAX	**63.541**	**(847)**	**62.695**
Tax expense	(22.664)	309	(22.355)
Share in net profit of companies accounted for by the equity method	(506)		(506)
PROFIT FOR THE PERIOD	**40.372**	**(538)**	**39.834**
*** of which attributable to Group shareholders**	**40.399**	**(538)**	**39.862**
* of which attributable to minorities	(28)		(28)
EBITDA	**125.979**	**21.263**	**147.242**

6 – SEASONAL NATURE OF THE BUSINESS

Business in the second half-year is generally stronger than the first due to the concentration of the summer period and the end-of-year festive period. Consequently, the operating profit for the first half-year is traditionally lower than that for the second half-year.

7 – SCOPE OF CONSOLIDATION

On 4 January 2019, the Group acquired in France:

- 100% of Transports Frigorifiques Grégoire Galliard (now STEF Transport Sens) and Logistique Frigorifique Bourguignonne and;
- 100% of the shares in the SCI (real estate investment company) that owns the Transports Frigorifiques Grégoire Gaillard operating site.

On 1 March 2019, the Group acquired 60% of Netko (now STEF Raalte), bringing the shareholding in this company to 100%.

The goodwill recognised for these acquisitions is presented in note 16.

Furthermore, there were no disposals over the period.

8 – FINANCIAL RISK MANAGEMENT

The Group hedges the rate risk on floating rate debt related to long-term real estate and maritime financing through interest rate swaps.

At 30 June 2019, the total notional amount of the instruments for hedging the rate risk on floating rate debt was €191 million compared with €214 million at 31 December 2018.

The Group's exposure to customer credit risk did not record any unfavourable change in the last half-year. None of its customers is of a such a size that their bankruptcy could have a significant effect on the financial situation of the Group which, notwithstanding the protection mechanisms that it has due to the applicable regulations, continues to use credit insurance in the transport sector and for all its international activities.

With regards exchange rate risk, the Group operates mainly in the Eurozone and its exposure to the exchange rate fluctuations in other currencies remains low.

Finally, in terms of liquidity risk, the Group is still relatively unexposed given the existing margins on the available credit lines due to its active policy of centralising cash flow in France and in its principal European subsidiaries.

9 – SEGMENT INFORMATION

From 1 January 2019, the transport and logistics activities in France have been grouped under the name STEF France. This reflects the Group's new organisation and the desire to support the changing markets and our customers' requirements for a single point of contact within the Group.

In accordance with IFRS 8, the information relating to previous periods is restated.

This new presentation has resulted in a reclassification of €2.4 million in turnover, under the 1st half of 2018, from the STEF International segment to STEF France.

1st half 2019	STEF France	STEF International	Maritime	Others	Consolidated data
External turnover	990.821	413.699	53.030	208.356	1.665.906
Operating profit	43.935	18.603	1.418	3.444	67.400
Profit before tax	40.631	16.707	701	4.656	62.695

1st half 2018	STEF France	STEF International	Maritime	Others	Consolidated data
External turnover	932.885	364.162	56.240	204.268	1.557.555
Operating profit	30.962	10.556	4.937	1.543	47.998
Profit before tax	29.006	9.090	4.088	2.362	44.546

The turnover of the "Other" sector includes goods trading for third parties for €196.1 million in the 1st half of 2019 compared with €192.5 million in the 1st half of 2018.

10 – PURCHASES FROM THIRD PARTIES

(in thousands of euros)	1st half 2019	1st half 2018
Purchases other than energy (including foodservice good	216.470	208.513
Purchases of diesel and other fuels	73.628	69.103
Purchases of other energy	21.310	23.021
Subcontracting	496.137	464.812
Rent and lease expenses	19.850	40.518
Maintenance	43.680	41.459
External staff and intermediaries' wages and salaries	84.645	81.803
Insurance and losses	30.623	27.513
External services and miscellaneous	45.899	44.088
Total	**1.032.242**	**1.000.830**

The change in this item can be explained primarily by:

- the increase in purchases other than energy;
- the rise in subcontracting expenses in relation to the scope effects and the increase in the Group's activity in the 1st half of 2019;
- the reduction in rents and lease expenses due to the first application of IFRS 16.

Rents and lease expenses mainly correspond to the expenses relating to leases that are exempt (short term and/or for an asset with a low unit value) and the lease services component (lease expenses and maintenance and cleaning contracts for rolling stock).

11 – DEPRECIATION AND AMORTISATION

(in thousands of euros)	1st half 2019	1st half 2018
Amortisation of intangible fixed assets	2.134	2.730
Amortisation of tangible fixed assets	52.972	51.848
Amortisation of rights of use*	28.414	0
Total	**83.520**	**54.578**

** Under IFRS 16, the amortisation of finance leases are reclassified as amortisation of rights of use amounting to 6,454 thousand euros*

12 – OTHER OPERATING INCOME AND EXPENSES

(in thousands of euros)	1st half 2019	1st half 2018
Gains and losses on fixed asset sales	411	974
Gains and losses on sales of rolling stock	879	680
Others	3.874	(928)
Total	**5.164**	**726**

In 2019, other income notably included an insurance payment on a real estate claim relating to a warehouse in Spain.

13 – FINANCIAL INCOME

	1st half 2019	1st half 2018
Financial income		
Dividends received from assets held for sale		
Income from fair value of financial assets and liabilities recorded at fair value in profit and loss	59	35
Other financial income	299	497
Financial expenses		
Net interest expenses on financial liabilities measured at amortised cost	(4.166)	(3.975)
Interest expenses on lease obligations	(738)	
Expenses from fair value of financial assets and liabilities recorded at fair value in profit and loss		
Net foreign exchange losses	(159)	(9)
NET FINANCIAL EXPENSES	**(4.705)**	**(3.452)**

Interest rates remained stable during the 1st half of 2019 and particularly the Euribor 3 month which averaged -0.31% (vs. -0.33% in the 1st half of 2018).

14 – TAX EXPENSE

The effective tax rate paid during the first half of 2019 stood at 34.5% up 7 points compared with the effective tax rate for the 2018 financial year (27.5%) and by 7.5 points compared with the first half of 2018 (27%). This difference is explained by the removal of the CICE tax measure and the associated tax credit.

Excluding the profits from the Maritime business, not subject to income tax, but tonnage tax, the effective rate was 36% compared to 29.4% in the 1st half of 2018.

15 – EBITDA

	Information 30 June 2019 without IFRS 16	IFRS 16 impact	Information 30 June 2019	1st half 2018
Operating profit	67.543	(144)	67.399	47.998
Net allocation to amortisations	62.113	21.407	83.520	54.578
Net allocations (reversals) on depreciations and provisions	(3.677)		(3.677)	796
Total	**125.979**	**21.263**	**147.242**	**103.372**

16 – GOODWILL

Goodwill developed by €4.3 million over the period mainly due to the acquisition:

- of 100% of the shares in Transport Frigorifiques Grégoire Gaillard which generated provisional goodwill of €1.1 million. The purchase price was €2,860K.
- of 60% of the shares in Netko (now STEF Raalte) which generated provisional goodwill of €3 million. The purchase price was €1,705K.

These acquisitions represent an annual turnover (including internal turnover) of approximately €28 million. The goodwill is currently being allocated on the balance sheet date.

The Group has not identified an indication of loss in value on its goodwill, intangible assets with an indeterminate lifetime or its tangible and intangible assets with a limited lifetime over the course of the half-year ended on 30 June 2019.

17 – INTANGIBLE AND TANGIBLE FIXED ASSETS

The principal acquisitions of tangible fixed assets over the period (excluding maintenance investments) covered:

- the acquisition of several plots of land in Portugal and France for €6.6 million;
- the construction of new sites at Miramas, Bologna (extension) and Corbas (extension) for €15.5 million and an office building in the Netherlands for €5.6 million;
- the acquisition of rolling stock for €4 million;
- rights of use related to leases for €22 million.

18 – LEASES

The rights of use relating to leases are presented below by underlying asset type

	Real estate	Rolling stock	Other assets	Total
At 31 December 2018	-	-	-	-
First application of IFRS 16 standard	91.686	50.784	1.561	144.031
Increases	10.053	9.743	2.288	22.084
Changes in scope	385	1.170	-	1.555
Depreciation and amortisation	(10.459)	(17.483)	(472)	(28.414)
Terminations	(126)	(34)	(4)	(164)
Reclassifications and other changes*	98.338	47.468	(521)	145.285
At 30 June 2019	**189.878**	**91.647**	**2.852**	**284.377**

** including the reclassification of assets related to existing finance leases at 31 December 2018*

19 – EQUITY

At 30 June 2019, the share capital of STEF S.A. was comprised of 13,165,649 paid shares with a nominal value of 1 euro. The dividend paid in the first half of 2019, under the result of the 2018 financial year amounted to 2.50 euros per share.

20 – PROVISIONS

The change in the provisions for risks and expenses is presented as follows:

	31 December 2018	Allocations	Reversals	Scope	Other changes	30 junio 2019
Length-of-service awards payable	23.223	363	(97)	375	4.078	27.942
Long-service awards	9.729	678	(226)		6	10.187
Dispute provisions	16.637	9.592	(13.507)			12.722
Other provisions	8.819	1.053	(3.654)	135		6.353
Total	**58.408**	**11.686**	**(17.484)**	**510**	**4.084**	**57.204**
Non-current provisions	37.358	1.505	(1.127)	510	4.444	42.690
Current provisions	21.050	10.181	(16.357)		(360)	14.514

Other variations include the impact of updating, in the 1st half of 2019, the discount rates used to measure the actuarial liability of commitments of length-of-service awards payable on retirement. The rate used at 30 June 2019 was 1% in the Eurozone (1.75% in 2018) and 0.50% for Switzerland (1% in 2018).

21 – LOANS AND FINANCIAL LIABILITIES

These are analysed as follows:

	30 junio 2019	31 diciembre 2018
Non-current financial liabilities		
Bank borrowings and drawdowns of confirmed credit lines of more than one year	321.839	354.207
Liabilities associated with finance leases*	0	48.010
Lease obligations*	152.341	
Fair value of financial derivatives	7.088	4.340
Total non-current debts	**481.268**	**406.557**
Current financial liabilities		
Portion at less than one year of:		
- Bank loans and spot lines of credit	57.102	49.115
- Liabilities associated with finance leases*	0	19.579
- Lease obligations*	51.555	
- Miscellaneous financial liabilities	2.867	2.850
- Commercial papers	263.200	235.200
Fair value of financial derivatives	3.167	3.375
Bank overdrafts and short-term loans	68.755	14.616
Total current debts	**446.646**	**324.735**
Total financial liabilities	**927.914**	**731.292**

** Liabilities associated with finance leases have been reclassified as lease obligations under the 1st application of IFRS 16*

And have changed as follows over the past half-year:

	31 December 2018	new loans	repayments	Change in scope	Other net changes and reclassifications	30 June 2019
Bank loans and credit line drawdowns	403.322	50.339	(81.516)	6.488	308	378.941
Liabilities associated with finance leases	67.589				(67.589)	0
Lease obligations*	0	22.084	(31.487)	1.555	211.744	203.896
Commercial papers	235.200	28.000				263.200
Miscellaneous financial liabilities & accrued interest	2.850	50	(1.373)	1.374	(34)	2.867
Bank overdrafts and short-term loans	14.616				54.139	68.755
Fair value of financial derivatives	7.715				2.540	10.255
Total	**731.292**	**100.473**	**(114.376)**	**9.417**	**201.108**	**927.914**

** including €144,031K input related to the first application of IFRS 16 presented under other net changes and reclassifications*

The Group has spot loans totalling €32 million, of which €9 million were used at 30 June 2019 (unused at 31 December 2018) and overdraft agreements, with no agreed expiry dates, totalling €103 million (same amount at 31 December 2018) of which €69 million was used at 30 June 2019 (€15 million at 31 December 2018).

The current cash needs required for the Group's operations are mainly provided by credit lines at parent company level. The Group had 6 confirmed medium-term credit lines available, totalling €135 million, of which €25 million were used at 30 June 2019 (9 credit lines available at 31 December 2018 for €148.5 million of which €50 million used at this date).

Finally, the outstanding amount for the commercial papers programme, issued by STEF SA on maturities ranging from 1 day to 1 year is €263 million (€235 million at 31 December 2018).

22 – INFORMATION ON THE FAIR VALUE OF FINANCIAL INSTRUMENTS BY CATEGORY

	Balance sheet value 30/06/2019	Fair value through the income statement	Fair value through other comprehensive income	Financial instruments at amortised cost
Unconsolidated equity instruments	87		87	
Other non-current financial assets	6.554			6.554
Loans and receivables from financial activities	22.156			22.156
Marketable securities	471		471	
sub-total: non-current financial assets	***29.268***	***0***	***558***	***28.710***
Customers	544.235			544.235
Other accounts receivable	120.954			120.954
Cash and cash equivalents	51.341	51.341		
Assets	**745.797**	**51.341**	**558**	**693.898**

	Balance sheet value 30/06/2019	Fair value through the income statement	Fair value through other comprehensive income	Financial instruments at amortised cost	Liabilities not qualified as financial
Derivative financial liabilities	10.255	150	10.105		
Debts from financial activities	645.008			645.008	
Lease obligations	203.896				203.896
Current financial liabilities	68.755			68.755	
sub-total: financial liabilities	***927.914***	***150***	***10.105***	***713.763***	***203.896***
Trade accounts payable	430.805			430.805	
Other accounts payable	341.876			341.876	
Liabilities	**1.700.595**	**150**	**10.105**	**1.486.444**	**203.896**

Financial instruments recognised at fair value are classified according to the following hierarchy levels:

- Level 1: financial instruments which are listed on an active market;

- Level 2: financial instruments whose evaluation requires the use of valuation techniques based on observable parameters;

- Level 3: financial instruments whose evaluation requires the use of valuation techniques based in whole or in part on non-observable parameters.

	Level 1	Level 2	Level 3
Financial assets at fair value through other comprehensive income		558	
Cash and cash equivalents	2.458	48.883	
Assets	**2.458**	**49.441**	
Derivatives		10.255	
Liabilities	**0**	**10.255**	

23 – OPERATIONS WITH RELATED PARTIES

In terms of the STEF Group, related parties are associated companies, directors (including members of the Group's Executive Management) and the shareholding structures of managers and senior executives who are not directors and employee investment funds.

The nature, terms and amounts of the transactions with related parties did not experience any significant change over the 1st half of 2019 excluding the acquisition of 60% of the shares in Netko (now STEF Raalte). This entity has now been fully consolidated since 1 March 2019.

The values of the shares and the Group's share of the profit of associated companies is broken down as follows:

30 junio 2019	Group share	Total turnover	Total assets	Total liabilities excluding equity	Company's net assets	Equity value	Net profit (loss)	Net profit (loss) attributable to Group
FROIDCOMBI	25,50%	9.775	12.579	9.476	3.103	792	738	188
MESSAGERIES LAITIERES	38,69%	NA	NA	NA	14.467	6.933	671	260
NETKO (1)	40,00%						617	247
NORFRIGO	37,65%	NA	NA	NA	24.702	6.423	227	85
OLANO SEAFOOD IBERICA	32,00%	NA	16.469	13.175	3.294	1.401	(1.151)	(368)
OLANO VALENCIA	20,00%	2.189	NA	NA	2.125	846	262	52
QSL- STEF	49,00%	NA	NA	NA	1.625	796	121	59
NORMANDIE EXPORT LOGISTICS	38,69%	NA	NA	NA	7.452	2.883	(316)	(122)
STEFOVER TUNISIE	49,00%	NA	NA	NA	141	126		0
GROUPE PRIMEVER	49,00%	NA	NA	NA	10.198	5.695	(1.851)	(907)
SCCV INNOVESPACE CORBAS	25,00%	NA	NA	NA	1	0		0
SCCV PARC DIJON CHAMPOLLION	49,00%	NA	NA	NA		0		0
SCCV NOBEL	49,00%	NA	NA	NA	50	25		0
SCCV SILSA	49,00%	NA	NA	NA	50	25		0
TOTAL					**67.208**	**25.946**	**(682)**	**(506)**

(1) Company fully consolidated on 1 March 2019

24 – OFF-BALANCE SHEET COMMITMENTS

The off-balance sheet commitments referred to in the notes to the 2018 consolidated accounts did not change significantly over the first half of 2019 with the exception of the purchase of the "Liverpool Seaways" vessel from DFDS for an amount of €27,563K (excluding the deposit of €3 million) and the implementation of IFRS 16 on leases.

25 – POSSIBLE LIABILITIES

On 22 February 2018, Corsica Ferries called the group of companies SNCM (represented by its liquidators) and La Méridionale before the Commercial Court of Marseille. Corsica Ferries believes that the joint response of both companies to the consultation for the awarding of the public service concession for the 2014-2023 period (a concession now cancelled), was an anti-competitive practice, even though it was authorised by the specifications of this consultation.

The Group has prepared a defence with the assistance of its lawyers and believes that this legal action is not legitimate and that there is no liability to be recognised. A hearing is scheduled for October 2019 at the Commercial Court of Marseille.

26 – POST CLOSURE EVENTS

Under the Public Service Concession between Marseille and Corsica, La Méridionale,

- will continue to provide the service between Marseille and Propriano until 31 January 2020
- will operate the service between Marseille and Porto Vecchio on behalf of Corsica Linea between 1 October 2019 and 31 January 2020
- will respond to the call for tenders in early September for operating the service for the ports of Propriano and Porto Vecchio between 1 February 2020 and 31 December 2020

At the same time, La Méridionale will study all alternative solutions for external chartering of its vessels which are available over the period.

On 19 July 2019, by agreement subject to conditions precedent, the Group acquired 100% of the share capital in the company Dyad, a co-packing specialist.

III.

RESPONSIBILITY STATEMENT IN RESPECT OF THE 2019 HALF-YEARLY FINANCIAL REPORT

STATEMENT FROM THE PERSON RESPONSIBLE FOR THE HALF-YEARLY FINANCIAL REPORT

I certify, to the best of my knowledge, that the condensed consolidated financial statements at 30 June 2019 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and profit or loss of all the companies included in the scope of consolidation of the STEF Group and that the business review for the first half of 2019 gives an accurate picture of the information referred to in Article 222-6 of the AMF's General Regulations.

Paris, 29 August 2019

Stanislas LEMOR
Chairman and Chief Executive Officer

IV.

STATUTORY AUDITORS' REPORT ON THE 2019 HALF-YEARLY FINANCIAL INFORMATION

KPMG AUDIT IS
Tour EQHO
2 avenue Gambetta
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92066 Paris La Défense Cedex
France

MAZARS
Exaltis
61 rue Henri Regnault
92400 Courbevoie
France

STEF S.A.

Statutory auditors' report
on the half-yearly financial information
Period from 1 January to 30 June 2019

Period from 1 January to 30 June 2019
STEF S.A.
93, boulevard Malesherbes – 75008 Paris
This report contains 19 pages

STEF S.A.

Head Office: 93, boulevard Malesherbes - 75008 Paris
Share capital: €.13 515 649

Rapport des commissaires aux comptes sur l'information financière semestrielle 2019

Période du 1er janvier 2019 au 30 juin 2019

Mesdames, Messieurs les Actionnaires,

In accordance with the assignment entrusted to us by your Shareholders' Meeting and pursuant to Article L. 451-1-2 III of the French Monetary and Financial Code, we have conducted:

- a limited review of the accompanying half-yearly consolidated financial statements for the company STEF, relating to the period from 1 January 2019 to 30 June 2019, as attached to this report;
- verification of the information given in the half-yearly business review.

These half-yearly condensed consolidated financial statements have been prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these consolidated financial statements based on our limited review.

I - Conclusion on the accounts

We conducted our limited review in accordance with the professional standards applicable in France.

A limited review essentially involves interviewing the members of management responsible for accounting and financial matters and applying analytical procedures. These works are substantially less extensive than those required for an audit conducted in accordance with the professional standards applicable in France. Consequently, the assurance that the financial statements, taken as a whole, are free of material misstatement obtained under a limited review is a limited assurance, lower than that given by an audit.

Based on our limited review, we found no material misstatement that would call into question the compliance of the condensed half-yearly consolidated financial statements with the IAS 34 standard of the IFRS relating to interim financial information as adopted by the European Union.

Without prejudice to the conclusion expressed above, we draw your attention to the notes *"3 – Accounting principles and presentation options"* and *"5 – IFRS 16 – Impact of the first application on the 2019 accounts"* which set out the impacts of the first application of the IFRS 16 "Leases" standard.

II – Specific procedures

We also verified the information given in the half-yearly business review commenting on the condensed half-yearly consolidated financial statements subject to our limited review. We have no comment to make as to the fair presentation of this information or its consistency with the half-yearly consolidated financial statements.

Paris La Défense and Courbevoie, 29 August 2019

The Statutory Auditors

KPMG Audit	MAZARS
Jérémie Lerondeau	Anne-Laure Rousselou
Associate	*Associate*