2020 HALF-YEARLY FINANCIAL REPORT

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BUSINESS REVIEW FIRST HALF OF 2020

BUSINESS REVIEW FOR THE FIRST HALF OF 2020

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ENVIRONMENT AND MARKET TRENDS IN THE FIRST HALF OF 2020

In the first half of 2020, the STEF Group's operations were heavily impacted by the effects of the global health crisis and the associated sudden economic slowdown.

AN EXCEPTIONALLY DIFFICULT ENVIRONMENT

In Europe, the unprecedented health measures taken by States from March in order to stop the spread of the pandemic, led to a sharp decline in economic activity as a whole and dramatic changes in eating habits.

	GDP in the Group's operating countries[1]	
	Q1	H1
Eurozone	-3.6%	-12.1%
France	-5.9%	-13.8%
Italy	-5.3%	-12.4%
Spain	-5.2%	-18.5%
Portugal	-3.8%	-14.1%
Belgium	-3.5%	-12.2%
The	-1.5%	n.a.
Switzerland	-2.6%	n.a

n.a = Data not currently published

The change in STEF's activities, dedicated to food consumption, is a real barometer of the economic activity in its operating countries.

During lockdown in the countries in which the STEF Group operates, food consumption fell in volume from mid-March due especially to the switch to consumption predominantly at home and the sudden stop in tourism. With the closure of restaurants and cafés, out-of-home foodservices came to a grinding halt which also severely affected wholesale activities. This situation led to the following effects:

- Changes in consumption habits and supply channels;
- Fewer tourists due to the travel and movement restrictions;
- Consumption more focused on dry and frozen products rather than fresh products, particularly at the start of lockdown;
- Less waste, notably due to the closure of mass catering.

[1] *Source Eurostat, development compared to the previous period*

CHANGES IN CONSUMPTION HABITS

- ***Out-of-home foodservices, a hard-hit sector***

  The closure of restaurants and cafés in the main countries resulted in the collapse of out-of-home foodservices volumes. According to Food Service Vision, the restaurant industry in France lost €17.5 billion in the first half-year. This situation had a major impact on the wholesale sector which distributes these products and particularly seafood products which are highly dependent on these distribution channels.

- ***Retail and new distribution channels, the popularity of local formats***

  Overall, retail benefited from the fall in out-of-home consumption channels, especially supermarkets and local and convenience stores; in contrast, hypermarkets were at a disadvantage.
  New distribution channels were rapidly developed, driven by a sudden and challenging health situation.
  Thus, driven by e-commerce, producers sought to reach consumers and distributors directly to offer more local products. Short distribution channels became more attractive.
  Food purchases through the e-commerce channel have emerged as a practice accessible to all. In Europe, food e-commerce now represents 3% of sales[4] (compared with less than 2% before the crisis). It achieved an 8%[5] market share in France.

- ***Manufacturers and producers, new distribution strategies***

  The dairy, meat and seafood products industries urgently refocused their marketing strategies, reduced their production and looked for new opportunities and new storage spaces.

- ***Pragmatic consumers, renewed interest in frozen, unprocessed and organic products***

The flow of goods has been completely disrupted with some moving away from traditional distribution channels and others saturating existing channels.
This disorganisation of flows and the associated transport methods, has made the, sometimes already precarious, balance in certain industrial sectors more difficult and at the same time, has revealed the essential nature of the logistics chain.

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[4] *Source:Kantar World Panel*
[5] *Source: IRI – June 2020*

THE FOOD SUPPLY CHAIN, THE SECTOR'S KEY LINK

In order to support these sometimes radical, shifts the supply chain was mobilised to the extreme. Logistics partners modified their organisations to adapt to erratic fluctuations in volumes, the health constraints, changes in the distribution channels and the specific limitations of the fresh and frozen production sectors.

Faced with these multiple factors, the profession had to cope with the challenges of ensuring business continuity and protecting its employees and partners, while managing additional operating costs.

A RESILIENT END TO THE HALF-YEAR

From mid-May, with lockdown lifted, food volumes recovered, with the exception of out-of-home foodservices which is still struggling to return to its pre-crisis levels.

During this "rush" period, the STEF Group's teams have worked to rise to the challenge of offering unfailing support to their customers and, at whatever cost, fulfil their mission of "connecting" food market players.

The crisis has accelerated trends, which consolidates the Group in its strategic choices, enabling it to support is customers' requirements in a post-Covid-19 world that experts are calling the "New Normal".

KEY EVENTS DURING THE PERIOD AT STEF

THE COVID-19 PANDEMIC

The major event of the period is still undeniably the COVID-19 pandemic and the resulting lockdown lasting nearly two months, greatly impacting the Group's economic activity in all countries.

STEF launched a comprehensive plan to adapt its operating costs and align operating resources as closely as possible to the fall in activity (including implementing partial unemployment measures), without however compromising the continuity of the Group’s service or its medium- and long-term development.

In February, STEF created a crisis unit responsible for monitoring the epidemic risk and defining, at Group level, information, prevention and protection policies in order to guarantee the safety of its employees and the continuity of its operations.

Internally, STEF deployed a large-scale prevention campaign focusing on good practices and preventative measures to protect the health of its employees, customers, service providers and other stakeholders. Strong employee protection measures have been implemented to provide them with protective equipment (masks, hand sanitiser, gloves, disinfectants).

A remote working system has been set up for employees whose presence on site is not strictly necessary.
In order to take into account the exceptional mobilisation of its field teams, in most countries, during the lockdown period, the Group paid an attendance bonus to employees whose presence was necessary for business continuity (drivers, operating personnel).

The major operating constraints, caused by the disruption to the flow of goods and the health measures, generated additional operating costs which, combined with the sudden fall in volumes, considerably affected the economic performance of the half-year.

OTHER KEY EVENTS IN THE HALF-YEAR

- The resilience of Italy, Spain and Portugal, in International activities;
- The extremely unfavourable environment in which La Méridionale developed, serving the two ports of Porto Vecchio and Propriano and where the situation was aggravated by the Covid-19 crisis;
- The development of partnerships with two operations, the acquisition of a 49% stake in the company Logistique Internationale Alimentaire, positioned across international consignments from France to Northern and Eastern Europe and the change in shareholding within the Prim@ever group, in fruit and vegetable logistics, following the integration of new businesses.

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STEF GROUP'S OPERATIONS IN THE FIRST HALF-YEAR

In this specific and unprecedented context, the Group's turnover was €1,491 million, down 10.5% compared to the first half of 2019 (-10.8% at comparable scope). Net profit attributable to Group shareholders stood at €14.9 million (-62.7%).

STEF FRANCE

For STEF France, which represents approximately 60% of the Group's turnover, the activity of the first half-year held two very distinct realities.

The period before lockdown, at the end of February, posted a growth of +4%, while the half-year closed down by 5.7% (-6% at comparable scope).

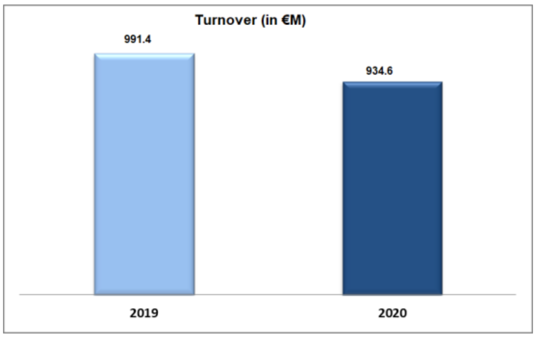
Changes in eating patterns and purchasing behaviours during the lockdown period had a varying impact on the activity of the different BUs and highlighted extremely mixed realities depending on the specialities.
Only two BUs (retail and ambient and temperature-controlled) posted a positive growth rate, which leads to several conclusions:

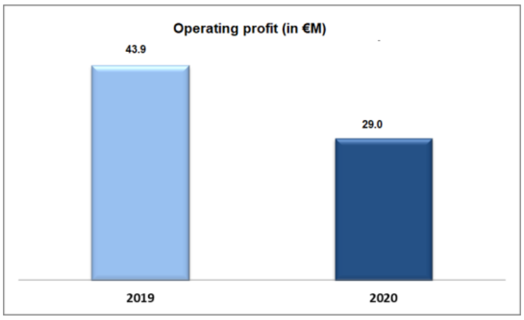
- Logistics activities across all BUs have proved to be resilient;
- @commerce logistics experienced a strong increase in demand which was restricted by production capacities;
- The FROZEN BU succeeded in offsetting the fall in the transport activity with its logistics activities;
- Network transport activities were most affected, particularly due to the almost complete shutdown of the out-of-home foodservices.

The packaging (-30%), out-of-home foodservices (-24.3%) and seafood products (-17.9%) activities and to a lesser extent, the chilled consignments BU (-7.2%) were most significantly impacted.
Without however offsetting these losses, the activity on behalf of supermarkets and hypermarkets (retail) grew by 10.6%, driven mainly by the development in @commerce and the transfer of out-of-home foodservices volumes to traditional distribution channels.

All BUs have implemented plans to adapt resources since March. Economic performance has gradually recovered since June, when the adaptation measures implemented began to generate results.

At the end of June, operating profit was down 34% compared with 2019.





CHILLED CONSIGNMENTS

During the first half of 2020, the turnover of the CHILLED CONSIGNMENTS business contracted by 7.2%, although growth was 2.9% at the end of February.

The decisions to close mass catering and out-of-home foodservices and the cancellation of festive events had a major effect on retail delivery activities. The Ile de France region was hardest hit. Despite the reopening of catering establishments in May, out-of-home food consumption has not recovered its growth of the start of the year.

Due to efforts to adapt production resources and despite exceptional costs (standard measures for all BUs), the fall in the operating margin was contained.

CHILLED SUPPLY CHAIN

Despite the health crisis, the CHILLED SUPPLY CHAIN activity remained steady, and the fall in the out-of-home foodservices business was largely offset by retail consignments.

However the BU has had to deal with major operating constraints due to erratic variations in volumes over the period. The deployment of a specific programme has made operations more reactive so that resources can be adapted to such disruptions.

Operational performances are improving, particularly on the Darvault site.

FROZEN

The FROZEN BU's turnover experienced a marginal fall compared with the previous year (-1.8%).

Some sites saw drops in activity of up to 50%. However, high stock levels, particularly in March and April, a strong retail activity and a solid recovery from May have limited the effects of the crisis.

AMBIENT AND TEMPERATURE-CONTROLLED

With a growth of 18.7%, the ambient and temperature-controlled activity remained strong over the first half-year. Its performances have improved, driven by good operational management.

Delivery of the extensions to the Lyon and Orléans sites, scheduled for the summer, promise excellent commercial prospects.

OUT-OF-HOME FOODSERVICES

After two dynamic months, out-of-home foodservices came to a sudden halt in mid-March when most catering premises were closed until early June.

During lockdown, takeaway sales and home deliveries enabled the major fast food brands to regain their sales. Since the easing of lockdown, sales have gradually returned to their previous levels. However, half-year turnover was down by -24.3% compared with 2019.

Over the period, working with customers to adapt human resources and operating conditions helped to control operating costs, although these remain very high due to the irreducible costs needed to continue, and even reduce, the activity.

RETAIL

The RETAIL BU saw a very strong growth in the first half-year (+10.6%).

The @commerce (B to C) activity grew by +49% and now represents over 22% of the BU’s turnover.

The increase in the B to B activity was more moderate (+1.9%). Supermarket and local formats and specialist stores have fared well during this crisis.

Commercial growth is expected to remain pronounced in the second half-year with the introduction of two new sites. One, in the Lyon region, concerns a retailer specialising in organic products. The Group has supplied its stores across the whole of France since June. The second is based in Alsace and is for one of the Group’s long-standing customers.

SEAFOOD

Turnover for the SEAFOOD business fell sharply in the first half-year (-17.9%). After a start to the year which was comparable to 2019, the lockdown measures taken by the authorities, with the closure of restaurants, resulted in serious repercussions for the business. The sector came to a near halt and consignments with wholesalers, the main distribution channel for these products, dried up.

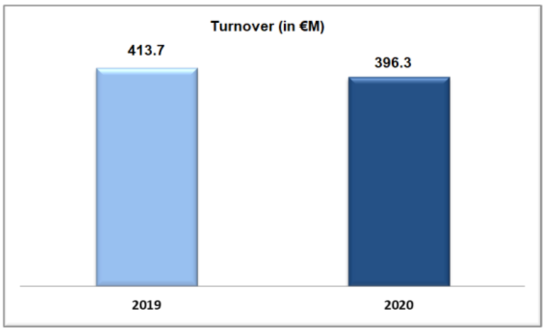
PACKAGING

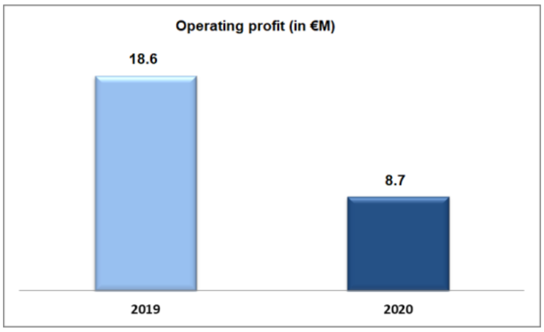
With turnover down by over 30% compared with 2019, the PACKAGING BU was severely impacted by the crisis. Its co-packing activity was directly affected due to the suspension of promotions during the lockdown period.

This sharp decline occurred at a time when resources were being strengthened to support the Group's packaging projects in Europe. Indeed, the operating profit for the first half-year saw a significant fall.

In this difficult context, the work to integrate DYAD into the STEF environment across the IT infrastructure continued and away from the health crisis, the Group’s customers are welcoming the new co-packing and co-manufacturing offers with interest.

STEF INTERNATIONAL





International activities, which account for just over a quarter of the Group's turnover, posted a fall of 4.2% (-4.6% at comparable scope). Italy (-6.6%), Spain (-5.6%) and Portugal (-7.4%) demonstrated a certain robustness, while Belgium (-9.3%) and the Netherlands (-12.9% at constant scope) were more severely affected.

ITALY

As with STEF France, the health crisis has had variable effects on the Group's different operating segments in Italy. The chilled consignments, domestic and international and Seafood activities were most severely affected by the reduction in volumes. However, the impact on the Supply Chain and Frozen activities was limited by the growth in retail, which benefited from the transfer of volumes.
The responsiveness in adapting production resources and human resources management curbed the consequences of the fall in activity and helped to re-establish a satisfactory performance level from May.

Seafood was the subject of an agreement, which came into effect on 1 July 2020, which aims to transfer its activities to a new structure in which the Group holds 40%. This alliance will offer new opportunities in a troubled market, affected by the constant decrease in volumes.

SPAIN

The Group's operations in Spain held up, with turnover down by a lower proportion than the Group's average (-5.6%).
The out-of-home foodservices activity was heavily hit by the closure of restaurants and schools. Conversely, retail activities of fresh and frozen products logistics recorded a good level of activity due to the development of distribution channels for local stores.

During the half-year, the Group strengthened its operation on the Iberian peninsula with the acquisition of a bi-temperature platform at Girona, in the north-east of the country, which will help to support the growth in international transport.

PORTUGAL

Portugal posted a fall in turnover of 7.4 % in the first half of 2020.
Nevertheless, the Group continued its investments with the launch of the construction of a new transport platform to the north of Lisbon (Alenquer) in February 2020, and strengthened its capacities in negative cold on the Porto site, enabling it to house an additional 5000 pallets (100,000 m^3 in total). Enhanced operating facilities ensure the quality of service.

BELGIUM

The start of the year heralded a marked increase in profit, but the health crisis and the lockdown period resulted in a fall in turnover for two of STEF's main activities in Belgium: out-of-home foodservices and European consignments for exports. The main logistics contracts were renewed during the first half-year.

THE NETHERLANDS

The health crisis has had a considerable impact on STEF's operations in the Netherlands, requiring a structured rescue plan and teams to be strengthened with employees experienced in implementing the Group's processes.

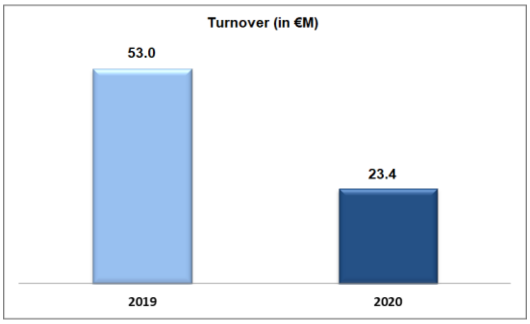
SWITZERLAND

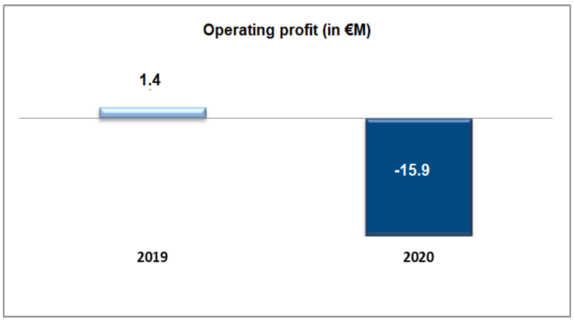
Despite the health crisis, strong commercial growth remains. Furthermore, STEF Switzerland now has many assets and opportunities.
The transformation of the Transport organisation is complete and has improved efficiency; in particular the quality of service level is higher than 99.5%.
The Transport and Logistics divisions are now deploying their actions across the entire country, providing flexibility and consistent services and controlling costs. Prospects are buoyant and the situation is improving, allowing the development plan to continue.

EUROPEAN CONSIGNMENTS

European consignments continued their momentum on the north-south axis with a steady growth. The health crisis had a limited impact on the activity.

MARITIME





La Méridionale provides maritime transport for passengers and freight between Marseille and Corsica using ro-ro mixed passenger and cargo vessels.
The maritime activity, a minority business within the Group, was seriously impacted during the first half of 2020, with a fall in turnover of 55.8%.

The situation has been highly unbalanced since October 2019, this continued in 2020 due to the loss of the service to the main ports of Bastia and Ajaccio, added to which, the effects of the Covid-19 crisis and its successive restrictions in terms of the movement of passengers and cargo.

During the first half-year, La Méridionale therefore operated in a limited scope of activity serving the ports of Propriano and Porto-Vecchio.
In accordance with the prefectoral decrees issued following the national emergency health plan, La Méridionale was forced to suspend passenger transport between Corsica and the continent until 11 May. La Méridionale maintained its cargo transport business, but with a very sharp decline in the number of journeys. The frequency of journeys returned to a normal rate from June.

The chartering of the Girolata in the Mediterranean by an Italian shipowner was suspended from 20 March to 2 June due to the lockdown measures taken in the country.

Short-term prospects:

- the summer season is expected to be mixed with a downturn in tourist activity to the Corsica destination;

- La Méridionale, in partnership with Corsica Linéa, has responded to the call for tenders launched by the Corsican Transport Office for a 7-year public service concession due to start on 1 January 2021. The Corsican Assembly is set to decide on the applications in late September;

- La Méridionale is turning to market diversification solutions and external chartering of its available vessels (not assigned to the public service concession with Corsica). The Pelagos vessel (formerly Liverpool Seaways), delivered in May, will be part of this project.

2020 OUTLOOK

The unprecedented health crisis will continue to mark 2020.

The easing of lockdown measures from mid-May led to an improvement in our activities and a noticeable recovery in volumes. In June, the start of the economic recovery proved to be gradual in the different countries where the Group operates.

STEF has a strong balance sheet. It has secured its financing in order to continue the deployment of its medium- and long-term strategic plan.
The Group has not resorted to Government support measures, it has not requested deferrals for taxes and social security contributions. At the date of this report, the Group only has a residual number employees in partial unemployment.

The pandemic's development will certainly continue to generate uncertainty during the second half of the year. The plan to adapt production resources to the configuration of customer markets implemented in the first half-year will continue to have an effect on the second half-year.

STEF is relying on its business model and the growth of its agri-food and retail customers to capitalise on this critical period. This has revealed the key role of an essential and reactive logistics chain in guaranteeing consumers access to food products and ensuring our customers have the reliability their business needs.

CENTRES OF EXPERTISE

REAL ESTATE

With over 240 warehouses and platforms in operation and multiple projects currently underway in Europe, IMMOSTEF supports the Group's long-term growth by constantly adapting its property assets and a proactive acquisition policy. Despite the health crisis and lockdown, the Group's real estate activity was still very busy during the first half-year: many projects were delivered or launched and studies undertaken in relation to future developments.

MAIN BUILDING PROJECTS STARTED AND/OR DELIVERED IN 2020

Building projects delivered in the first half of 2020:

- New site at Brandérion (Lorient) bringing together the seafood product activities of STEF and Express Marée (3,000 m²);
- Extension of the ambient and temperature-controlled site of L'Isle D'Abeau (6,000 m² unit);
- Extension of the transport sites at Vannes and Rennes;
- Transformation of a 22,000 m^3 chamber to negative cold at Donzenac, near Brive, 1,100 m² extension to the site at Gap and transformation of the site at Saint Pierre des Corps (Tours) for the out-of-home foodservices BU.

Main building projects started in the first half of 2020:

- France: extensions and creation of additional units at:
  - Orléans Nord (Poupry), 22,300 m² dedicated to the ambient and temperature-controlled BU;
  - Saint Sever: new 20,000 m^3 negative cold chamber for the frozen BU;
  - Pessac (Bordeaux): partial reconstruction of the retail site (4,000 m²);
  - Burnhaupt (Mulhouse): new 36,000 m^3 negative cold chamber;
  - Sorgues (Avignon): 1,100 m² extension to the refrigerated quay area;
- Portugal: new transport platform in the suburb north of Lisbon

  (Alenquer) and delivery of two additional negative cold units at Porto;
- Italy: two chilled consignments platforms at Basiano (east Milan) and Longiano (Rimini).

ACQUISITIONS AND SALE OF LAND AND REAL ESTATE ASSETS

IMMOSTEF pursues an active land acquisition policy and has structured its approach to create strategic land reserves in order to support the Group's development as closely as possible in a rapidly changing regulatory context (in particular, the ZAN “Zero Net Artificialisation” project in France).

Accordingly, during the first half-year, land or assets were acquired in Belgium (Brussels), Italy (Milan) and France (Macon and Lyon Sud).

There were three sales in the first half-year in France: Dijon, Ostwald-Strasbourg and the Vire Logistics site in Normandy.

BLUE ENERFREEZE

During the first half-year, Blue EnerFreeze, the Group's energy management subsidiary continued its development with:

- In France, the deployment of photovoltaic energy production facilities on eligible sites;
- Internationally, the creation of subsidiaries in Italy, Spain and Portugal dedicated to the production of photovoltaic electricity and by co-generation, electricity intended for in situ consumption on the Group’s sites.

INFORMATION SYSTEMS

STEF Information et Technologies (STEF IT) designs software solutions and integrates and maintains the information systems that the Group needs to support its customers and improve the productivity of the business divisions. It supports the Group in its digital transformation through innovative projects.

The STEF IT teams were mobilised to support the management of the Covid-19 health crisis. They have played a decisive role in helping to ensure the continuity of operations.

Exceptional resources were deployed across the entire Group during the lockdown period in order to adjust the physical, software and telecommunications infrastructures to allow the Group’s employees to work remotely, in optimal conditions of flexibility and safety.

Despite the lockdown, most key projects were completed on time and investments in digital tools for paperless solutions continued.
Among these projects, it is worth highlighting the migration of outsourced transport, logistics and “decision-making” applications to a new operator. The Group's physical infrastructures (servers, storage units, backup system) were updated and now meet the highest standards required. As a result of this, there is greater power, availability and security for all the Group's divisions.

HUMAN RESOURCES

At 30 June 2020, the Group's workforce (permanent and fixed-term employment contracts) changed as follows, compared to 30 June 2019:

WORKFORCE BY DIVISION

Permanent and fixed term employment contracts	30/06/2019	30/06/2020
STEF France	13,405	13,801
STEF International	4,057	4,032
Maritime (mainly La Méridionale)	570	534
Other activities and central functions	652	676
GROUP TOTAL	**18,684**	**19,043**

WORKFORCE BY COUNTRY

	30/06/2019	30/06/2020
France	**14,698**	**15,081**
Outside France:	**3,986**	**3,962**
Spain	1,851	1,778
Portugal	488	484
Italy	842	869
Belgium	371	382
The Netherlands	309	326
Switzerland	125	123
GROUP TOTAL	**18,684**	**19,043**

The STEF Group’s human resources were mobilised to support the management of the Covid-19 health crisis. The exceptional resources deployed across the entire Group are set out in the “Key events for the period at STEF” section.

Despite the unprecedented circumstances of the health crisis, the Group’s workforce (permanent and fixed-term employment contracts) increased by 1.9% compared with the first half of 2019. It should be noted that this is stable compared with the last financial year ended 31 December 2019 (19,045).

The main changes in scope result from:

- The integration of the company Dyad in France (135 employees);
- The launch of the company STEF Logistique at L’Isle d’Abeau (28 employees).

CONSOLIDATED FINANCIAL STATEMENTS

CHANGE IN SCOPE

Change in the consolidation scope during the first half of 2020:

- The acquisition of a 49% stake in the company LIA (Logistique Internationale Alimentaire), positioned across international consignments from France to Northern and Eastern Europe;

- Change of 9% in the holding of the Prim@ever group, previously 49 %. Following the integration of new fruit and vegetable activities into the Prim@ever group, the STEF Group now holds 40% of a larger whole.

OVERVIEW OF TURNOVER

The Covid-19 health crisis significantly impacted the turnover for the Group's activities in the first half of 2020. However, June brought a positive note with a recovery in volumes and a gradual upturn in activity since the easing of lockdown.

Cumulative half-year in €M	*2019*	*2020*	*Change %*	*At constant scope %*
STEF France	991.4	934.6	-5.7%	-6.0%
STEF International	413.7	396.3	-4.2%	-4.6%
Maritime	53.0	23.4	-55.8%	-55.8%
Others	207.8	136.6	-34.3%	-34.3%
TOTAL	**1,665.9**	**1,491.0**	**-10.5%**	**-10.8%**

Consolidated income statement

Cumulative half-year in €M	2019	2020	Change in %
Turnover	**1,665.9**	**1,491.0**	-10.5%
EBIT	**67.4**	**27.9**	-58.5%
Financial income	(4.7)	(3.9)	
Profit before tax	**62.7**	**24.1**	-61.6%
Tax expense	(22.4)	(12.0)	
Share in net profit of companies accounted for by the equity method	(0.5)	2.5	
Net profit	**39.8**	**14.6**	-63.5%
- of which profit attributable to Group shareholders	**39.9**	**14.9**	-62.7%
- of which profit attributable to minorities	(0.0)	(0.3)	

The Group's operating profit fell by 58.5% over the half-year. This situation is the result of the health crisis and the nearly two months of lockdown in the countries in which the Group operates. It contains very few exceptional items, compared with the same period in the previous year.

Financial income benefited from the decrease in financing rates, still negative in 2020 before the health crisis (Euribor average in the first half of 2020: -0.35 compared to -0.31 in the first half of 2019), the favourable impacts of foreign exchange and the end of certain real estate financing at higher rates.

The Group's effective tax rate increased by 4 points in 2020 compared with the first half of 2019. This variation is mainly explained by the burden of the Maritime losses, given the specific taxation for this business (tonnage tax).

The net profit attributable to Group shareholders stood at €14.9 million, a decrease of 62.7% compared to the first half of 2019.

FINANCIAL STRUCTURE

Consolidated equity amounted to €776 million against €761 million at 31 December 2019. At the STEF SA Shareholders' Meeting of 30 April 2020, the Group decided not to pay a dividend for the 2019 financial year.

FINANCIAL FLOWS

Cash flow from operations decreased, mainly due to fewer cash flows generated by the business and a slight decline in the working capital requirement. Investments for the half-year include the balancing payment for the Pelagos vessel (€27.5 million) ordered in 2019.

TRANSACTIONS BETWEEN RELATED PARTIES

The nature, terms and amounts of the transactions with related parties did not change significantly over the first half of 2020.

SIGNIFICANT CHANGES COMPARED WITH THE LAST ANNUAL REPORT

There is no change or uncertainty relating to the principal risk factors set out in the 2019 annual report which could have a significant impact on the business and the results of the second half of 2020.

It should be noted that, since the start of the COVID-19 epidemic, the STEF Group has implemented specific business continuity plans in France and in other European countries so that it can maintain its activities and deliver food to supply communities.

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

External growth: in early July 2020, in partnership with Mediterranea Trasporti, the Group created a joint venture called Med SeaLog dedicated to the seafood products business in Italy. The Group holds 40% of this entity.

II.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2020

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CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

	note	1st half 2020	1st half 2019	Change
TURNOVER	9	1,490,966	1,665,906	-10.5%
Purchases from third parties	10	(890,276)	(1,032,242)	-13.8%
Taxes and related expenses		(34,085)	(37,320)	-8.7%
Payroll expenses	11	(455,094)	(454,266)	0.2%
Depreciation and amortisation	12	(86,376)	(83,520)	3.4%
(Net charges to) net reversals of provisions		1,953	3,677	
Other operating income and expenses	13	855	5,164	
OPERATING PROFIT		27,943	67,399	-58.5%
Financial expenses		(4,295)	(5,063)	
Financial income		408	358	
Financial results	**15**	**(3,887)**	**(4,705)**	**-17.4%**
PROFIT BEFORE TAX		**24,057**	**62,695**	**-61.6%**
Tax expense		(11,992)	(22,355)	
Share in net profit of equity-accounted companies	23	2,488	(506)	
PROFIT FOR THE PERIOD		14,553	39,834	-63.5%
*** of which attributable to Group shareholders**		**14,855**	**39,862**	**-62.7%**
* of which attributable to minorities		(302)	(28)	
EBITDA	14	112,063	147,242	-23.9%
Earnings per share:		(in euros)	(in euros)	
- basic earnings per share:		1.20	3.23	-62.8%
- diluted:		1.20	3.22	-62.8%

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(in thousands of euros)

	1st half 2020	1st half 2019
PROFIT FOR THE PERIOD	14,553	39,834
Actuarial gains and losses on pension plans	(37)	(4,065)
Tax expense on non-recyclable items	12	1,099
Other items of comprehensive income, net of income tax which will not subsequently be reclassified into income	**(25)**	**(2,966)**
Unrealised foreign exchange gains or losses from activities	303	678
Effective portion of change in fair value of cash flow hedging derivatives	(950)	(2,559)
Tax expense on recyclable items	172	806
Other items of comprehensive income, net of income tax which will subsequently be reclassified into income	**(475)**	**(1,075)**
COMPREHENSIVE INCOME FOR THE PERIOD	14,053	35,793
* of which attributable to Group shareholders	14,366	35,820
* of which attributable to minorities	(313)	(28)

CONSOLIDATED BALANCE SHEET

(in thousands of euros)

ASSETS	note	30 June 2020	31 December 2019
Non-current assets			
Goodwill		203,824	203,824
Other intangible assets		16,215	18,081
Tangible fixed assets		1,251,413	1,202,826
Right of use under leases		223,206	244,964
Non-current financial assets		39,241	31,057
Investments in associated companies	23	44,245	28,824
Deferred tax assets		6,015	6,037
Total non-current assets		**1,784,158**	**1,735,613**
Current assets			
Inventories and work in progress		74,103	74,250
Customers		480,744	533,150
Other receivables and current financial assets		132,244	140,547
Current tax assets		10,507	649
Cash and cash equivalents (a)		79,670	61,199
Total current assets		**777,269**	**809,796**
TOTAL ASSETS		**2,561,427**	**2,545,410**

LIABILITIES	note	30 June 2020	31 December 2019
Equity			
Share capital		13,000	13,000
Share premium account		0	0
Reserves		761,740	746,266
Equity, Group share		**774,740**	**759,266**
Minority interests		1,165	1,478
Total equity		**775,905**	**760,743**
Non-current liabilities			
Non-current provisions	20	46,654	46,585
Deferred tax liabilities		15,012	16,188
Non-current financial liabilities (b)	21	506,499	326,535
Non-current lease obligations (c)	21	160,228	164,280
Total non-current liabilities		**728,393**	**553,588**
Current liabilities			
Trade accounts payable		381,436	477,448
Current provisions	20	11,732	17,229
Other current liabilities		326,621	336,737
Current tax liabilities		674	4,929
Current financial liabilities (d)	21	280,807	339,758
Current lease obligations (e)	21	55,860	54,977
Total current liabilities		**1,057,130**	**1,231,078**
TOTAL LIABILITIES		**2,561,427**	**2,545,410**
Net debt (b) + (c) + (d) + (e) - (a)		923,724	824,351
Debt/equity ratio		1.19	1.08

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 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
Equity at 1 January 2020	13,000	0	789,631	256	(39,454)	(4,167)	759,266	1,478	760,744
Dividends paid							0		0
Acquisition and disposal of treasury shares					550		550		550
Other share transactions			558				558		558
Transactions with minority interests							0		0
Total transactions with shareholders	0	0	558	0	550	0	1,108	0	1,108
Comprehensive income for the period	0	0	14,830	303		(767)	14,366	(313)	14,053
Equity at 30 June 2020	13,000	0	805,018	559	(38,904)	(4,934)	774,740	1,165	775,905

CASH FLOW STATEMENT

(in thousands of euros)

	note	1st half 2020	1st half 2019
Profit for the period		**14,553**	**39,835**
+/- Net depreciation, amortisation, impairment of non-current assets and provisions	12	84,119	77,435
+/- Gains or losses from the sale of non-current assets		(777)	(820)
+/- Share in net profit (loss) of associated companies	23	(2,488)	506
+/- Change in market value of derivatives		(47)	(19)
+/- Other expenses and income, generating no change in cash		(1,278)	(400)
- Deferred tax		0	0
Cash flow from operations (A)		**94,082**	**116,537**
Cancellation of the tax expense (income)		11,992	22,355
Taxes paid (not including the CICE tax measure)		(27,672)	(19,380)
Changes in the other items of the WC		(39,930)	(32,364)
+/- Change in working capital (B)		**(55,610)**	**(29,389)**
NET CASH FROM OPERATING ACTIVITIES (C) = (A+B)		**38,472**	**87,148**
- Cash used in acquiring intangible assets		(1,890)	(772)
- Cash used in acquiring tangible fixed assets		(101,762)	(84,970)
- Cash used in capital increases		0	0
+/- Change in granted loans and advances + financial assets		(8,296)	1,196
-/+ Proceeds and cash used in the acquisition and sale of subsidiaries net of acquired cash (*)		(13,756)	(1,975)
+ Proceeds from sale of tangible and intangible fixed assets		9,427	2,563
+ Dividends received from associated companies		1,199	1,403
NET CASH FROM INVESTMENT ACTIVITIES (D)		**(115,078)**	**(82,555)**
+/- Acquisition and disposal of treasury shares		550	(144)
- Dividends paid to STEF owners		0	(30,869)
- Dividends paid to minority shareholders		0	0
+ Proceeds from new borrowings	21	198,550	78,389
- Repayment of borrowings and lease obligations	21	(191,675)	(114,376)
NET CASH FROM FINANCING ACTIVITIES (E)		**7,425**	**(67,000)**
Net cash position at beginning of period		38,749	44,993
Net cash position at end of period		(30,432)	(17,414)
= CHANGE IN NET CASH POSITION (C+D+E)		**(69,181)**	**(62,407)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2020

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 half-yearly condensed consolidated financial statements for the half-year ended on 30 June 2020 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 half-yearly condensed consolidated financial statements were approved by the Board of Directors of STEF S.A. on 3 September 2020.

2. COVID-19 Pandemic

Since the start of the COVID-19 epidemic, the STEF Group has implemented specific business continuity plans in France and in other European countries so that it can maintain its activities and deliver the necessary food to supply communities. This health crisis, and the on-site measures taken in response to it, have however affected all the Group's operations, with the exception of retail activities, and this applies in all the Group's operating countries.

The Group launched a plan to adapt its operating costs and adjust its costs to the fall in activity (including implementing partial unemployment measures), without however compromising the continuity of the Group's service or its medium- and long-term development.

In February, it created a crisis unit responsible for monitoring the epidemic risk and defining, at Group level, information, prevention and protection policies in order to guarantee the safety of its employees and the continuity of its operations.

All the impacts related to the Covid-19 epidemic, and particularly the costs associated with health measures (purchase of hand sanitiser, masks, improved disinfection measures of premises and rolling stock, etc.) are considered as current expenses and affect the operating profit. They are presented under the relevant items and do not affect the other operating income and expenses.

The Group has opted not to use the exceptional guaranteed loan mechanisms offered by the French Government as a way out of the crisis. However, the Group has benefited from the furlough measures implemented in most of its operating countries.

In order to take into account the uncertainty of the current environment, the Group carried out an enhanced sensitivity analysis of the impairment tests of its Cash Generating Units (CGU) at the close of the 2019 financial year. The scenarios used in these sensitivity analyses were as follows:

- Increase of 3 points in the discount rate and normative growth rate reduced to zero;
- Increase of 3 points in the discount rate and decline of 30% in the normalised EBITDA;
- Specifically for the Maritime CGU, a 30% drop in the appraised value of vessels.

These analyses showed that the margin of resistance is still sufficient to justify the long-term valuing of assets. Thus, the Group has not identified an impairment risk on its long-term assets.

In terms of the Group's exposure to customer credit risk, notwithstanding the increased monitoring of exposure, the depreciation rates applied given the expected losses did not change significantly during the first half of 2020.

Finally, the Group has controlled its liquidity risk by strengthening its programme of confirmed credit lines up to €120 million (6 new bilateral lines with a maturity of 18 months) with its banking partners to deal with any short-term liquidity issues. New overdraft facilities of €55 million have been added to these confirmed credit lines bringing these new availabilities to €175 million. At 30 June 2020, the Group had a total liquidity of approximately €220 million including cash and cash equivalents and confirmed credit lines available and unused.

3. Accounting standards

The half-yearly condensed consolidated financial statements for the half-year ended on 30 June 2020 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 half-yearly 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 2019.

4. Accounting principles and presentation options

The accounting methods applied by the Group for the preparation of the half-yearly financial statements comply with the IFRS standards and interpretations as adopted by the European Union at 30 June 2020. These accounting policies used are consistent with those used in the preparation of the annual consolidated financial statements for the financial year ended 31 December 2019.

In addition, the Group did not apply the following standards and interpretations, which were not adopted by the European Union at 30 June 2020 or the application of which was not mandatory at 1 January 2020.

- IFRS 17 - Insurance contracts;
- Amendments to IAS 1 - Classification of liabilities as current or non-current;
- Amendments to IAS 16 - Tangible fixed assets;
- Amendments to IAS 37 - Provisions, contingent liabilities and contingent assets;
- Amendments to the annual improvements to IFRS standards 2018-2020;
- Amendments to IFRS 16 - Covid-19 - Leases.

5. Estimates

The preparation of the half-yearly 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 half-yearly 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 2019.

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;

- the expense relating to the contractual incentives (quality part) for personnel corresponds to half the estimated expense for the entire financial year;

- employee profit-sharing expenses and the expense relating to incentives (profitability part) were estimated based on the budget for the 2020 financial year. At 30 June the share of these 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 2019 for 2020 along with the actuarial gains and losses of the period.

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. This effect should be greater this year given the impact of the health crisis in the first half of 2020.

7. Scope of consolidation

Acquisitions and disposals over the period

Acquisitions

On 12 February 2020, the Group acquired 49% of Logistique Internationale Alimentaire (LIA) for €8,550 thousand. This company is held in partnership with Nagel and is intended to handle consignments from France to Germany and Eastern and Northern Europe. It has an annual turnover in the order of €37 million for a net profit of €1.2 million (2019 data).

The company is consolidated under the equity method in 2020.

In addition, on 5 March 2020, the Group participated in the capital increase of Prim@ever, a company already integrated under the equity method, for an amount of €5,081 thousand. The operation enabled Prim@ever to finance external growth operations. Following this operation, the percentage holding in this entity fell from 49% to 40%. The company remains integrated under the equity method in 2020.

Disposals

There were no disposals during the first half of 2020.

Monitoring of 2019 acquisitions and disposals

The goodwill recorded at 31 December 2019, from acquisitions made in 2019, was unchanged in 2020.

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 2020, the total notional amount of the instruments for hedging the rate risk on floating rate debt was €158 million compared with €176 million at 31 December 2019.

Given the context of the health crisis, the Group's exposure to customer credit risk is subject to weekly monitoring. However, none of the Group's customers is of 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

1st half 2020	STEF France	International	Maritime	Others	Consolidated data
Turnover from activities (inter-segment sales included)	947,053	405,233	23,425	177,321	1,553,032
Inter-segment	(12,411)	(8,929)	0	(40,726)	(62,066)
Net consolidated turnover	**934,642**	**396,304**	**23,425**	**136,595**	**1,490,966**
Recurring operating profit	27,092	10,079	(15,860)	5,777	27,088
Other operating income and expenses	1,940	(1,370)	(49)	335	855
Operating profit (loss) of activities	**29,032**	**8,709**	**(15,909)**	**6,112**	**27,943**

1st half 2019	STEF France	STEF International	Maritime	Others	Consolidated data
Turnover from activities (inter-segment sales included)	1,023,540	423,994	53,030	244,586	1,745,150
Inter-segment	(32,184)	(10,295)	0	(36,764)	(79,243)
Net consolidated turnover	**991,356**	**413,699**	**53,030**	**207,822**	**1,665,907**
Recurring operating profit	42,750	15,369	699	3,418	62,236
Other operating income and expenses	1,185	3,234	719	25	5,163
Operating profit (loss) of activities	**43,935**	**18,603**	**1,418**	**3,443**	**67,399**

The turnover of the “Other” sector includes goods trading for third parties for €126.3 million in the first half of 2020 compared with €196.1 million in the first half of 2019.

10. Purchases from third parties

	30 June 2020	30 June 2019
Purchases other than energy (including foodservice goods)	(147,588)	(216,470)
Purchases of diesel and other fuels	(58,187)	(73,628)
Purchases of other energy	(18,702)	(21,310)
Transport subcontracting	(467,532)	(496,137)
Rent and lease expenses	(14,932)	(19,850)
Maintenance	(44,288)	(43,680)
External staff and intermediaries' wages and salaries	(77,803)	(84,645)
Insurance and losses	(26,161)	(30,623)
External services and miscellaneous	(35,082)	(45,899)
Total:	**(890,276)**	**(1,032,242)**

The change in this item can be explained primarily by the fall in activity in the first half year which notably affected fuel costs (in addition to the decrease in the price per barrel), subcontracting and the purchase of out-of-home foodservice goods.

11. Payroll expenses

	30 June 2020	30 June 2019
Salaries and other compensation (inc. social security contributions)	(441,394)	(437,736)
Net length-of-service awards payable to staff on retirement	(2,215)	(1,777)
Employee incentive bonuses and profit-sharing	(11,485)	(14,753)
Payroll expenses	**(455,094)**	**(454,266)**

12. Depreciation and amortisation

	30 June 2020	30 June 2019
Amortisation of intangible fixed assets	(1,728)	(2,134)
Amortisation of tangible fixed assets	(56,564)	(52,972)
Amortisation of rights of use	(28,085)	(28,414)
Total	**(86,376)**	**(83,520)**

13. Other operating income and expenses

	30 June 2020	30 June 2019
Gains on fixed asset sales	716	411
Gains on sales of rolling stock	1,252	879
Others	(1,113)	3,874
Total	**855**	**5,164**

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

14. EBITDA

	30 June 2020	30 June 2019
Operating profit	27,943	67,399
Net depreciation and amortisation of fixed assets	86,376	83,520
Net impairment and provisions and other items that do not have any impact on the cash recognised under payroll expenses and other operating income & expenses	(2,257)	(3,677)
Total	**112,063**	**147,242**

15. Financial income

	30 June 2020	30 June 2019
Financial income		
Income from fair value of financial assets and liabilities recorded at fair value in the profit and loss	59	59
Other financial income	343	299
Net foreign exchange gains	6	0
Financial expenses		
Net interest expenses on financial liabilities measured at amortised cost	(3,252)	(3,683)
Interest expenses on lease obligations	(1,043)	(1,222)
Net foreign exchange losses	0	(159)
Total	**(3,887)**	**(4,705)**

16. Tax expense

The effective tax rate paid during the first half of 2020 and applied to the profits of companies excluding maritime stood at 31.9%, down 4 points compared with the effective tax rate for the 2019 financial year (36%) and by 4.5 points compared with the first half of 2019 (36.5%). This change is explained in particular by the reduction in corporate tax applied in France in 2020.

The losses of the Maritime business over the first half-year do not affect the tax expense given the specific taxation of this business (tonnage tax).

17. Goodwill

There was no change in goodwill over the period other than that related to associated companies consolidated by the equity method following the acquisition of the company LIA.

As described in note 2 “Covid-19 Pandemic”, the updated sensitivity analyses on the impairment tests carried out in 2019 confirmed the absence of an impairment risk on goodwill and the Group’s other long-term assets at 30 June 2020.

18. Intangible and tangible fixed assets

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

- the acquisition of the Pelagos vessel (formerly Liverpool Seaways) for €30.6 million;
- the extension of the sites at Poupry and Vaulx-Milieu for €8.8 million;
- the acquisition of rolling stock for €23.1 million including €16.9 million of rights of use related to leases;

19. Equity

At 30 June 2020, the share capital of STEF S.A. was comprised of 13,000,000 paid shares with a nominal value of 1 euro.

Given the health crisis, no dividend was paid in 2020 under the 2019 financial year.

20. Provisions

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

	31 December 2019	Allocations	Reversals	Scope	Other changes	30 June 2020
Length-of-service awards payable on retirement	29,326	585	(399)	0	59	29,571
Long-service awards	10,948	475	(183)	0	8	11,248
Dispute provisions	15,490	9,147	(13,091)	0	62	11,608
Other provisions	8,051	761	(2,797)	0	(55)	5,960
Total	63,815	10,968	(16,470)	0	74	58,387

The discount rates for the length-of-service awards payable on retirement did not change in the first half of 2020 compared with 2019 (1% in the Eurozone and 0.50% for Switzerland).

21. Loans and financial liabilities

These are analysed as follows:

	30 June 2020	31 December 2019
Non-current financial liabilities		
Bank borrowings and drawdowns of confirmed credit lines of more than one year	500,290	320,793
Lease obligations*	160,228	164,280
Fair value of financial derivatives	6,209	5,742
Total	666,727	490,815
Current financial liabilities		
Portion at less than one year of:		
- Bank loans and spot lines of credit	54,957	49,676
- Lease obligations*	55,860	54,977
- Other miscellaneous financial liabilities	3,758	3,077
- Commercial papers	109,000	262,000
Fair value of financial derivatives	2,990	2,555
Bank overdrafts and short-term loans	110,102	22,450
Total	336,667	394,735
TOTAL FINANCIAL LIABILITIES	1,003,394	885,550

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

		Cash flows		Non-cash flows					
	31 December 2019	New loans	Repayments	Changes in scope	Change in fair value	Impact of foreign exchange	New lease obligations (IFRS 16)	Reclassification*	30 June 2020
Bank loans and credit line drawdowns	370,469	198,550	(14,705)	0	0	435	0	499	555,248
Current lease obligations (IFRS16)	219,257	0	(23,970)	0	0	112	21,615	(926)	216,088
Commercial papers	262,000	0	(153,000)	0	0	0	0	0	109,000
Miscellaneous financial liabilities & accrued interes	3,077	0	0	0	483	190	0	8	3,758
Bank overdrafts and short-term loans	22,450	87,652	0	0	0	0	0	0	110,102
Fair value of financial derivatives	8,297	0	0	0	902	0	0	0	9,199
Total:	885,550	286,202	(191,675)	0	1,385	736	21,615	(419)	1,003,394

The Group has spot loans totalling €14 million, of which €9 million was used at 30 June 2020 (unused at 31 December 2019) and overdraft agreements, with no agreed expiry dates, totalling €164 million (€106 million at 31 December 2019) of which €110 million was used at 30 June 2020 (€22 million at 31 December 2019).

The current cash needs required for the Group's operations are mainly provided by credit lines at parent company level. The Group has 13 confirmed medium-term credit lines available, totalling €273 million, of which €193 million was used at 30 June 2020 (8 credit lines available at 31 December 2019 for €169 million, of which €25 million was 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 €109 million at 30 June 2020 (€262 million at 31 December 2019).

22. Information on the fair value of financial instruments by category

	Balance sheet value 30/06/2020	Fair value through the income statement	Fair value through other comprehensive income	Financial instruments at amortised cost	Assets not qualified as financial
Unconsolidated equity instruments	1,699		1,699		
Other non-current financial assets	13,554			13,554	
Loans and receivables from financial activities	23,503			23,503	
Marketable securities	485		485		
sub-total: non-current financial assets	**39,241**	**0**	**2,184**	**37,057**	**0**
Customers	480,744			480,744	
Other accounts receivable	142,751			142,751	
Cash and cash equivalents	79,670	79,670			
Assets	**742,407**	**79,670**	**2,184**	**660,553**	**0**

	Balance sheet value 30/06/2020	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	9,199	76	9,123		
Debts from financial activities	884,093			668,005	216,088
Current financial liabilities	110,102			110,102	
sub-total: financial liabilities	**1,003,394**	**76**	**9,123**	**778,107**	**216,088**
Suppliers	381,436			381,436	
Other accounts payable	327,295			327,295	
Liabilities	**1,712,125**	**76**	**9,123**	**1,486,838**	**216,088**

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		2,184	
Cash and cash equivalents	2,434	77,236	
Assets	**2,434**	**79,420**	**0**
Derivatives		9,199	
Liabilities	**0**	**9,199**	**0**

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 first half of 2020.

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

30 June 2020	Attributable to Group shareholders	Company's net assets	Equity value	Net profit (loss)	Net profit (loss) attributable to Group
NORFRIGO	37.65%	24,502	6,348	(364)	(137)
GROUPE PRIMEVER	40.00%	34,528	14,506	4,627	1,851
FROID COMBI	25.50%	4,484	1,143	1,442	368
MESSAGERIES LAITIERES	38.69%	15,041	7,152	1,198	464
OLANO SEAFOOD IBERICA	32.00%	3,374	1,425	(277)	(89)
OLANO VALENCIA	40.00%	2,511	1,977	425	170
STEFOVER TUNISIE	49.00%	80	93	0	0
SNC NORMANDIE EXPORT LOGISTICS	38.69%	7,189	2,781	(169)	(65)
QSL	49.00%	2,251	1,103	(441)	(216)
SCCV CORBAS	25.00%	1	0		0
SCCV DIJON	49.00%	0	(301)		0
SCCV NOBEL	49.00%	51	(702)		0
SCCV SILSA	49.00%	50	25		0
LIA	49.00%	9,024	8,694	293	144
TOTAL		**103,086**	**44,245**	**6,734**	**2,488**

The contribution to the income of equity-accounted companies is positive at €2,488 thousand against a negative share at 30 June 2019 of €506 thousand. The change is explained by the positive contribution of the Groupe Prim@ever driven by steady activity in the transport of fruit and vegetables in the first half of 2020 and the external growth operations it carried out.

24. Off-balance sheet commitments

The off-balance sheet commitments referred to in the notes to the 2019 consolidated accounts did not change significantly over the first half of 2020 with the exception of the purchase of the "Pelagos" vessel (formerly Liverpool Seaways) which expired in 2020 following its acquisition (cf. note 18) and the change in available credit lines (cf. note 21).

25. Contingent liabilities

The Corsica Ferries dispute described in note 30 to the 2019 consolidated accounts did not change during the first half of 2020.

26. Post closure events

On 1 July 2020, in partnership with Mediterranea Trasporti, the Group created the company Med SeaLog dedicated to the seafood products business in Italy. The Group will hold 40% of this joint venture which will be integrated using the equity method in the second half of 2020.

III.

RESPONSIBILITY STATEMENT IN RESPECT OF THE 2020 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 2020 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 2020 gives an accurate picture of the information referred to in Article 222-6 of the AMF's General Regulations.

Paris, 3 September 2020

Stanislas LEMOR
Deputy Chief Executive Officer Finance

IV.

STATUTORY AUDITORS' REPORT
ON THE 2020 HALF-YEARLY FINANCIAL INFORMATION

KPMG AUDIT IS
Tour EQHO
2 avenue Gambetta
CS 60055
92066 Paris La Défense Cedex
France

MAZARS
Exaltis
61 rue Henri Regnault
92400 Courbevoie
France

STEF

Statutory auditors' report
on the half-yearly financial information
Period from 1 January to 30 June 2020

Period from 1 January to 30 June 2020
STEF
93, boulevard Malesherbes – 75008 Paris
This report contains 19 pages

STEF

Head Office: 93, boulevard Malesherbes – 75008 Paris
Share capital: €13,000,000

Statutory auditors' report on the half-yearly financial information

Période du 1er janvier 2020 au 30 juin 2020

To the Shareholders,

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 2020 to 30 June 2020, as attached to this report;
- verification of the information given in the half-yearly business review.

These half-yearly condensed consolidated financial statements were prepared under the responsibility of the Board of Directors on 3 September 2020 based on the factors available on this date amidst the changing context of the COVID-19 health crisis and the difficulties in understanding its impacts and future prospects. 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 note 2 “COVID-19 Pandemic” to the half-yearly condensed consolidated financial statements which sets out the various impacts of the health crisis on the STEF Group and its financial statements.

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, 3 September 2020

Les commissaires aux comptes

KPMG S.A.	MAZARS
Jérémie Lerondeau *Associé*	Anne-Laure Rousselou *Associée*