ANNUAL REPORT 2018

CONTENTS

OUR MISSION: CONNECTING FOOD MARKET PLAYERS

As a European leader in temperature-controlled logistics and transport services, STEF carries chilled, frozen and thermosensitive products from their production sites to their consumption sites.

Every day, the Group's 18,000 employees work to provide agrifood manufacturers, retailers and out-of-home foodservice businesses with tailored solutions, guaranteeing the best conditions in terms of food safety, lead time and quality for their products.

STEF relies on the professionalism of its teams, the density of its European network (France, Italy, Spain, Portugal, Belgium, the Netherlands and Switzerland) and its ability to adapt to market changes in order to fulfil its mission.

Executive Management

Jean-Pierre SANCIER
Chief Executive Officer

Stanislas LEMOR
Deputy Chief Executive Officer

Marc VETTARD
Deputy Chief Executive Officer

Change in governance in 2019 – Since Messrs Francis Lemor and Jean-Pierre Sancier are set to stand down from their respective mandates after the Shareholders' Meeting of 30 April 2019, Mr Stanislas Lemor has been appointed Chairman and Chief Executive Officer of the Group and Marc Vettard, Deputy Chief Executive Officer in charge of operations.

Executive Committee
(from left to right)

Jean-Yves CHAMEYRAT
Human Resources Director
Ángel LECANDA
Managing Director of STEF Iberia
Léon de SAHB
IT Systems and Purchasing Director/Managing Director of STEF Information et Technologies
Marc REVERCHON
Chairman and Managing Director of La Méridionale
Marco CANDIANI
Managing Director of STEF Italie
Bertrand BOMPAS
Deputy Chief Executive Officer France
Vincent KIRKLAR
Real Estate Director
Managing Director of Immostef
Stanislas LEMOR
Deputy Chief Executive Officer
Jean-Pierre SANCIER
Group Chief Executive Officer
Marc VETTARD
Deputy Chief Executive Officer
Vincent FROMAGE
Sales and Marketing Director
Christophe GORIN
Group Business Director

Board of Directors

Francis LEMOR, Chairman
Bernard JOLIVET, Vice-Chairman
Jean-Charles FROMAGE
Jean-Michel DELALANDE
Elisabeth DUCOTTET
Alain GEORGES
Emmanuel HAU
Estelle HENSGEN-STOLLER
Jean-François LAURAIN
Murielle LEMOINE
Lucie MAUREL-AUBERT
Dorothée PINEAU
ALLIANZ Vie, represented by Clarisse KOPFF
ATLANTIQUE MANAGEMENT, represented by François de COSNAC

A gradual slowdown in the growth of our European economies and a mixed trend in food consumption characterised 2018. For STEF, 2018 was a successful year with a significant increase in turnover and strong organic growth in our operations, in France and abroad.

2018 also saw the budget for the Group's investments double.

Two external growth operations bolstered our positioning. One concerns the acquisition of the Marconi Group's frozen business in Italy. We are now present in this country across all business sectors and all temperature ranges for our customers, with a total warehouse volume of over one million m^3.
The second operation was the acquisition of the company Express Marée in France, which specialises in seafood products logistics. Consequently, STEF is intensifying its strategy of specialising on the seafood products market and can now offers its customers full coverage of the region.

Finally, we have continued to invest in our production facilities and new strategic sites have been introduced including Le Plessis-Pâté and Aulnay-sous-Bois in Île-de-France, Kölliken in Switzerland, L'Isle-d'Abeau in the Rhône-Alpes region and lastly, Bologna in Italy.

In 2018, our Group's workforce increased further and today, over 18,000 employees contribute to STEF's success, a figure that represents 1,300 new recruits in just one year. In order to raise greater awareness of the opportunities that we provide around our social model, we have deployed our employer branding using the expression "Build your future at the heart of the food world".

The classic example of our Group's uniqueness is still our dedicated company mutual fund (FCPE) which celebrated its 25th anniversary in 2018 and which now enables over 10,000 of our employees to hold up to 16.60% of STEF's capital. STEF is therefore continuing its voluntary commitments in terms of corporate social responsibility and, for the second consecutive year, has been rated "Ecovadis Gold", the highest recognition level in this area.

In 2019, the Group's governance will undergo a period of transformation; Jean-Pierre Sancier and myself have decided to hand over the reins to a new generation. This new generation embodies both STEF's culture and its conquering spirit and, I am sure, is ready to support the changes in our markets in the years ahead. I am convinced that Stanislas Lemor and Marc Vettard will continue to fly the flag and promote the Group's values.

This has already begun with the implementation of a new operational structure in France, which showcases our specialisation and will enable us to provide a better response to our customers' expectations. The next challenges lie in integrating and improving the operational performance of the companies acquired in recent years and supporting the digital transformation projects.

In the maritime sector, La Méridionale intends to continue its public service mission to operate crossings to Corsica. The commitment and expertise of its employees, the performance of its fleet and its recognised innovations in terms of the environment will enable it, in the future as in the past, to provide the reliable and competitive service that Corsica needs.

Standing down as Chairman on the eve of the 100th anniversary of the creation of STEF, I would like to say how honoured and proud I am to have helped to build a part of its history. It has been a privilege to share this daily and demanding mission to serve our customers with the Group's men and women.

Once again, I would like to thank our customers for the trust that they put in our Group and to assure them of STEF's loyalty to them, in all their projects.

Francis LEMOR
Chairman

IN 2018, THE GROUP WAS ORGANISED INTO FOUR OPERATIONAL SEGMENTS

The Transport France Division
focuses on the Group's expertise in groupage, batch transport and organisation of national and international consignments of chilled and frozen food products.
It also includes the transport of seafood products.

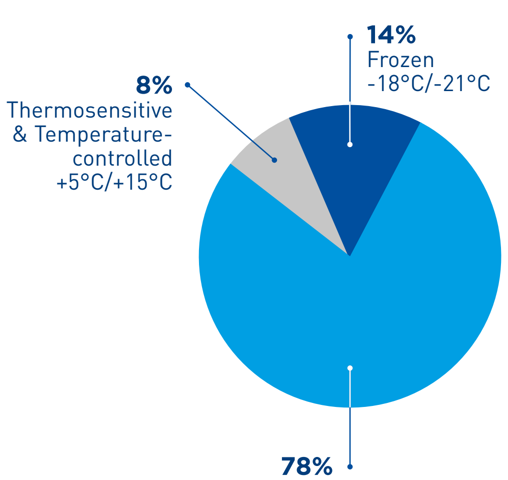
The Logistics France Division
comprises all the logistics services offered to manufacturers, retailers and out-of-home foodservices for their frozen, chilled, thermosensitive and dry food products.

International Activities
in Italy, Spain, Portugal, Belgium, the Netherlands and Switzerland in both transport and logistics, are brought together within the STEF International Division, which also covers European consignments.

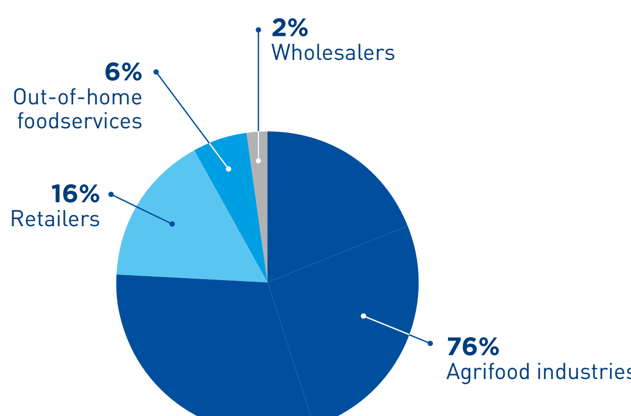
The Maritime Division
through La Méridionale, provides freight and passenger transport between the continent and Corsica.

Breakdown of the Group's transport and logistics activities

By temperature ranges



By customer



STEF AT A GLANCE

2018 consolidated turnover (in millions of euros)	2018 consolidated income (Group share in millions of euros)	2018 consolidated equity (Group share in millions of euros)
€3,255.1 M	€94.4 M	€693 M

Workforce
18,053

Customers
over **10,000**

Deliveries
over **100,000** per day

7 COUNTRIES
France, Italy, Spain, Portugal, Belgium, The Netherlands, Switzerland

Platforms and warehouses
236
169 sites in France
67 sites in other countries

Refrigerated quay area
510,600 m²

Storage volume
9,103,300 m³

Over 4,000 vehicles operated
of which **2,300** owned

Ro-ro mixed passenger and cargo vessels
3

OVERVIEW

JANUARY

INTEGRATION OF YOUNG PEOPLE

STEF signs a local "Entreprises et Quartiers" partnership agreement with the Prefecture of Seine-et-Marne to recruit employees on its Darvault site.

FEBRUARY

500 PERMANENT FULL-TIME DRIVERS AND 50 ON WORK EXPERIENCE CONTRACTS

In order to support the development of its activities and respond to the increasing strain on transport businesses, STEF launches a major recruitment programme across France.

MARCH

URBAN DELIVERY

STEF swings into action to address these specific issues. On 13 March, the Group improved its urban logistics service for food professionals in Brussels city centre. A few days later, STEF organised an event dedicated to Green Logistics and urban delivery solutions in partnership with the City and Eurometropole of Strasbourg.

APRIL

E-COMMERCE

Together with Carrefour, STEF unveils the 1st platform in Île-de-France fully dedicated to drive-in click and collect services. This opening marks an important stage in STEF's development on the promising e-commerce segment.

APRIL

PHOTOVOLTAIC PANELS

The Saintes site in Belgium is now fitted with these panels which are designed to cover nearly all its consumption. It will also be able to benefit from green certificates that will allow it to resell to electricity suppliers.

MAY

ENTRY ONTO THE FROZEN MARKET IN ITALY

STEF acquires the Marconi Group, Italy's leading frozen products logistics company. It is the largest transaction in the temperature-controlled sector in recent years in Italy! With the establishments in Fidenza and Ascoli Piceno, real estate assets of 1.3 million m^3 open up many growth prospects.

JUNE

EMPLOYEE SHAREHOLDING

STEF celebrates the 25th anniversary of its Company Savings Plan. We are proud of the fact that two out of three employees are now Group shareholders, across all socio-professional categories and countries.

CONQUERING PARIS

With its new platform at Rungis international market, STEF is directly operating its retail delivery business in the Paris region and improving the quality of service and distribution for its customers.

JUNE/JULY

STRENGTHENING THE SEAFOOD BUSINESS

With the acquisition of its long-standing partner, Express Marée, STEF confirms its growth strategy on the demanding seafood products market. STEF Seafood now offers its customers and partners of Seafoodways* coverage which includes the south-west and the Languedoc-Roussillon region.

* STEF Seafood and Express Marée are founding members of Seafoodways, the leading European transport and logistics network for seafood products.

JULY

WWW.STEF.COM GETS A NEW LOOK!

New graphics, intuitive navigation, enhanced content, STEF's new website illustrates the Group's positioning at the heart of the agrifood chain with a new signature: Connecting Food Market Players.

OCTOBER

AWARD-WINNING CSR

For the 2nd consecutive year, STEF has been awarded the "Gold – Advanced level" assessment by the CSR rating platform, EcoVadis.

GOLD 2018 ecovadis CSR Rating

NOVEMBER

"BUILD YOUR FUTURE AT THE HEART OF THE FOOD WORLD"

This is the strong signature that STEF has used to deploy its employer branding across Europe. With a campaign that depicts all the moments of life and people enjoying food that STEF makes possible. The Group's promise is simple: joining STEF is to be involved in building the future of a fast-changing world.

NEW BI-TEMPERATURE SITE IN GERMAN-SPEAKING SWITZERLAND

STEF boosts its network with the Kölliken site and confirms its commitment to be a major logistics player in this country.

DECEMBER 2018/JANUARY 2019

TRANSPORT ACQUISITION IN FRANCE

The Group's long-standing partners in Bourgogne-Franche-Comté, specialising in the transport of chilled and frozen food products, Transports Frigorifiques Grégoire Galliard strengthens STEF's regional network.

THE FOOD WORLD CONTINUES ITS REVOLUTION

Driven by innovative and creative organisations that are attentive to new consumer requirements, the entire agrifood chain is being reinvented, from producers to consumption sites, including logistics, STEF's core business. The food universe is changing and STEF is supporting this process.

Food consumption: refocus on health, organic and pleasure trends

The trends seen on the food markets in 2017, were confirmed in 2018: new, more local, fragmented and intermittent ways of consuming are establishing themselves. Over 91%[1] of European consumers expect total transparency regarding the origin of the products that they consume. They also agree on the search for pleasure (which happens through the resurgence of "taste" and "quality products" even if this means eating less). Across Europe as a whole, there is a paradigm shift away from the purchase of meat and even dairy products, reflecting a new relationship with food. However, the valuation effect continues to play out, particularly in France, where the growth in sales of fast moving consumer goods continues to increase in value (+1.5%)[2].

CHANGES IN HOUSEHOLD FOOD CONSUMPTION BY VALUE IN 2018
(source Eurostat)

EURO ZONE	1.3%
FR	3.6%
BE	-1.4%
IT	-0.9%
ES	-0.3%
PT	+3.7%
NL	+2.2%
CH	+0.4%

Manufacturers regain consumer confidence

Two major determining factors are currently guiding consumers' food choices: price and/or the trend to consume healthy foods, if possible, produced locally. Consumers are conscious of what they are eating, and distrustful due to past health crises. Agrifood manufacturers are looking to restore consumer confidence by developing new ranges which are more suited to their aspirations (organic, GMO-free, gluten-free, plant-based, animal welfare friendly, etc.) and by offering greater transparency about the origin of products. The supply chain has naturally established itself as a key partner in this traceability requirement.

At the same time, food production in Europe has remained steady in volume compared with 2017[3].

[1] According to Kantar.
[2] According to Nielsen.
[3] Source Eurostat.

Retailers under pressure

Faced with these new practices in consumption, retailers also want to reassure and retain consumers. Confronted with the rise in e-commerce, physical stores must offer genuine added value. In 2018, retailers therefore invested in new product ranges, offering greater traceability and quality, or "manufactured closer to the producer". These products are only accessible within their own distribution channels, which enables them to differentiate themselves in the marketplace.

In Europe, food purchases, especially in urban areas have become a core issue as the consumer is increasingly "multi-channel" and "multi-brand", demanding practicality and immediacy. In Northern Europe, where consumers have been quicker to migrate to the "online" channel, retailers have had a head start. In France, the race for last mile delivery is intensifying in the major cities, with the emergence of new players who often use the sharing economy.

This same trend is also taking shape in the southern countries where distribution is more fragmented. Retailers must therefore offer a more effective solution if they want to keep up: in order to support them in this change, the Supply Chain must reinvent itself into the most relevant omni-channel logistics model.

Generally, retailers are reducing the size of the retail areas dedicated to non-food in order to concentrate their offer and their competitive advantage on food products.

Sharp slowdown in growth in the Eurozone

The challenges of these transformations did not enjoy a buoyant climate throughout 2018 with international economic growth gradually levelling off after the first six months. Difficulties in Europe, especially in the second half of the year, negatively impacted the economy. These difficulties included the US trade policy, the volatility in oil prices, negotiations over Brexit, the social movements in France at the end of the year, and even the political turmoil in Italy. This situation contributed to a downturn in the major European economies and agrifood professionals came under pressure at the end of the year, resulting in greater demands towards their logistics providers.

CHANGE IN GDP IN 2018
(sources: European Commission forecasts, national statistics institutes)

EURO ZONE	+1.9%
FR	+1.5%
BE	+1.4%
IT	+ 1%
ES	+2.5%
PT	+2.1%
NL	+2.5%
CH	+2.5%

Out-of-home foodservices does well and continues to grow in Europe

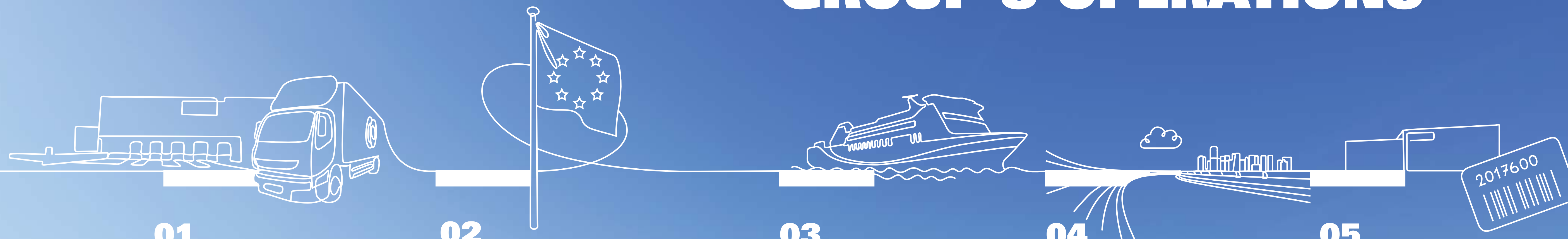
Developing in an extremely competitive environment, restaurant chains, which are naturally more responsive, saw their success continue unabated in 2018, their model withstanding the slowdown in the second half of the year. Fast food chains are driving the market (+2.6% in 2018 compared with 2017 in Western Europe[4]). However, their success depends on their ability to adapt to changes and satisfy customers influenced by technology, innovation, or even a broader offer. Thus, new, ever-more targeted concepts are appearing (ethical chains, etc.).
The real challenge for these companies is to find the right home delivery model in order to respond to the entrance of new, disruptive players onto the market (Stuart, Deliveroo, UberEats...). For such operators, the Supply Chain is an essential link, a guarantee of optimisation and effectiveness and is an integral part of their development strategy.

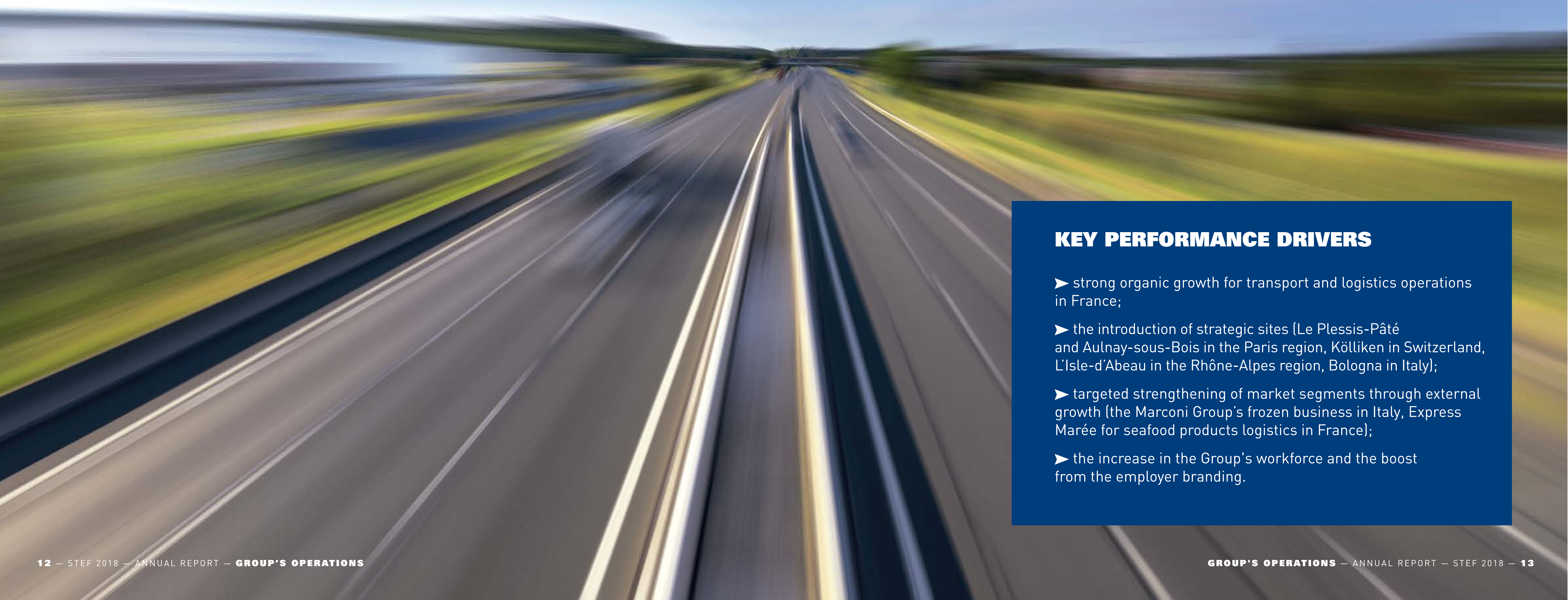
Transport and logistics rise to the challenges

Transport and logistics organisations are also facing many technological and social challenges.
The variations in oil prices throughout the year have impacted haulage contractors and their customers.
The sector is also still affected by an under-capacity, due in particular to a lack of drivers and workers that extends across Europe.

[4] Source Euromonitor.

GROUP'S OPERATIONS





KEY PERFORMANCE DRIVERS

- ➤ strong organic growth for transport and logistics operations in France;
- ➤ the introduction of strategic sites (Le Plessis-Pâté and Aulnay-sous-Bois in the Paris region, Kölliken in Switzerland, L'Isle-d'Abeau in the Rhône-Alpes region, Bologna in Italy);
- ➤ targeted strengthening of market segments through external growth (the Marconi Group's frozen business in Italy, Express Marée for seafood products logistics in France);
- ➤ the increase in the Group's workforce and the boost from the employer branding.

FRANCE OPERATIONS

From 2019, the Transport and Logistics divisions in France will be brought together under a new structure around clearly defined customer market segments. The objective of this transformation is to respond to market needs by offering specific operational solutions and models by business type. The subsidiary, as the profit centre, remains central to the organisation model. The sales functions of each business unit, will be key players in the priority given to maintaining economic performance in a changing environment.
For 2018, STEF's France operations are presented in their traditional format.

➤ Transport France

The Group operates on the mass consolidated deliveries market for temperature-controlled food products, a market governed by time and freshness constraints.

Business activity trends

In 2018, continuing the trend of the previous year, STEF Transport once again recorded a solid growth in its business, supported by a targeted sales policy, food consumption that remains dynamic in France (+3.6%) and the favourable effect of fuel prices. Turnover increased by 9.2% (7.4% at comparable scope).

With its ever-growing portfolio of SME and VSE agrifood customers, STEF Transport posted a rise in turnover of 12.8% for this segment alone, at comparable scope.

2018 demonstrated the strategic merit of making its "Seafood products" activity a specialised business unit. The improvement in service quality, a better understanding of the challenges of its customers and recognition of STEF as a specialist on this market, have created favourable conditions for the acquisition of the company Express Marée in France.

In order to confirm its urban delivery ambitions, the Group opened a new platform at Rungis international market in June. This operation means it can now operate the retail delivery business directly in the Paris region, through its new subsidiary "STEF Transport Paris Distribution".

IN ORDER TO MEET THESE CHALLENGES, THE STEF GROUP DISTINGUISHES ITSELF THROUGH:

➤ the density of its network;
➤ its expertise in managing just-in-time deliveries;
➤ its ability to offer a range of services to different production or distribution sectors;
➤ technological resources and innovative information systems enabling it to organise the preparation, monitoring and management of its customers' consignments.

+9.2%
increase in turnover Transport France

THROUGH ITS NETWORK, STEF OFFERS ITS CUSTOMERS:

➤ comprehensive coverage of mainland France, which promotes its established position and its proximity to the local economic fabric (there are 91 platforms distributed throughout the regions and a fleet of over 4,000 vehicles, half of which are owned by the company, travel the length and breadth of the country every day);
➤ a capacity to organise their flows by distribution type (platforms for mass-market retailers, wholesalers, retail outlets, etc.), by providing them with the added value generated by aiming for systematic consolidated distribution;
➤ a service differentiated according to temperature and types of consignee customers.

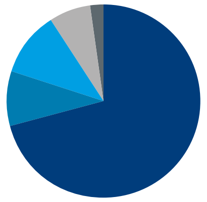
Analysis by segment

All segments are making comparable progress, with the exception of the seafood products business which remains stable.

Chilled and compatible products transport

STEF Transport registered a strong growth in this segment, in terms of both volumes and turnover (+6.8%), in a market which gradually became less dynamic towards the end of the year. After strong growth in the first six months, the year ended with a slight fall in volume in a slightly inflationary market.
The strong growth observed among SMEs demonstrated the relevance of the consolidation solutions offered by STEF Transport and the benefit that they bring to the national side of its network.

BREAKDOWN OF STEF TRANSPORT'S TURNOVER BY SEGMENT



- **71%** Chilled
- **9%** Ambient & Temperature-controlled
- **11%** Frozen
- **7%** Seafood
- **2%** Out-of-home foodservice

Frozen products transport

STEF Transport's activity grew in this segment with a growth rate similar to that of the chilled segment (+8.4% of turnover). There are significant growth prospects in transport and the specialisation of organisations by markets should provide a greater impact among customers who are seeking global logistics solutions, combining storage, order preparation and transport.

Retail

This segment is undergoing a period of transition. The development of digitalisation, the fragmentation of distribution channels and the change in the formats of sales areas are generating a shift in activity away from long-standing operators towards new participants.

At STEF, the development of the flows processed (+11.3% in turnover) has resulted in a steady level of activity being maintained, despite the gradual re-internalisation of the logistics and transport activities that the Group operated for a retailer in Brittany.

Seafood products transport

Turnover in the "seafood products" business grew by 30% in 2018, mainly due to the acquisition of the company Express Marée, in July. This operation illustrates the specialisation strategy on the seafood market. With the contribution of the nine Express Marée platforms, the STEF Seafood network now offers its customers and partners a coverage of France which includes the south-west and Languedoc-Roussillon region.

The business' performance fell at the end of the year, as the social movements in France disrupted operations at a key moment for this highly seasonal business.

Logistics France

The Group helps to optimise its customers' agrifood supply chain, from supplying factories to deliveries to points of sale.

Business activity trends

The Logistics France division posted an exclusively organic growth in turnover of +8.3% in 2018, mainly driven by its chilled consolidation logistics, retail and out-of-home foodservice activities which all recorded double-digit growth rates.

Consolidation logistics for chilled products

With a rise in turnover of 12.2%, this activity is continuing its historical growth. In 2018, this scope benefited from the combination of three favourable factors: sustained organic growth in historical businesses, the delayed effect of the businesses launched in Darvault in the south of Paris in 2017 and the introduction of a new warehouse in the Lyon region (Chaponnay).

Consolidation logistics for chilled, dry and temperature-controlled food products

In 2018, this activity was the only one to post a fall in turnover. However, this economic trend does not reveal the potential and real momentum in this segment. In June, a new site was introduced in the Lyon region at l'Isle-d'Abeau where two of the three units are already operational. This new site, wholly-owned by the Group replaces the leased sites.

+8.3%
increase in turnover Logistics France

STEF OPERATES FIVE TYPES OF LOGISTICS ACTIVITIES IN FRANCE:

➤ consolidation logistics of chilled products for agrifood industries;
➤ consolidation logistics of thermosensitive products for agrifood industries;
➤ dedicated logistics for supermarket companies;
➤ pooled or dedicated logistics for commercial restaurant chains in particular;
➤ frozen products logistics for manufacturers or supermarkets.

Dedicated hypermarket and supermarket logistics

With an increase of +130%, it was the e-commerce activities with one of the Group's retail customers that resulted in this scope posting an overall growth of 11%. Opened in February 2018, the Aulnay-sous-Bois site in the Paris region, was built to respond to the development of drive-in click and collect services in Île-de-France. In line with its roadmap, the site's mechanisation phase has started, with its opening scheduled for the second half of 2019. New calls for tenders are on the horizon for this e-commerce business.

Other so-called traditional activities across all brands posted a moderate growth, comparable to that of 2017.

+11%

increase in turnover for retail

Frozen products logistics

This scope returned to steady growth, both in its consignments and traditional storage, which in 2018 set a new historic record in terms of occupancy coefficient. Added-value services continued to develop.

The transport business made notable progress due to the security that STEF provided to a major ice cream manufacturer in France. Conversely, the frozen activity for retailers experienced a more mixed reality with the re-internalisation of a customer's business in the Rhône-Alpes region.

Facilities are regularly transformed to adapt to market requirements; the extensions to the sites at Les Essarts (Vendée) and Carquefou (Loire-Atlantique), delivered in 2018, were quickly filled and an extension to the Saint-Lô site (Normandy) is already planned for 2019.

Logistics for commercial restaurant chains

Growth in the commercial restaurant market was confirmed in 2018, driven mainly by the growth in fast food chains which form the core of STEF's out-of-home foodservices business. This trend is reflected by an increase of +12.8% in turnover, mainly due to the organic growth of major customers.

The Business Unit is continuing its structuring, both in terms of management and through its network of dedicated warehouses with:

- the extension to the platform based in Rethel in the Ardennes;
- the introduction of the platform of Tours – St-Pierre-des-Corps;
- and finally, the new platform of Plessis-Pâté in Île-de-France.

Innovations related to information systems and new services have been implemented: weight control of orders and real-time delivery tracking.

The requirements of this market in terms of service quality and good practices, make it an internal laboratory for expertise that benefits all the Group's activities.

INTERNATIONAL ACTIVITIES

The Group's operations in Italy, Spain, Portugal, Switzerland, Belgium and the Netherlands are brought together under STEF International which also includes the international consignments business from all these countries as well as Germany and Eastern Europe. This division also handles relationships with the Group's partners in the United Kingdom, Scandinavia and Eastern Europe.

STEF therefore has the set-up needed to handle its customers' consignments across fifteen European countries.

In 2018, STEF International's activities saw a mixed trend, with sustained growth in Italy, Portugal and Spain. Growth in Belgium and the Netherlands slowed, while in Switzerland, it was negative.

The year's salient feature was the acquisition of the Marconi Group's frozen business in Italy.

+ 20.8%
increase in turnover Italy

Italy

With a rise in turnover of 20.8% (+8.4% at comparable scope), growth reached a new milestone in Italy, driven by the transport and logistics operations for chilled and super-chilled products that have built on their success, but also, due to the diversification provided by the acquisition of the activities of the Marconi Group, the leading frozen products logistics company in Italy.

This operation confirms the Group's commitment to be present in Italy across all business sectors and all temperature ranges in the agrifood industry. The capacities of the sites acquired from Marconi in Fidenza (Parma) and Ascoli Piceno (Marche region), represent a total storage volume of over one million m^3 and now make STEF the leader in frozen logistics in Italy.

Following the purchase of Excellent Seafood in 2017, the streamlining of the seafood products system was completed with the consolidation of activities on the Colturano site, near Milan.

Finally, the Group added to its facilities with the introduction of the Bologna platform, at the centre of a strategic zone for agrifood production. The second part of the building, of a similar size, will be created in 2019 and dedicated to logistics.

+ 9.2%
increase in turnover Spain

Spain

In Spain, STEF continued to develop on the priority market segments: domestic consolidation, international consignments and restaurants, achieving a growth in turnover of 9.2%, of which 7.8% at comparable scope.

The out-of-home foodservice activity was driven by the organic growth of its customers and by the flows generated by the increase in their product ranges. Specialisation is underway with the opening of a new distribution site in Barcelona.

Logistics saw considerable development due to the launch of new businesses in Madrid and Barcelona and domestic consolidation activities experienced strong growth rates.

The solutions offered by STEF, which help to reduce lead times and increase delivery frequencies, have boosted the Group's business in Spain towards new target markets.

Finally, the year proved particularly dynamic for the export of Spanish food production.

Portugal

Similarly to 2017, STEF Portugal posted a rise in turnover of 8.6%.

The opening of the Algoz platform (Algarve) in July was used to adjust the production model and support the strong growth in the domestic consolidation activity.

At the same time, extensions to the warehouses in Lisbon and Porto were finalised, increasing the frozen storage capacities from 115,000 m³ to 160,000 m³.

The investment plan started in 2016 has led to a marked improvement in performance in a context of inflation for production costs.

+8.6%

increase in turnover Portugal

The Netherlands

The deployment of a single STEF brand in the Netherlands was a decisive step which paid dividends in 2018. This event must be accompanied by the implementation of STEF's information systems and business applications across all sites to ensure the full integration of coordinated flow management.

Turnover rose by 6.1%. It is worth noting the resumption of supply chain management for an international cheese producer (logistics, co-packing and distribution).

+6.1%

increase in turnover the Netherlands

INTERNATIONAL ACTIVITIES

Belgium

In Belgium, STEF mainly operates two types of activity: the national and international consolidation of chilled and frozen products and consolidation logistics for chilled food producers.

Both areas showed strong growth in 2018. In order to deal with the saturation of existing warehouses, an extension was created on the Saintes site. This extension, dedicated to cross-docking operations, will be used to offer suitable storage and shipping solutions to all types of transport customers.

Switzerland

Operations in Switzerland underwent a transition phase with the longer-than-expected introduction of the multi-temperature platform at Kölliken (near Zurich) and changes in a customer's business that impacted the transport activity.

2019 will be a pivotal year with the increasing use of the Kölliken warehouse, the launch of chilled logistics operations for a European customer and the introduction of a new warehouse in Givisiez (near Fribourg).

It should be highlighted that all the platforms in Switzerland have obtained IFS certification.

CONSIGNMENTS FROM AND TO GERMANY

From a capacity of 15,000 m² of storage in Strasbourg, STEF operates on the intra-community consignments market along the following axes:

- **North/South:** consignments from Germany heading for France, Spain and Portugal;
- **South/North:** consignments leaving Spain and France for Germany and Austria.

MARITIME

LA MÉRIDIONALE

La Méridionale provides a public maritime passenger and freight service based on the use of ro-ro mixed passenger and cargo vessels between Marseille and Corsica.

These sea links are provided using three ro-ro mixed passenger and cargo vessels out of Marseille: the PIANA, KALLISTE and GIROLATA, with a total capacity of 6,800 linear metres, which is the equivalent of 500 trailers and 1,900 passengers with their cars. The current activity represents just over 1,000 annual crossings to Corsica.

In 2018, total maritime traffic, freight and passenger, between the French continent and Corsica was maintained at the same level as in 2017. The freight business, which saw a remarkable rise in 2017, remained steady. The slight increase in passenger activity has mainly benefited air transport, which continues to affect the maritime passenger business.

With regards La Méridionale, it recorded good commercial results with:

➤ an increase of 0.9% in passenger activity, with 264,000 passengers travelling between Marseille and Corsica;
➤ near stability in the freight activity with 837,000 linear metres transported, which confirms the economic momentum on this market and La Méridionale's ability to provide an effective response to it.

In terms of quality, La Méridionale maintained a very high level of customer satisfaction, measured on board using the internal survey after the crossing, an assessment confirmed by TripAdvisor ratings.

La Méridionale is constantly exploring environmental innovations (see Environment section). Following the quayside electrical connection of its ships in the Port of Marseille and a successful test of power supply through liquefied natural gas in Ajaccio, La Méridionale has embarked on a diesel particulate filter project in order to reduce discharges into the sea.

Finally, in 2018, the company operated under a provisional public service concession, extended until 30 September 2019.This concession will be succeeded by a new concession lasting fifteen months, which will end on 31 December 2020. La Méridionale has applied for all lines subject to the call for tenders. Current information appears in the "Post closure event" section on page 73.

OUTLOOK FOR 2019

SPECIFIC CHALLENGES TO BE MET

Uncertainties regarding a potential slowdown in growth in France and Europe characterised the beginning of 2019. For the Group, 2019 will be marked by the continued integration of the companies acquired in 2017 and 2018.

- ➤ The change in the Group's governance
- ➤ The implementation of the new operational and sales structure in France
- ➤ The increased occupancy of the new sites that are operational in Europe
- ➤ La Méridionale's involvement in the next public service concession

OTHER ACTIVITIES

The Group relies on two centres of expertise to perform its activities:

➤ **the Real estate division** which manages the Group's real estate assets in Europe, through the dedicated subsidiary, IMMOSTEF;
➤ **the Information systems division**, which brings together the teams responsible for software and digital tools under the subsidiary STEF INFORMATION ET TECHNOLOGIES (STEF IT).

➤ Real estate division

The STEF Group favours a policy of owning its real estate assets. In 2018, 9 additional platforms and warehouses were opened, bringing the total number of sites operated by the Group in Europe to 236. Total warehouse volume therefore broke through the 9 million m³ mark, while the refrigerated quay area exceeded 500,000 m².

IMMOSTEF brings together expertise dedicated to the acquisition of real estate assets, the design and construction of new facilities and real estate asset management. IMMOSTEF is also involved in improving former operating sites that have become obsolete.

A dedicated team, the Real Estate Technical division, is responsible for the technical and environmental maintenance standards for the buildings and facilities. It manages and coordinates all continuous improvement projects and those related to innovations in terms of real estate standards. Its role is to guarantee the cold chain, at a controlled temperature.

In late 2018, an energy management subsidiary was created. Blue EnerFreeze brings together a team of experts who have been tasked with producing and selling refrigerating energy to all the Group's sites. It acts in particular to control costs and the risks of a break in the cold chain and reduce the carbon footprint of STEF's operations. It therefore contributes to improving operational performance with a view to sustainable development.

Main projects delivered

IMMOSTEF supports the Group's long-term growth through a policy of constantly adapting its real estate facilities through regular acquisitions, new buildings and the management of many re-engineering and renovation projects. 2018 was marked by the acquisition of four sites in Italy and France, from external growth operations that STEF conducted.

Land acquisitions

In 2018, IMMOSTEF continued an active land acquisition policy. The process will be intensified in 2019, in line with the Group's development plan.

Building projects delivered

IMMOSTEF finalised the construction of several sites, the most important of which are:

➤ a transport platform at Rungis international market, comprising 6,180 m^2 of refrigerated quay and a negative cold transit chamber;
➤ a chilled, dry and temperature-controlled products warehouse at L'Isle-d'Abeau (east Lyon), comprising three 6,000 m^2 units;
➤ a tri-temperature warehouse for out-of-home foodservice operations at Plessis-Pâté, with a 33,200 m^3 negative cold room;
➤ a 16,300 m^2 warehouse at Kölliken in Switzerland and 111,600 m^3 of positive and negative cold;
➤ a transport platform near Bologna in Italy and one in the Algarve in Portugal.

Site extensions and re-engineering projects:

➤ in France, extensions to the frozen warehouses of Les Essarts (Vendée), Carquefou and Corbas (Lyon) for an additional volume of 105,000 m^3;
➤ in France, extension to the transport and logistics site of Chambéry;
➤ in Belgium, extension to the transport site of Saintes.

Building projects started

The Group's investment programme in Europe continued in 2019 and plans to deliver several construction projects, including:

➤ a tri-temperature warehouse for out-of-home foodservice operations at Miramas with a total surface area of 11,900 m^2, including a 38,000 m^3 negative cold room;
➤ a 3,700 m^2 transport platform in Narbonne;
➤ in Rome, the creation of a 5,100 m^2 warehouse for STEF Seafood operations.

Furthermore, in 2019, IMMOSTEF will manage and deliver:

➤ various extensions in France at Rennes, Vannes, Les Essarts, Gap. In Italy, an extension to the brand new platform in Bologna has started with the construction of an additional unit for chilled food;

➤ remodelling projects designed to accommodate new customer businesses (Aix-en-Provence, Mions in the Lyon region, Nice-Carros, Montsoult in the Paris region and Givisiez in Switzerland to develop a dry, negative cold warehouse).

Information Systems division

The Information Systems division, STEF IT, designs software solutions and integrates and maintains the information systems that the Group uses to support its customers and improve the productivity of the business divisions.

Business performance support for the Group

In 2018, STEF IT developed next-generation tools:

Transport

➤ creation of functionality for digital transport documents, parcel tracking, review management, estimating arrival times (ETA) and integrating subcontractors into the SCOP collaborative portal;
➤ extended use of the smartphone mobile delivery tracking application (m-Track) including the traceability of times and temperatures and in France, the integration of customer receipt functionality with Sign-on-Glass;
➤ continuation of the pilot sites for distribution round optimisation, consolidation logistics, management of direct flows and scheduling;
➤ design of a new portal for customers and first tests and deployments in Spain and Portugal.

Logistics

➤ enhancements to the version of WMS warehouse management software with real-time, voice-activated picking, automatic sequencing, real-time management and the sending of transport orders on the fly;
➤ for out-of-home foodservices: implementation of the Group's IS on two new sites, managing the activity and monitoring performance indicators, installation in France and Spain of a customer service management software package, handling orders and complaints.

Administrative productivity support

STEF IT's responsibilities also cover the deployment of tools:

➤ to improve the productivity of administrative operations within the Group, with an IFRS16 compliance tool, cash flow and interbank flow management, a paperless tax solution for customer and supplier invoices and in Italy, compliance with the SDI tax regulation;
➤ to support human resources management through the digitalisation of annual appraisals, and in France, the integration of income tax at source;
➤ to create new features in the customer relationship management (CRM) tool: "alerts" and implementation of "workflow" with the application of legal contract management.

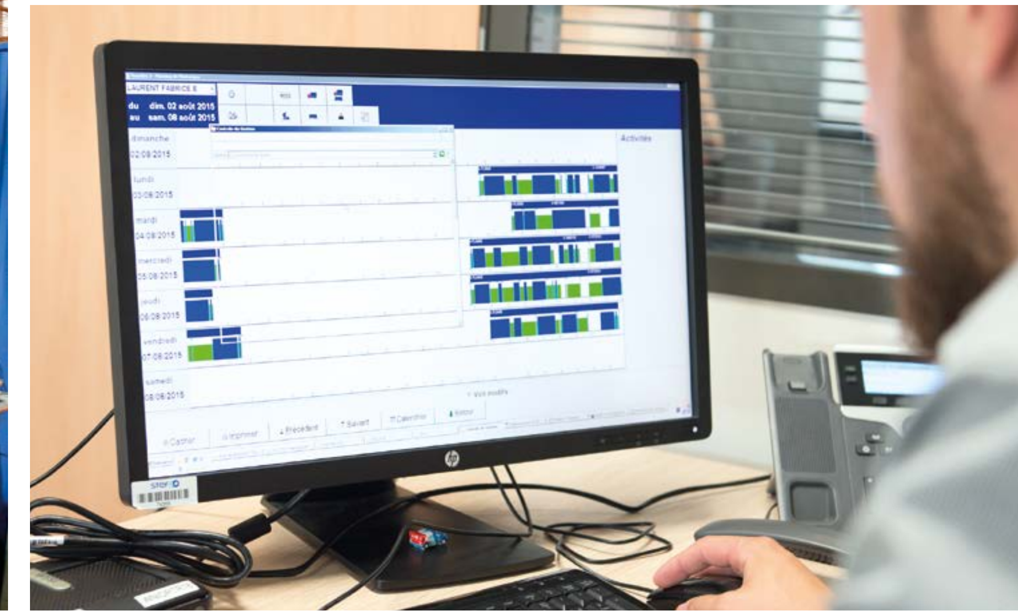
STEF IT has also worked on the compliance of different tools with the new European GDPR regulation.

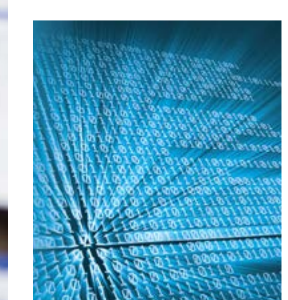
Digital transformation

As part of the Group's digital transformation, STEF IT has conducted innovative pilot projects: analysis of the causes of disputes (Big Data), sensors (Internet of Things) for real estate, using drones for warehouse inventories, augmented reality for picking operations (3D glasses) and "chatbots" to provide assistance for IS users.

Services for the Group's customers

STEF IT also produces specific applications for its customers, manufacturers and retailers (SaaS mode solutions for forecast management and supply and logistics decisions dedicated to the traditional chilled products sector).





DECLARATION OF EXTRA-FINANCIAL PERFORMANCE

CORPORATE SOCIAL RESPONSIBILITY

The actions taken by the Group under its corporate social responsibility enable it to position itself as a responsible leader with respect to all its stakeholders across all territories where it operates.

REPORTING METHODOLOGY

Information on the social, environmental and societal impacts of STEF's business is published in accordance with the obligations arising from Article 225 of the Grenelle 2 law and Article R.225-105-1 of the French Commercial Code. All information identified by the sign [5] has been verified with a reasonable level of assurance by the independent third party organisation.

1

Scope:
Quantitative and qualitative information, including social information, the workforce at 31 December and the breakdown thereof is provided about the Group. Where appropriate, the differences in scope are specified for the relevant indicators.

2

Selection of reporting information and indicators:
The information was selected for its relevance with regard to STEF's main environmental and social impacts, given its core business and the challenges of corporate social responsibility identified as strategic for the Group. These indicators are used to measure the results of its action plans. Thus, the following topics, required by Article L. 225-102-1 of the French Commercial Code, are excluded because they are not relevant to STEF's operations: the fight against food waste and food insecurity, respect for animal welfare and responsible, fair and sustainable food production.

3

Information collection and assessment:
The methods for reporting information are defined in an internal protocol (annually, over 12 months of the calendar year) on the basis of datasheets describing the methods for assessing, collecting and checking the CSR indicators.

4

External audit:
Information related to the requirements of Article 225 of the Grenelle 2 law and Article R.225-105-1 of the French Commercial Code was audited by an independent third party organisation.

5

STEF's business model:
The company's business model is set out in the introduction to this report.

[5] The level of reasonable assurance, symbolised by the logo , is a voluntary procedure undertaken by the STEF Group. It requires more in-depth work on the part of the third party organisation than that implemented within the framework of limited assurance.

MAIN CHALLENGES IDENTIFIED WITHIN THE GROUP

MAPPING OF SOCIAL, SOCIETAL AND ENVIRONMENTAL RISKS

STEF has analysed the social, societal and environmental risks to which the company may be exposed.

This process was used to map the different topics, assess their respective importance in STEF's operations and their level of severity in terms of social, societal and environmental impacts using a scale:
➤ low/average/high – in terms of importance in STEF's operations;
➤ low/significant/major – in terms of external impact.

The combination of these evaluations was used to grade the subjects to be addressed, in order of priority, without eclipsing those with a lesser impact.

HUMAN CAPITAL
MANAGEMENT OF HEALTH AND SAFETY AT WORK
CLIMATE
AIR QUALITY
NOISE POLLUTION

are the five main impacts arising from this analysis.

Reference systems used

In France, STEF has been involved in creating the CSR reference system managed by the Directorate-General for Transport, Infrastructure and the Sea (DGITM) and was a test company for the reference system based primarily on ISO 26 000. The mapping produced was inspired by these reference systems.

RISK ANALYSIS METHODOLOGY

In order to determine the themes, challenges and impacts caused by STEF's current and future operations from a social, societal and environmental perspective, an inventory of the various problems was shared:

➤ social and societal risks: between experts in the Group's human resources function and operational and functional managers. The themes were then compared to the analyses from the perspective of the Group's identified stakeholders;

➤ environmental risks: the inventory of the various emissions sources was drawn up by the Sustainable Development Department, in coordination with the Group's technical divisions (real estate and vehicles) and La Méridionale's Operating Division in order to take account of all aspects, relating to both construction and operations.

These elements are included in the "Monitoring Plan" section.

HUMAN RESOURCES

KEY SOCIAL FIGURES

Group workforce at 31 December 2018

At 31 December 2018, the Group's workforce (permanent and fixed term employment contracts) totalled 18,053 employees, an increase of 1,320 people when compared to 2017, which is +7.9%.

This change comes from all the Group's scopes. In Italy, the change in scope (+14.9%) was a result of the acquisition of the company Marconi (76 employees). In Portugal, the workforce rose by 12% through promotions. In France, in logistics, the workforce increased by 7.7%, mainly due to the opening of the sites at Aulnay-sous-Bois and Aix-en-Provence. In transport, the workforce grew by 9.7% through promotions and recruitment and due to taking on the employees from the company Epex (50 employees) and through the acquisition of Express Marée (367 employees).

These figures do not take into account assisted contracts (primarily apprenticeship and professionalisation contracts) which accounted for 462 people at 31 December 2018 or temporary staff (4,276 in full time equivalent)[6].

Including all contract types, the increase was 7.1% over the period.

Workforce by division

Permanent and fixed term employment contracts	31/12/2016	31/12/2017	31/12/2018
Transport France	7,805	8,011	8,791
Logistics France	3,722	3,967	4,273
STEF International	3,100	3,571	3,817
Maritime	537	556	547
Other activities and central functions	595	628	625
GROUP TOTAL	**15,759**	**16,733**	**18,053**

[6] Number of temporary hours worked in December 2018/151.67.

Workforce by country

	31/12/2016	31/12/2017	31/12/2018	Change 2016/2017
Workforce France	12,718	13,224	14,306	8.2%
Workforce outside France, of which	3,041	3,509	3,747	6.8%
- Spain	1,301	1,624	1,682	3.6%
- Portugal	435	479	537	12.1%
- Italy	665	726	834	14.9%
- Belgium	343	373	377	1.1%
- The Netherlands	205	195	207	6.1%
- Switzerland	92	112	110	-1.8%
GROUP TOTAL	**15,759**	**16,733**	**18,053**	**7.9%**

The overall workforce of the STEF International division increased, with particularly significant changes in Italy and Portugal.

Workforce by gender

The number of women remained stable, accounting for 20.2% of the workforce at the end of 2018. It varied depending on the country.

% of women in the workforce – Entire Group			2018			
France	Spain	Portugal	Italy	Benelux	Switzerland	**TOTAL**
19%	26%	25.3%	32.4%	12.5%	7.3%	**20.2%**

(Excluding Express Marée)

Workforce by category

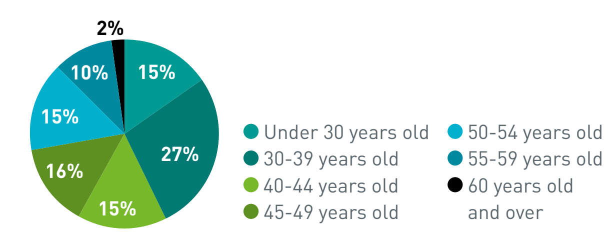
The structure of the workforce by category has remained steady over the last three financial years.

Categories (EUROPE)	2016	2017	2018
Executives	11.0%	11.0%	**11.0%**
Advanced and Proficiency skills	17.2%	16.7%	**16.1%**
Employees	14.6%	15.3%	**14.5%**
Manual workers	57.2%	57.0%	**58.4%**
- of which transit staff	21.0%	21.0%	**20.5%**
- of which sedentary workers	34.1%	34.0%	**36.0%**
- of which seagoing workers	2.1%	2.0%	**1.9%**

(Excluding Express Marée)

Workforce by age bracket

At 31 December 2018, the Group's workforce (permanent and temporary employment contracts) was broken down as follows:



This breakdown, which was stable compared with the previous year, proves that the renewal of the workforce has been conducted in a consistent manner.
The situation varies depending on the country. Thus, in Portugal, nearly 56.5% of employees are below 40, while this category accounts for 41.2% of the French workforce.

(Excluding Express Marée)

Staff turnover

In 2018, staff turnover[7] stood at 13.81%. This increase was due to the strong growth in new appointments (+726 compared with 2017 which is +35.4%):

- permanent appointments[8]: 2,775 new appointments or promotions, including 2,319 in France ;
- permanent contract departures: 1,842 departures including 568 redundancies or negotiated terminations and 241 retirements and early retirements.

(Excluding Express Marée)

[7] Permanent employees (new appointments and departures)/2/workforce at 31 December 2018, including takeovers and transfers.
[8] Takeovers are included.
[9] The "Staff remuneration" account, no. 641 of the General accounting plan, which includes salaries, leave, bonuses and benefits (excluding length-of-service awards payable on retirement).
[10] Excluding La Méridionale, where working time is governed by specific rules and shift work.
[11] Including occupational diseases and commuting accidents, excluding maternity/paternity leave; all contract types included, except for La Méridionale where interns (assisted contracts) are excluded. The ratio is: calendar days lost by number of theoretical calendar days. It should be noted that for Italy and Belgium, the ratio is calculated based on working days and not calendar days.

Remuneration

In addition to basic pay, STEF's remuneration policy may include variable remuneration components depending on the achievement of qualitative and quantitative objectives (incentive bonuses and profit sharing within each subsidiary in France) as well as non-salary items in France such as health benefits.

In 2018, compared with 2017, total payroll[9] increased by 8% (including profit sharing, incentive bonuses and social security contributions).

Work organisation

The Group complies with the principles laid down by International Labour Organisation conventions.

Work organisation at STEF is consistent with the business. So in 2018, 18.4% of hours worked were at night (compared with 18.5% in 2017), particularly within the transport business, where deliveries must be completed before stores open[10].

Rate of night hours	
France	20.2%
Spain	13.7%
Portugal	18%
Italy	5%
Belgium	16.7%
The Netherlands	14.1%
Switzerland	3.1%
Total	**18.4%**

There is no shift work.
Absenteeism due to illness or accident at work[11] was steady at 5.7%.

(Excluding Express Marée)

HUMAN CAPITAL

Having an engaged and motivated human capital is a major issue for the Group allowing it to meet two objectives: to provide an effective service to customers and to support medium-term growth.

STEF's employees are its strength. The Group's wealth lies in the diversity of its teams and their expertise across the seven countries in which it operates.

Those involved in Human Resources work around five priority areas.

1 - Identify human resources requirements to support the business objectives

Based on the development plans produced by each country, the human resources functions and operational managers forecast the requirements in terms of positions and skills. These requirements are compared against the resources identified and validated during people reviews and are used to draw up targeted action plans (recruitment, training, etc.).

2 - Prepare the company's men and women to succeed and support the Group's transformations

Through its social model committed to its employees and its specific activity, STEF has one objective: to fill 70% of executive and senior positions through internal promotion. This objective has become a reality due to the initiatives conducted at all levels of the organisation through talent and training management.

Talent management

At all levels, employees are supported in their professional career. This support ensures that their aspirations match STEF's needs and creates the conditions for a strong commitment. STEF has set up career management schemes and a digital platform to manage the main development processes for human resources in all countries. Annual appraisals have therefore become a real basis for developing skills and careers for all employees. People reviews are conducted in all areas so as to identify talent at all levels of the organisation and thus support the company's development. STEF also uses professional evaluation experts who reveal each person's potential and help accelerate their development.

Equality (Law 2018-771 of 05/09/2018)

The people review scheme for managing talents, referred to previously, is used to identify women with potential in the Group's organisation and support them in their development and therefore, increase the number of women within the various management bodies in France and Europe. Furthermore, the Group is working within the provisions of the "Professional Future" Law, specifically those relating to compliance with measures promoting gender equality. The Group's companies to which the Law applies will publish a score every year and, where applicable, will implement the necessary changes in order to achieve the regulatory threshold of 75 points.

Training

STEF University aims to pass on expertise but also train employees in the skills of the future. Organised by campus, the university is based around an internal training body, the IMF (Institut des métiers du froid), created in 2006 and certified by Bureau Veritas' Vérisélect since 2017. It delivered 203,035 hours of training in 2018.

The Group's training policy has three main objectives:

➤ **to acquire the skills of today and tomorrow**
For example the "Sales Campus" course aims to improve sales techniques. The objectives of the courses, which combine classroom-based and digital, internal and external training, include enhancing our services in increasingly competitive marketplaces and creating a true European culture. They can be tailored to the individual and adapted to the specific culture of a particular country;

➤ **training to prepare for career development**
Potential identified during the people reviews is supported through individual or group programmes (DEVENIR programmes) in order to strengthen or complement our employees' expertise and talents and move them towards a job with greater responsibility;

➤ **develop foundation or cross-cutting training courses** (command of basic knowledge, certified, multi-cultural courses, diversity).
For example, the certified "team leader" course offers 13 training modules covering all aspects of this demanding, field-based role. The training, mainly delivered internally through the IMF, is subject to an externally recognised qualification. In addition to improving skills, this training creates a real appetite for learning and raises the profile of the job.

Training in basic knowledge has existed since 2012. 900 of the Group's employees have benefited from over 25,000 hours of training in total, through a bespoke programme (written expression, calculation, etc.), communicated through the CléA certificate and its seven key skills.

3 - Attract talents

The Group recruits people for jobs that range from order pickers and drivers to local managers, from experienced executives to young graduates.
In order to support its growth, in 2018, STEF recruited 2,775 employees, 35% more than in 2017.

In order to address this challenge, the Group has innovated and invested in four areas:

➤ **raise its visibility:** in order to convey a powerful and consistent image in all countries where the Group operates, in November 2018, STEF launched its employer branding. Using a single strapline, "Build your future at the heart of the food world" and shared communication tools, human resources, managers and employees can ensure the Group's attractiveness to all audiences;
➤ **ensure an effective presence in the right channels:** STEF is present on many job sites across Europe, selected according to their target audiences. Since young graduates are a primary recruitment target, STEF took part in the Coup2Boost event designed to finance student projects proposed by over 250 campuses in Europe;
➤ **develop specific programmes for certain, highly-challenging jobs:** STEF has developed a "graduate programme" designed for young graduates with at least 5 years of higher education. Around one hundred young people are following a two-year course, at the end of which they could be offered management positions that could eventually lead to a director's position in a profit centre. Two other specific programmes were developed in 2018. The first targeted young graduates with more than 2 or 3 years of higher education with the aim of guiding them into middle management positions. The second was created to deal with the shortage of drivers using an appropriate programme through one-year apprenticeship or professionalisation contracts;

➤ **improve the effectiveness of application management:** the Group renewed its application management tool in order to improve its effectiveness with regards applicants. Its job site (www.stef-jobs) contains job adverts for the different countries.

4 - Involve the teams

Employee involvement in the Group's capital

STEF has made the principle of employee investment in its capital a unique model in its business sector. Today, 70.5% of the Group's capital is held by its management and employees, including 16.6% through the dedicated company mutual fund (FCPE).

Employee shareholding is one of the key priorities of the people/work/capital foundation on which the Group is built. It is a powerful uniting force and a true lever for economic performance. It is also an important factor of competitiveness and economic differentiation for the Group's customers and nearly two out of three employees are Group shareholders through the FCPE, across all socio-professional categories. The FCPE has been put in place in almost all of the countries where STEF operates. In 2018, the Group celebrated the 25th anniversary of its employee shareholding plan.

5 - Encourage a calm social climate

A policy of regular social dialogue

There are legal bodies in the Group's subsidiaries and establishments, in accordance with the regulations appropriate to each country. At higher levels of the organisation, there are supra-legal bodies (union coordinators) in addition to the legal systems of the European Works Council and Group committee. These promote a rich social dialogue at every relevant level of the organisation. At STEF, ongoing dialogue is the basis for staff relations.

HEALTH AND SAFETY AT WORK (HSW)

Due to its temperature-controlled business and predominantly manual roles, HSW has long been a major social issue for the Group. The Health and Safety at Work policy is based on the Group's values, which respect the physical and mental well-being of employees: rigorous in the application of the rules, passionate about incorporating employee discussions and participation and people-focused, because they are central to the performance. The Group continues to deploy its roadmap around the themes that have seen notable progress in 2018.

Supervision of the Health and Safety at Work process by management

➤ A specific roadmap by country and by organisation has been launched, its supervision is embodied by management;
➤ "HSW golden rules" have been created for a mass, standardised deployment at Group level.
Since the Group works in the area of transport, three types of rules were identified to protect individuals moving inside and outside the sites, in addition to the universal safety rules, the responsibility for which is shared by everyone, including visitors and customers. Suitable communication tools are used to reinforce the process (educational films, information booklets);
➤ The HSW communication plan was strengthened in 2018 in order to give visibility to the actions undertaken among all Group employees.

Risk control and prevention

A participatory approach to prevention

HSW is integrated upstream in the operational processes meaning that building construction standards are adjusted in order to take into account risk prevention right from their design. Furthermore, employee working groups have been involved in projects to change handing equipment and vehicles to test their user-friendliness.

Actions plans related to the major risks identified

➤ accidents related to the circulation of vehicles or handling equipment on the sites: deployment of procedures to remind employees of the basic issues concerning manoeuvring vehicles and the circulation of machines;

➤ musculoskeletal issues. Since handling activities are intrinsic to the Group's jobs, work processes are regularly reassessed to improve physical constraints. Solutions are tested (strength harness tested on 150 voluntary employees, ergoskeleton type tests);

➤ addictive consumptions and behaviours: a practical guide for managers and HR managers is currently being deployed in France to help manage potential addictive consumption situations.

In addition, the operating sites all have identification and management tools:

➤ risk evaluation documents;
➤ accident monitoring indicators (frequency and severity rates).

In 2018, the entire Group showed a frequency rate for occupational lost-time accidents of 45.95 (1,275 lost-time accidents) and the severity rate was 2.5.

Deployment of the health and quality of working life procedure in 2018

➤ redesign of the range of work clothes across all temperatures and Group activities (frozen/positive cold/specific uniforms/high-visibility uniforms for drivers);
➤ prevention of psycho-social risks: training for managers and those involved in human resources, signing of framework contracts, in France, for access to a network of social workers or the intervention of occupational psychologists in the event of difficulties or an individual or collective emergency among employees;
➤ initiatives promoting a work life balance (provision of a sporting application for all European employees, 2,000 employees participated);
➤ signing of a QVT agreement in France, with the aim of promoting and fostering the quality of working life and enhancing and circulating good practices. The themes covered are the employee working environment with the establishment of an employee users group to design and test new solutions, work-life balance, professional equality, measures to combat discrimination, the right to disconnect and remote working;
➤ provision of a school support platform in France, which provides support to employees' children. At the end of 2018, there were 2,500 children registered.

IN ADDITION TO THESE TWO MAJOR CHALLENGES, THE GROUP MAINTAINS A PROACTIVE POLICY ON OTHER ISSUES

Diversity and equal opportunities

The Group maintains its commitment in terms of diversity, particularly for individuals returning to work or those with disabilities, with an employment rate of 4.31%. Awareness initiatives are arranged on sites which are attended by inspiring personalities with disabilities. In 2018, in France, the Group became involved in the PHARES programme (beyond disability, advancing and succeeding in higher education) which aims to promote access to higher education for young people with disabilities by giving them the tools to consider and succeed in higher education studies. Sixteen young people and their chaperones were welcomed onto a site.

Diversity: Pilot initiatives for professionalisation are being created to promote diversity in the roles of drivers and bay operators.

Educational responsibility

The Group is continuing to support young people in the fields of career counselling and professional integration. In 2018, approximately 400 young people were welcomed to the Group's different sites to find out about the jobs and secure an internship, an apprenticeship or a summer job.

In France, STEF was involved in producing the manifesto "Towards an educational responsibility for companies" with the "Vers Le Haut" think tank. This event was the opportunity to demonstrate the actions conducted within the Group (training in command of basic knowledge, school support platform, internal promotion and professional integration policy).

Solidarity commitments

Partnerships with associations were strengthened (Sport dans la Ville, NQT (Our Districts Have Talent), EPIDE (Establishment for integration into employment) and Tremplin Handicap associations).
In France, STEF is working with the Restos du cœur charity as part of a sponsorship agreement resulting in initiatives related to the professional integration of beneficiaries, training of volunteers (33 people), skills-based sponsorship and logistics assistance.

ENVIRONMENT

For many years, STEF has implemented a proactive policy to limit the impact related to the environmental risks identified in its risk mapping.

IMPACT ON THE CLIMATE

The analysis of the sources of greenhouse gas emissions (GHG) related to logistics operations showed that:

➤ 91% are due to fuel consumption (diesel for traction and off-road diesel for the operation of onboard refrigerated units);
➤ 6% are due to electrical energy consumption (cold production for buildings);
➤ 3% are due to the consumption of certain refrigerants (HFC used in refrigerated facilities).

In view of this observation, as a priority, STEF is acting on:

➤ technical resources (regular replacement of the vehicle fleet, choice of real estate fixtures);
➤ working with vehicle manufacturers (design and experimentation) and equipment suppliers;
➤ organisation (consolidation and optimising distribution rounds);
➤ training employees (eco-driving, cold management and managing facilities).
Transport subcontractors are involved in the process, since their emissions are included in the indicators.

Reduce emissions related to hydrocarbon consumption

For several years, STEF has been committed:

➤ to a process of seeking accreditations for its transport resources, "Objectif CO_2" in France, "Lean & Green" in the Netherlands, which now cover 94% of the fleet;
➤ to the systematic replacement of vehicles, with a fleet that complies with the latest standards (94% of tractors and 56% of semi-trailers meet the Euro VI standard);
➤ to developing CSR criteria for referencing regular transportation subcontractors through:

- ➤ the inclusion of an "Ethics – Environment" clause in the contracts that complies with the STEF sustainable purchasing charter;
- ➤ a minimum standard requirement of Euro V for service providers responding to calls for tenders in France, Spain, the Netherlands, Portugal and Switzerland and Euro IV in Italy, in line with the fleet available in this country;
- ➤ encouraging regular service providers to commit to accreditation processes;
- ➤ the requirement for transportation subcontractors working predominantly for STEF (Spain, Italy and Portugal) to comply with technical and operating standards in accordance with the provisions applicable to STEF's own fleet.

➤ to the use, on certain urban distribution services, of onboard cryogenic cold as a replacement for traditional vapour compression units in order to reduce the off-road diesel consumption used to operate these units and their emissions;
➤ from 2018, to including the consumption of fuels in France (91% of the total consumption of the Group's fleet) in the ISO 50001 certification, with the objective of reducing consumption by 1% per year.
These combined actions have led to a marked reduction in emissions of gCO_2/t.km.

Going even further

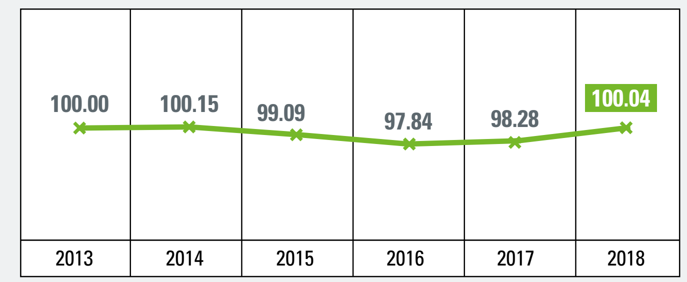
STEF is continuing to reduce its consumption, by working with manufacturers to adapt vehicles to reduce consumption, together with the operating staff (managers and drivers). STEF has therefore decided to equip its entire tractor fleet in France (91% of the Group's vehicles and covering 92% of kilometres travelled) with a specific piece of equipment called "alertgasoil" which provides a real-time measurement of the current fuel consumption of each vehicle.

Indicators related to hydrocarbon consumption emissions

The Group is continuing its policy of reducing the impacts related to its activities by improving the performance of and constantly adapting its operating facilities and organisation schemes. The stable level of the gCO_2/t.km indicator is linked to the constant change in the demand of the market and consumers who require service providers to increase the number of delivery points, reduce unit loads, in more limited time slots, combined with city centre traffic and access restrictions. In response to these challenges, STEF is working with various local authorities to share its industry expertise and propose more virtuous distribution schemes.

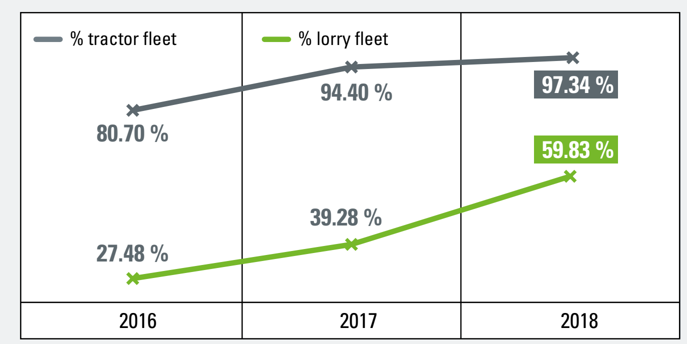
Transport carbon footprint in gCO_2/t.km

Change in gCO_2/t.km - base 100 in 2013 entire Group



Breakdown of the vehicle fleet by Euro standards

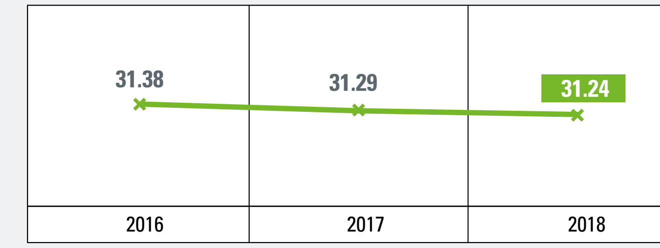
% of Euro IV fleet - STEF France



The regular replacement of the fleet means STEF has the latest generation vehicles.

Consumption of tractors in litres/100 km

Tractor consumption changes STEF Transport France



The control of fuel consumption, particularly under ISO 50001, has resulted in a constant reduction in the consumption per 100 km.

Reduce emissions related to electricity consumption

Long-term commitments

For many years, STEF has undertaken a monitoring and reduction plan for its electricity consumption, the main power source for refrigerated warehouses and platforms. A structured methodology of metering, analysis and energy audits has been implemented across all of the Group's sites.

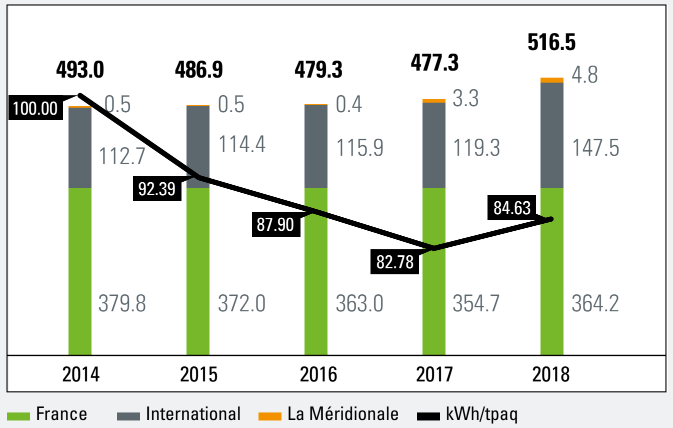
This process has resulted in the implementation of an Energy Management System (EMS – ISO 50001) certified in France since 2014 (71% of the Group's total consumption) and rigorous audits for the international sites (outside the ISO 50001 scope), with the target of reducing consumption by 4% over the period.
As a result of these actions, there has been a constant reduction in total electricity consumption over time.

Going even further

In early 2019, STEF set up a dedicated structure: Blue EnerFreeze. This will bring together a team of experts tasked with coordinating actions that aim to optimise electricity consumption, particularly that related to the operation of the refrigerated facilities which, alone, represents 80% of total consumption.

Indicators related to electricity consumption

Total electricity consumption in GWh
Change in energy performance in kWh/tonne carried (base 100 in 2014)



The integration of Marconi's "frozen" business in Italy has resulted in an increase in international consumption.

Reduce emissions related to the consumption of certain refrigerants (HFC)

The HCFC[12] synthetic refrigerants (such as R22) previously used by STEF for cold production, have gradually been withdrawn in accordance with international regulations, due to their effect on the ozone layer. They have been replaced with HFCs[13] (such as R404A) and/or natural refrigerants such as ammonia (NH_3) and carbon dioxide (CO_2).

A conversion plan for facilities

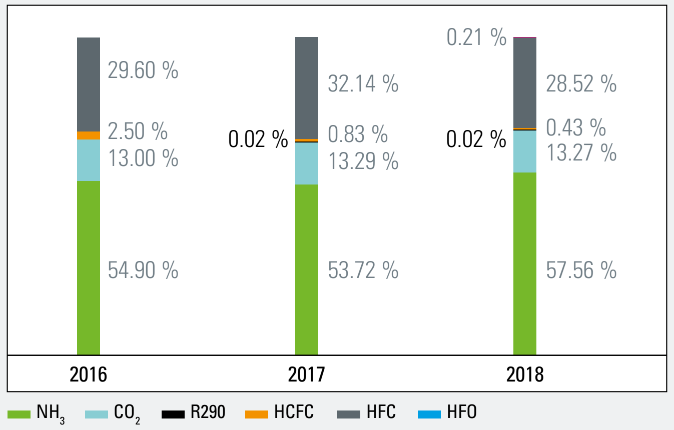
Since some HFCs with a significant GWP (Global Warming Potential) are subject to short- and medium-term restrictions on use, STEF is implementing a conversion plan favouring natural refrigerants with less environmental impact (carbon negative facilities) or synthetic refrigerants with a low GWP (carbon positive facilities) depending on local regulations.

Maintenance protocols

In addition to the planned conversion investments, strict cleaning and maintenance plans for facilities and detection equipment are being widely deployed in order to limit emissions related to refrigerant leaks. The personnel concerned follow ongoing training modules on handling such leaks.

Indicators related to the consumption of refrigerants

Breakdown of refrigerants by type (t)



STEF prefers to use refrigerants with a lower greenhouse effect by experimenting with propane and HFOs (Hydrofluoroolefins).

[12] Hydrochlorofluorocarbons
[13] Hydrofluorocarbons

AIR QUALITY

In consultation with the regional authorities, STEF is planning for future developments (traffic restrictions, Low Emission Zones) in the areas where the company operates. The objective is to implement more environmentally-friendly distribution schemes and technical resources.

Ongoing dialogue with stakeholders

STEF takes part in various working groups with the regional authorities and several professional federations on issues related to urban logistics in order to develop a coordinated approach to the specific features inherent in this activity.
Partnerships and experiments are also conducted with vehicle manufacturers regarding engine power, chassis and bodywork (particularly in terms of weight reduction) as well as onboard refrigerated units. The challenge is to create vehicles of a suitable size and engine power that meet the requirements, while reducing emissions.

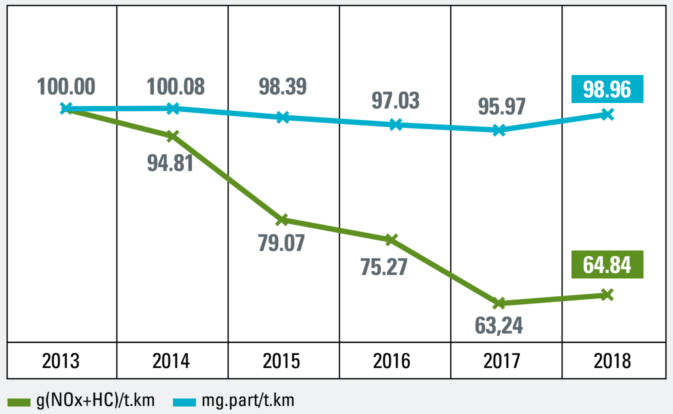
Practical actions and continuous progress

STEF works on different levers to respond to the expectations expressed by local stakeholders, resulting in various kinds of actions:

- the resources implemented to distribute temperature-controlled food products have been adapted for city centres where there are access difficulties (electric delivery trikes in Rennes, 7.5 t natural gas vehicles in Strasbourg);
- the deployment of onboard cryogenic facilities on the vehicles of three platforms in the Rhône Alpes region (Brignais, Chambéry and Mions) has helped to reduce emissions of pollutants (NOx, HC) and particles from hydrocarbon combustion;
- the optimisation of distribution rounds and the consolidation of shipments allowing the number of vehicles in circulation to be limited thus reducing congestion;
- STEF favours the use of natural refrigerants (NH_3 and CO_2), especially for negative cold facilities. As a group, these refrigerants represent 71% of the Group's total refrigerants. Given their specific features, they require very strict facility designs and operating conditions. STEF has its own teams (engineers and technicians) who undergo regular training and coaching to maintain the facilities;
- the industrial negative cold facilities, especially those working with ammonia, are frequently equipped with air-cooling towers (ACT) likely, under certain conditions, to foster the accidental development of legionnella. STEF has long implemented strict monitoring procedures for these facilities.

Indicator: change in pollutant (NOx, HC) and particle emissions

Change in emissions at t.km



Conscious of the issues related to pollutant emissions, particularly in highly urbanised areas, STEF monitors the trend in such emissions:

➤ NOx[14] and HC[15]: emissions are seen to be stable, after a significant fall caused by the consumption of fuels and the constant improvement in the quality of the vehicle fleet (Euro VI);

➤ particles: emissions remain steady, mainly resulting from the onboard refrigerated units. The implementation of emissions standards for these units and the alternative technologies (electricity, cryogenics, etc.) with which the Group is experimenting, will allow a further reduction in these in the future.

[14] NOx: Nitrogen Dioxide.
[15] HC: Hydrocarbons.

NOISE POLLUTION

The choice of materials and equipment has a major influence on air quality, but also on noise pollution. Delivery methods and times for goods are adapted to the operating constraints (local regulations, customer reception times). In order to ensure the cold chain is constantly maintained, onboard refrigerated units must be kept running during delivery operations and the resulting noise pollution can be a nuisance for residents living near delivery points.

Actions for city centre deliveries

In order to solve these problems, STEF chooses the equipment (particularly for onboard cold production) with the lowest noise emission levels on the market. Similarly, in order to analyse their suitability, as previously indicated, cryogenic refrigerated units with liquid nitrogen are being deployed on sites providing urban distribution, particularly at unsociable hours.

Actions for refrigerated warehouses and platforms

Refrigerated warehouses and platforms are mainly located on industrial estates. Before they become operational, they are subject to an impact study which includes noise measures. Most refrigerated facilities are located in machine rooms which substantially mitigate the noise from the compression equipment when operational. Specific developments (containment, bunds) are used to further limit noise levels.

OTHER ISSUES RELATED TO THE ACTIVITIES

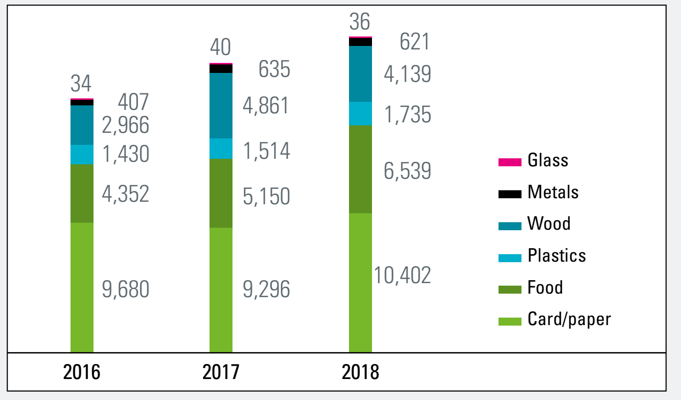
Health and safety of consumers

As a stakeholder in the cold chain, STEF has an obligation to guarantee its compliance and the traceability of the products entrusted to it. This requirement is reflected by the use of temperature measurement and recording systems during operating periods, remote monitoring systems for non-operating periods and information systems that ensure the traceability of goods and which are used to respond to any request for identification and location. STEF has a structured organisation responsible for ensuring the safety of the food products entrusted to it regarding potential biological, physical and chemical risks.

Site monitoring and control

In every operating country, there are strict monitoring procedures for the operation of facilities and compliance with the applicable regulations. These provisions are even more heavily regulated in France because most establishments are covered by the ICPE (Installations Classées pour la Protection de l'Environnement) scheme for facilities classified for environmental protection. Potential sources of pollution and/or incidents are strictly defined by the implementation of regular, internal audits, across all of the Group's sites. These audits concern both the safety and security of people and goods and compliance with technical instructions and procedures. Furthermore, as part of the circular economy, STEF closely monitors other indicators, including waste management.

Waste processing



Over 81% of the Group's sites sort and recycle non-hazardous waste, which is a recycling rate of 63.4% (23,472 tonnes). Hazardous waste (in low quantities) is subject to systematic elimination through approved channels.

ISSUES RELATED TO THE MARITIME DIVISION

The maritime activities conducted by La Méridionale are subject to a specific environmental process, mainly reflected in the ISO 14001 certification obtained in 2009.

The impact of La Méridionale's activities is:

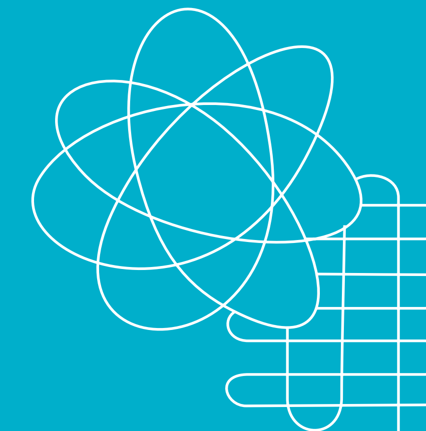
➤ 99.5% due to fuel consumption (diesel and fuel oil for the propulsion of ships);
➤ 0.5% due to electricity consumption (quayside supply for ships and offices).

La Méridionale opts for the most efficient engine specifications in order to reduce its vessels' consumption. It is also involved in a diesel particulate filter project designed to reduce the amount of sulphur and fine particles discharged into the sea during crossings. It has signed a partnership with two manufacturers to create a system that will be subject to an experimental test in the first half of 2019. This innovation aims to help it comply with the provisions of the MARPOL directive, but also to anticipate environmental developments.

In addition, keen to reduce emissions when its vessels are berthed, the company has set up a quayside electrical connection in the Port of Marseille, which helps to reduce:

➤ diesel consumption during berthing phases thus removing the resulting emissions;
➤ noise pollution related to the operation of engines when in port.

The process is currently being deployed in Corsica at the Port of Ajaccio, where the company has conducted a positive test for an electrical supply with liquefied natural gas.
This issue is all the more relevant when berthing in highly urbanised areas.
Finally, in order to prevent accidental pollution at sea and protect biodiversity, the company has established and tested strict operating procedures and all its vessels are fitted with detection systems allowing them to locate Cetacea so they can avoid the risk of collision.



STEF MONITORING PLAN

CONTEXT OF THE STEF MONITORING PLAN

In accordance with Article L. 225-102-4 of the French Commercial Code, STEF's monitoring plan is designed to present the reasonable due diligence measures established within the Group to identify risks and prevent serious breaches regarding human rights and fundamental freedoms, the health and safety of people and the environment resulting from the Company's activities and those of its consolidated subsidiaries (in the sense of II of Article L. 233-16 of the French Commercial Code), and the activities of subcontractors or suppliers with which the Group maintains established business relationships.
STEF operates in seven countries in Europe as a refrigerated logistics company and in economic and socio-cultural environments that have few structural differences; consequently, the plan can be deployed uniformly throughout the Group.

1

Governance of the CSR process Monitoring Plan

STEF has adopted governance policies that help to respect the areas covering human rights and fundamental freedoms and the health and safety of the people in the seven countries where the Group operates: a Health and Safety at Work Steering Committee is responsible for promoting a policy of prevention in managerial practices and operating processes and reports to the Operations Management Committee. In terms of the environment, the Sustainable Development Department, reporting directly to the Executive Management, is responsible for designing and deploying the Group's environmental policy.
Management of the CSR process, including the monitoring plan and decisions about policy development and future challenges are handled within the Operations Management Committee which dedicates at least two plenary sessions per year to this issue.

2

Methodology and drafting of the Monitoring Plan

The drafting of this first Monitoring Plan brought together the Group's main functions (Human Resources, Sustainable Development, Purchasing, Business Unit, Internal Audit, Company Secretary). This plan specifies the rules and provisions that enable the Group to identify and prevent actual or potential breaches related to its activities and where necessary, to limit their effects. The long-standing process of listening and ongoing dialogue aims to involve all stakeholders in the choice of the actions carried out and their deployment. In 2019, the dialogue will focus on two main themes: access and delivery methods in highly urbanised areas and career guidance and professional integration for young people.

Mapping of STEF stakeholders

Stakeholders	Associated issues
Employees	Attract and retain talents, encourage professional development, develop the Health, Safety and Quality of Working Life culture
Customers	Provide a service that respects the cold chain, guaranteeing the hygiene of the food products entrusted to the company
Suppliers	Secure the best services and be a partner for innovation (for example: vehicles, handling machines, cold production)
Public authorities	Share our industry challenges and develop practices Examples, for France: ➤ supervisory authorities (ministries and decentralised services) ➤ semi-public bodies (e.g.: ADEME, CARSAT...) ➤ local authorities
Professional bodies	Work together on the sector's impacts, for example: ECSLA
Regions and communities	Share the challenges and work together to find appropriate solutions for each situation
Employment partners	Take action to promote professional integration, particularly for the most vulnerable individuals: employment structures, temporary agencies, integration bodies, associations and foundations
Schools and universities	Introduce our jobs and work towards the integration of young people
Agencies and assessment and inspection bodies	Be assessed on our different issues, for example: Statutory auditors, Ecovadis CSR rating platform
Financial partners	Access to financing
Media	Inform about the company and its development

Mapping of STEF's risks and challenges
Given STEF's temperature-controlled and maritime activities, the main impacts concern:

- **Human capital**
- **Management of health and safety at work**
- **Climate**
- **Air quality**
- **Noise pollution**

3

The Monitoring Plan

3.1 Environment

The mapping of STEF's environmental risks results in impacts on:

- the climate, through GHG emissions (greenhouse gas emissions) mainly resulting from hydrocarbon combustion (vehicle traction and operating onboard refrigerated units, ship propulsion) and, to a lesser extent, electricity consumption (quayside supply for vessels, refrigeration of platforms) and refrigerant emissions for maintaining the cold production facilities of the warehouses and platforms;
- air quality, through emissions into the atmosphere (NOx, HC and particles) during hydrocarbon combustion (vehicle traction and operating onboard refrigerated units, ship propulsion and berthing);
- noise pollution from the operation of vehicles (traction and onboard refrigerated units), vessels and fixed cold production facilities (warehouses and platforms).

In order to reduce its emissions over time, STEF has implemented a structured process resulting in specific investments (ongoing replacement of its vehicle fleet and facilities, quayside electrical supply for ships), combined with voluntary commitments (ADEME, Lean & Green, ISO 50001 accreditation) and finally, by constantly adapting its operating, management and consolidation methods.

Maritime: the long-standing environmental process enabled La Méridionale to obtain ISO 14001 certification in 2009.

France Sites

La Méridionale

3.2 Human Resources and Fundamental Rights

The STEF Group complies with the social regulations in force in each of its operating countries.

In addition to the fundamental principles set out in the Group's ethics charter relating to the respect for human rights, the Group has chosen to focus its actions on a policy of diversity and equal opportunities. This is currently being deployed in each of its operating countries.

A Group Health and Safety at Work roadmap was formalised in 2016 and is applicable to each country and each organisation. It is comprised of different themes:

- supervision of the Health and Safety at Work process by management in every country;
- risk control and prevention:
    - integration of the HSW process upstream, from the design of facilities, vehicles or handling machines;
    - major risks in terms of health and safety at work have been identified:
        - accidents related to the circulation of vehicles or handling equipment on sites;
        - musculoskeletal issues;
        - addictive consumption and behaviours.
    - principle of supervision and monitoring managed directly by the operating sites: risk evaluation documents, accident monitoring indicators (frequency and severity rates) consolidated at country and then Group level.
- deployment of a Health and Quality of Working Life procedure:
    - redesign of the range of work clothes;
    - programme for the prevention of psycho-social risks.
- targeted communication at all levels of the organisation, in order to share a common HSW culture.

4

Relationships with suppliers and subcontractors

As a purchaser in various business sectors, including transport subcontracting and construction site management and across many purchasing categories, STEF has a proactive and inclusive policy in these areas with regards its main suppliers and subcontractors. In addition to respecting people's fundamental rights, in terms of the environment, this policy is reflected by:

- the inclusion of a CSR clause in all purchasing and subcontracting contracts;
- the signing of a sustainable purchasing charter;
- the addition of CSR criteria in the specifications during calls for tenders;
- the integration of CSR criteria for referencing regular transport subcontractors.

5

Training and information mechanisms

- the Group's ethics charter includes the applicable standards for good business practices;
- combating corruption: the Group complies with the provisions of the Sapin 2 Law on corruption risk;
- organisation of European seminars on the issues of HSW/HR/Environment which bring together colleagues from the HR, Health and Safety at Work and Environment functions from all countries.

6

Alerts and whistleblowers

Contentious cases are reported through the managerial channel, according to the Group's organisation and the recommendations of the ethics charter.

ETHICS CHARTER/CODE OF CONDUCT

The STEF Group's ethics charter contains the standards for good business practices applicable in the Group, as well as the provisions of Law no. 2016-1691 of 9 December 2016 on transparency, the fight against corruption and the modernisation of economic life (known as the "Sapin II" Law). STEF has set up an organisation, tools and a procedure that it can use to comply with its prevention and due diligence obligations. Within this framework, a code of conduct has been produced. This defines the behaviour standards to be respected by all employees in situations presenting risks of corruption and influence peddling. This code follows the Middlenext reference system to which STEF has chosen to refer.

SUPPLIERS AND SUBCONTRACTORS

The Group's sustainable purchasing charter sets the main ethical, social and environmental commitments to which the Group's suppliers must adhere. They must also convey these principles among their own suppliers. It is available in all the languages spoken within the Group. In 2018, the charter was incorporated into the general terms and conditions of sales and into all types of contract. The 212 suppliers who have signed up to the sustainable purchasing charter represent over 50% of the company's expenditure (excluding transport subcontracting).
In addition, strategic and critical suppliers are subject to regular evaluations. This survey is used by internal stakeholders to give their perception of suppliers. These assessments are presented to and discussed with suppliers and the operating functions and are used to draw up corrective action plans. One of the criteria of this questionnaire is Sustainable Development.

AUDITORS' CERTIFICATE

REPORT BY THE INDEPENDENT THIRD PARTY ORGANISATION ON THE CONSOLIDATED DECLARATION OF EXTRA-FINANCIAL PERFORMANCE APPEARING IN THE MANAGEMENT REPORT

To the Shareholders,

In our capacity as an independent third party organisation, a member of the Mazars network and as the STEF company's Statutory Auditors, accredited by the COFRAC Inspection under number 3-1058 (accreditation scope available on the www.cofrac.fr website), we hereby present our report on the consolidated declaration of extra-financial performance for the year ended 31 December 2018 (hereafter the "Declaration") presented in the management report, in accordance with Articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Corporate social responsibility

It is incumbent upon the Board of Directors to prepare a Declaration in accordance with the legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies applied with regards these risks and the results of these policies, including the key performance indicators.
The Declaration has been produced by applying the Company's procedures (hereafter the "Reference system") the significant elements of which are presented in the Declaration and available on request from the Company's head office.

Independence and quality control

Our independence is defined by the provisions of Article L. 822-11-3 of the French Commercial Code and the professional code of ethics.
In addition, we have established a quality control system that includes documented policies and procedures to ensure compliance with the rules of ethics, professional standards and applicable laws and regulations.

Responsibility of the independent third party organisation

Our role, based on our audit, is to formulate a reasoned opinion expressing a limited assurance conclusion on:

- the Declaration's compliance with the provisions of Article R. 225-105 of the French Commercial Code;
- the sincerity of the information provided under 3° of I and II of Article R. 225 105 of the French Commercial Code, namely the results of the policies, including the key performance indicators and the actions relating to the main risks, hereafter the "Information".

Our role is also to express, at the entity's request and outside the scope of accreditation, a reasonable assurance conclusion on the fact that the information selected by the entity[1] has been established, in all material respects, in accordance with the Reference Systems used.

However, it is not for us to decide on:

- the Company's compliance with other applicable legal and regulatory provisions, particularly in terms of the monitoring plan and combating corruption and tax evasion;
- the compliance of the products and services with the applicable regulations.

Nature and extent of the work

We conducted the following work in accordance with the provisions of Articles A. 225 1 et seq. of the French Commercial Code determining the procedures used by the independent third party organisation to carry out its mission and pursuant to the professional standards of the national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this work and the international standard ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

We conducted work enabling us to assess the Declaration's compliance with the regulatory provisions and the sincerity of the information:

- we reviewed the activity of all the companies included in the scope of consolidation, the exposure to the main social and environmental risks related to this activity, and its effects with regards human rights and combating corruption and tax evasion and the subsequent policies and their results;
- we assessed the appropriate nature of the Reference System with regards its relevance, exhaustiveness, reliability, neutrality and clarity, taking into consideration industry good practice, where necessary;
- we verified that the Declaration covers every category of information set out in III of Article L. 225 102 1 regarding social and environmental issues, as well as the respect of human rights and combating corruption and tax evasion;
- we verified that the Declaration includes an explanation of the reasons justifying the absence of information required by the 2nd paragraph of III of Article L. 225-102-1;
- we verified that the Declaration presents the business model and the main risks related to the activity of all the entities included in the scope of consolidation, including, if necessary and proportionate, the risks created by their business relations, products or services together with the policies, actions and results, including the key performance indicators;
- we verified, when it was relevant with regards the main risks or policies presented, that the Declaration presents the information set out in II of Article R. 225-105;
- we assessed the selection and validation process of the main risks;
- we enquired about the existence of internal control and risk management procedures implemented by the Company;
- we assessed the consistency of the results and the key performance indicators selected with regards the main risks and policies presented;
- we verified that the Declaration covers the consolidated scope, i.e. all the companies included in the scope of consolidation in accordance with Article L. 233-16;
- we assessed the collection process implemented by the entity aimed at providing complete and sincere information;
- for the key performance indicators and other quantitative results[2] that we considered must important, we carried out:
  - analytical procedures that involved verifying the correct consolidation of the data collected and the consistency of its development;
  - detailed tests based on samples, that involved checking the correct application of the definitions and procedures and reconciling data with the supporting documents. This work was conducted with a selection of contributing entities[3] and covered between 69% and 89% of the consolidated data for the key performance indicators and results selected for these tests;
- we consulted documentary sources and conducted interviews to corroborate the qualitative information (actions and results) that we considered most important[4];
- we assessed the consistency of the entire Declaration compared with our knowledge of the Company.

We believe that the work that we conducted using our professional judgement has enabled us to express a limited assurance conclusion; a higher level of assurance would have required a more extensive audit.

Means and resources

Our work used the skills of 4 people and took place between October 2018 and April 2019 over a total procedure time of 6 weeks.
We conducted around fifteen interviews with the people responsible for preparing the Declaration.

Conclusion

Based on our work, we found no material misstatement that would call into question the fact that the declaration of extra-financial performance complies with the applicable regulatory provisions and that the information, taken in its entirety, is presented, in all material respects, in a sincere way in accordance with the Reference System.

Reasonable assurance report on selected CSR information

Regarding the information selected by the Company and identified by the sign, at the Company's voluntary request, we conducted work of the same nature as that described in the paragraph "Nature and extent of the work" above for the key performance indicators and for the other quantitative results that we considered most important, but in greater detail, particularly regarding the number of tests.
The sample selected represented 89% of the workforce and between 69% and 80% of the environmental information identified by the sign.
We believe that this work allows us to express reasonable assurance concerning the information selected by the Company and identified by the sign.

Conclusion

In our opinion, the information selected by the Company and identified by the sign has been established, in all material respects, in accordance with the Reference Systems used.

Paris La Défense, 28 March 2019
The independent third party organisation MAZARS SAS

Anne-Laure ROUSSELOU – Associate
Edwige REY – CSR and Sustainable Development Associate

[1] **Quantitative social information:** End of period workforce; absenteeism rate; number of training hours per employee; staff turnover.
Quantitative environmental information: Diesel consumption at 100 km for the Group's own fleet; CO_2 emissions – gCO_2/tonne-kilometre; Breakdown of refrigerants by type in fixed facilities; Energy consumption per tonne carried (Group excluding La Méridionale); Pollutant emissions, emitted during land transport operations (Group excluding La Méridionale).
[2] **Quantitative social information:** End of period workforce; absenteeism rate; number of training hours per employee; staff turnover.
Quantitative environmental information: Diesel consumption at 100 km for the Group's own fleet; CO_2 emissions – gCO_2/tonne-kilometre; Breakdown of refrigerants by type in fixed facilities; Energy consumption per tonne carried (Group excluding La Méridionale); Pollutant emissions, emitted during land transport operations (Group excluding La Méridionale).
[3] STEF France, STEF Espagne.
[4] **Quantitative societal information:** Measures taken for consumer health and safety.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CORPORATE GOVERNANCE REPORT

THE BOARD OF DIRECTORS AND THE EXECUTIVE MANAGEMENT

Chairman and Executive Management

The positions of Chairman and Chief Executive Officer have been separated pursuant to Article L225-51-1 of the French Commercial Code.

Mr Francis Lemor is the Chairman of the Board of Directors.

Mr Jean-Pierre Sancier holds the position of the Company's **Chief Executive Officer**. He has full authority to act under any circumstances on behalf of the Company. He exercises these powers within the limits of the corporate purpose and subject to the powers that the law expressly assigns to the Shareholders' meetings and the Board of Directors.

One Deputy Chief Executive Officer, Mr Stanislas Lemor, in charge of administration and finance, assists the Chief Executive Officer in the management of the Group. Mr Serge Capitaine, Deputy Chief Executive Officer in charge of sales, retired on 1 July 2018.

Chairman's Responsibilities

The Board of Directors has set out the responsibilities of the Chairman of the Board of Directors in areas that are not necessarily covered by the organisation of the Board of Directors' activities and the responsibilities incumbent upon him under legal provisions:

➤ maritime business
➤ high-level and strategically important external relations
➤ corporate communication, relations with shareholders
➤ strategic external growth and disposal operations
➤ significant real estate investment and disinvestment projects

At the request of the Chief Executive Officer, the Chairman can provide support to the Executive Management in internal discussions and work, focusing on the strategy, organisation and main directions of company life.

Actions that come under the Chairman's areas of responsibility are exercised in coordination with the Executive Management and without prejudice to its executive functions. These operating principles do not limit the powers of the Chief Executive Officer and the Deputy Executive Officers in their respective fields, as provided for in law. They have no impact on the authority of the Board of Directors.

Change in the Group's governance

The Group's governance will undergo a period of transformation in 2019. The challenge has been to move towards a governance which embodies the Group's culture and values and which is also ready to face the challenges and changes of the logistics market in Europe.

From 30 April, following the Shareholders' Meeting, and subject to its approval for the decisions within its jurisdiction:

➤ since the Chairman's directorship will end after the Shareholders' meeting, **Mr Francis Lemor** will retire from his duties as Chairman and Director of STEF. He will be appointed Honorary Chairman
On the same date, **Mr Jean-Pierre Sancier** will retire from his role as Chief Executive Officer
➤ subject to the approval of the Shareholders' Meeting, **Mr Stanislas Lemor** will join the Board of Directors of STEF
➤ the positions of Chairman and Chief Executive Officer will be reunited
➤ **Mr Stanislas Lemor** will be appointed as Chairman and Chief Executive Officer and will take up his position on 30 April after the Shareholders' Meeting
➤ **Mr Marc Vettard,** currently Deputy Chief Executive Officer, will be appointed Deputy Chief Executive Officer in charge of operations and take up his position on the same date

Board of Directors

The Board of Directors comprises 14 members, one of whom represents employee shareholders and two of whom represent the employees.

OFFICES AND POSITIONS HELD BY DIRECTORS IN 2018

Mr Francis Lemor
Chairman of the Board of Directors, appointed to the Board in 1983

➤ Chairman & CEO of the company Union Économique et Financière (UEF)
➤ Legal Representative of the UEF, Chairman of Européenne de Logistique du Froid
➤ Director of Atlantique Management
➤ Director of La Méridionale
➤ Chairman of the Board of Directors of IMMOSTEF
➤ Director of STEF Iberia (Spain)

Mr Jean-Michel Delalande
Appointed to the board in 2015

Mrs Elisabeth Ducottet
Appointed to the board in 2014

➤ Corporate Manager of Holding Thuasne, Chairperson of Thuasne Management, terms as Chairperson and Corporate Manager in companies belonging to the Thuasne Group in Europe, Managing Partner of the SCI (real estate investment company) Val du Parc
➤ Director of Universcience and Museal Luxembourg

Mr Jean-Charles Fromage
Appointed to the board in 2005

➤ Director of Atlantique Management and La Méridionale
➤ Director of STEF Iberia (Spain)
➤ Permanent representative of STEF on the Board of Directors of IMMOSTEF
➤ Permanent representative of STEF Transport on the Board of Directors of Froidcombi until June 2018 and of Prim@ever, Director of Primaver

Mr Alain Georges
Appointed to the Board in 2015

Mr Emmanuel Hau
Appointed to the Board in 2007

Mrs Estelle Hensgen-Stoller
Appointed to the Board in 2013

Mr Bernard Jolivet
Vice-Chairman of STEF, Appointed to the Board in 1996

➤ Chairman & CEO of Atlantique Management

Mr Jean-François Laurain
Appointed to the Board in 2016

➤ Managing Director of Unigrains, terms as Chairman and Corporate Manager in companies belonging to the Unigrains Group (Director and Managing Director of Unigrains Diversification and Agrifigest-Alma, Unigrains Développement and Chairman of Messis Finances)
➤ Director of SAIAM, permanent representative of the company Unigrains
➤ Director of Atlantique Management

Mrs Murielle Lemoine
Appointed to the Board in 2011

➤ Director of Pharnext from 2017
➤ Director of IMMOSTEF

Mrs Lucie Maurel-Aubert
Appointed to the Board in 2017

➤ Vice-Chairperson of Rothschild Martin Maurel Associés and member of the Supervisory Board of Rothschild and Co
➤ Director of Plastic Omnium

Mrs Dorothée Pineau
Appointed to the Board in 2016

➤ Member of the Supervisory Board of Chevrillon & Associés and Financière Miro SAS (until December 2018 for the latter)
➤ Director of Axa Lard SA
➤ Co-Manager of the company DP Conseil Sarl
➤ Corporate Manager of the Vérigny and Heyrault SCIs (real estate investment company)

Allianz Vie, represented by Mrs Clarisse Kopff, appointed to the Board in 1997

➤ Mrs Clarisse Kopff holds offices as Chairperson and Corporate Manager in the member companies of the Allianz Vie Group

Atlantique Management, represented by Mr François de Cosnac, appointed to the Board in 2010

➤ Mr François de Cosnac is Director of IMMOSTEF and UEF, Permanent representative of the company UEF, Director of Atlantique Management
➤ Chairman of Gerignac SAS, and Géribourg, Corporate Manager of FDC Conseil Patrimoine
➤ Vice-Chairman of the Supervisory Board of Auris Gestion Privée

THE RULES OF PROCEDURE FOR THE BOARD OF DIRECTORS

The Rules of Procedure for the Board of Directors organise the operation of the Board of Directors within the legislative and regulatory framework applicable to the Company. They determine the scope of the Board of Directors' responsibility and that of its members, its mode of operation and that of the Audit Committee and the Remuneration and Appointments Committee, lastly it includes the Director's charter.

The Company's corporate governance code

The corporate governance code that the Company refers to is the Middlenext Code. The Board of Directors believed that the Middlenext Code provided governance principles better suited to STEF's size and capital structure.

Independent directors:
On the date of this report, the Board of Directors includes five independent Directors in the sense of the Middlenext Code that characterises the independence of Directors by the absence of any shareholding, financial, payroll, contractual or close family relationship likely to affect their independence of judgement. These Directors are Mrs Ducottet, Mrs Lemoine, Mrs Maurel-Aubert, Mrs Pineau and Mr Hau.

Concurrent holding of company office – employment contract: The employment contracts of the Chief Executive Officer and the Deputy Executive Officers were suspended at the time of their appointment. Furthermore, the Chairman is remunerated exclusively for the responsibilities pertaining to his term of office.

Length-of-service awards for senior executives: Commitments exceeding the conventional limits were subject to meeting the performance criteria, assessed against those of the company and which are the achievement of an annual increase in consolidated turnover and operating profit. These commitments were approved by the Company's Shareholders' Meeting.

Remuneration of company officers:
The remuneration policy for senior executives results from a consistent approach, based on objective criteria, consistent with the overall salaries and wages policy applied within the Group.

Equality: The Board of Directors includes six female Directors: Mrs Ducottet, Mrs Hensgen-Stoller, Mrs Lemoine, Mrs Maurel-Aubert, Mrs Pineau and Mrs Kopff. The Company complies with the requirements of Article L. 255-17, paragraph 2 of the French Commercial Code on balanced representation of women and men on the Board of Directors. In accordance with the law, Directors representing employees are not taken into account when determining this percentage.

Preparation and organisation of the Board of Directors' activities

1. Organisation of the Board of Directors' activities

The Chairman of the Board of Directors will convene the Board as often as he deems appropriate. Five meetings were planned according to a provisional schedule, other meetings are optional depending on the corporate interest.

Each Director is individually requested to attend each Board of Directors meeting; calls to attend are sent approximately 15 days before each meeting. The calls to attend are sent together with the meeting's agenda and a draft of the minutes of the previous meeting. In the days preceding a meeting (usually five days), each Director receives a file containing the documents relating to the main topics on the agenda.

The articles of association and rules of procedure of the Board of Directors set out the terms for the Directors' participation at Board meetings, which are held via video conferencing. The issues likely to be dealt with and decisions made by this mode of participation are governed by the applicable laws and regulations.

The attendance rate of Directors at Board meetings in 2018 was 93% (96% in 2017).

2. Board of directors' activities

The Board of Directors met five times in 2018.

The forecast results from the preceding year and the main components of the budget for the current year are usually discussed at the meeting which is held at the end of January.

The meetings in March and the end of August are mainly devoted to approving the annual and half-yearly accounts.

The meeting held as a result of the Shareholders' Meeting in May is normally used to implement the share repurchasing plan voted by the Shareholders' Meeting.

In December, the Board examines any changes to the Group's business over the current financial year and compares it to the updated budget projection.

At every board meeting, the Group's results from the previous month are analysed. Furthermore, every month, the Directors receive financial data with comments enabling them to assess the Group's performance for the previous month.

The Board of Directors is advised by two specialist committees.

Committees of the Board of Directors

1 – The Audit Committee

On the date of the report, the Audit Committee is comprised of three members: Mr Hau, Mr Jolivet and Mrs Kopff. Mr Hau, independent director, chairs the Audit Committee.

In addition to the functions relating to the review of accounting and budgetary statements, the Audit Committee is responsible for monitoring the effectiveness of internal control and risk management systems. In this context, it ensures the establishment of the internal control and risk management procedures and the adequacy of assignments undertaken by the internal audit department in terms of these issues and the effectiveness of the checks performed on identified risks.

The Audit Committee defined its mode of operation, for both its internal functioning and in respect of its contacts within the company, and specified its field of action. Members of the Executive Management and representatives of financial management and the internal audit department may be seen by the Audit Committee, as well as the statutory auditors.

The Audit Committee generally meets three times a year, with an attendance rate of 100% in 2018.

At the sessions preceding the Board of Directors' meetings to prepare the annual and half-yearly accounts, the Committee reviews the presentation of the accounting statements submitted to it. In December, the Audit Committee reviews the work conducted by the audit department over the past year, the analysis of reports on specific assignments, the examination of the internal audit work schedule for the coming year and, finally, the review of the statutory auditors' fees.

The Chairman of the Audit Committee reports on the Committee's work to the Board of Directors.

2 - Company Officers Remuneration and Appointments Committee

This Committee is comprised of two members: Mrs Lemoine and Mr Laurain. Mrs Lemoine chairs the committee. A third member will be appointed after the Shareholders' Meeting.

It is responsible for making recommendations to the Board of Directors for determining senior executives' remunerations, namely, the Chairman, the Chief Executive Officer and the Deputy Executive Officers. The Chairman of the Board of Directors participates in the work of the Committee, presenting the elements for achieving the objectives set for the Chief Executive Officer and the Deputy Executive Officers. The Committee also reviews the policy and the draft allocation plan for performance shares.

The Committee met twice in 2018 with an attendance rate of 100%, firstly, in March, to review the draft allocation plan for outperformance shares and formulate an opinion for the Board of Directors, and secondly, in December, to determine the fixed and variable aspects of senior executives' remuneration.

OFFICES AND POSITIONS HELD BY MEMBERS OF THE EXECUTIVE MANAGEMENT IN 2018

Mr Jean-Pierre Sancier
Chief Executive Officer

➤ Chairman of STEF Transport until 31 December 2018
➤ Director of STEF Italia S.P.A. (Italy)
➤ Chairman of STEF Iberia (Spain)
➤ Corporate Manager of STEF Portugal-Logistica e Transporte, LDA
➤ Director of Atlantique Management
➤ Permanent representative of STEF Transport on the Board of FROIDCOMBI from 30 June 2018

Mr Serge Capitaine
Deputy Chief Executive Officer until 1 July 2018

➤ Chairman of the Board of Directors of STEF Logistics Courcelles, STEF Logistics Saintes and STEF Transport Saintes (Belgium) until 30/06/2018 and Director of these companies from this date
➤ Director of Atlantique Management

Mr Stanislas Lemor
Deputy Chief Executive Officer

➤ Director of STEF Transport Saintes, STEF Logistics Saintes and STEF Logistics Courcelles (Belgium)
➤ Chairman of STEF Italia Holding S.R.L., STEF Logistics Italia S.R.L., STEF Italia S.P.A. and Director of STEF International Italia S.P.A. (Italy)
➤ Director of Orlando Marconi Trasporti S.r.L. and of STEF Frozen Italia S.r.L from May 2018 (Italy)
➤ Director of STEF Iberia (Spain) and STEF Suisse
➤ Permanent representative of STEF on the Board of Directors of GEFA
➤ Director of Prim@ever and Prim@ever IMMO
➤ Director of UEF

REMUNERATION OF COMPANY OFFICERS

The remuneration of the Chairman of the Board of Directors, the Chief Executive Officer and the Deputy Executive Officers is set by the Board of Directors on advice from the Company Officers Remuneration and Appointments Committee and in accordance with Articles L225-37-2 and L225-100, paragraph II of the French Commercial Code.

The members of the Board of Directors receive directors' attendance fees, for which the total budget was fixed at €126,000 for each Shareholders' Meeting, of which €12,000 is reserved for members of the Audit Committee and €9,000 for members of the Remunerations and Appointments Committee.

Directors with positions within the company are remunerated under the terms of their employment contract, these include Mrs Hensgen Stoller, Key Accounts Director of Logistique France, Mr Georges, Director of Sustainable Development and Mr Delalande, Driver.

REPORT ON THE REMUNERATION POLICY FOR SENIOR EXECUTIVES (ARTICLE L.225-37-2 OF THE FRENCH COMMERCIAL CODE)

The Board of Directors submits, for the approval of the Shareholders' Meeting, the principles and criteria applicable to the determination, distribution and allocation of the fixed, variable and extraordinary components comprising the total remuneration and benefits of any kind attributable to senior executives due to the execution of their mandate and making up the remuneration policy regarding them.

The senior executives concerned by these provisions are Mr Francis Lemor, Chairman of the Board of Directors, Mr Jean-Pierre Sancier, Chief Executive Officer, Mr Serge Capitaine, Deputy Chief Executive Officer Sales (retired 1 July 2018) and Mr Stanislas Lemor, Deputy Chief Executive Officer Finance.

Their remuneration is comprised of 3 components: a fixed salary, a variable share and, for the Executive Management, long-term profit-sharing (allocation of performance shares). This remuneration policy establishes a balance between short- and medium-term performance factors and those over the longer-term.

Fixed salary

The policy for determining and updating the fixed portion of the remuneration results from a constant process in the company, based on objective measurement and comparison criteria. Special attention is paid to the fact that it is in line with market practices, while remaining consistent with the overall salary policy within the Group.

Principles for determining annual variable remuneration

This is based on the assessment of objectives approved every year by the Board of Directors, on advice from the Remunerations Committee which every year, is based on straightforward and stable principles. Annual variable remuneration is awarded under the performance conditions that are defined in relation to quantitative economic criteria and managerial and social criteria.

The quantitative, economic component is established with regard to the progress of the indicators on which STEF usually communicates with the market, namely, organic growth in turnover, the Group's operating margin, the generation of free cash flow and the net profit attributable to Group shareholders.

The managerial part is determined in relation to the objectives linked to the development of the Group's business (capturing market share, development of new territories and new areas of activity).

A proportion is set aside to maintain a consistent and homogeneous social policy within the Group.

Equalisation is automatically practised so as to maintain consistency with the overall salary policy within the Group and in order to avoid variations between years which would not reflect an overall development of the whole Group.

An exceptional share may, where appropriate, be awarded for specific assignments, such as the integration of a significant external growth operation.

Performance shares

The awarding and performance criteria for the 2018 performance plan were set out by the Board of Directors on 14 March 2018. The definitive acquisition of performance shares depends on achieving performance criteria based on the STEF Group's annual turnover and on the net profit attributable to STEF Group shareholders after tax. These two conditions are supplemented by a condition of presence in the company from the allocation. The three senior executives benefited from a total maximum number of 7,920 performance shares under the 2018 plan.

Additional information

➤ Payments in the event of termination of the employment contract: the employment contracts of Messrs Sancier and S. Lemor contain provisions relating to payments to be made to them in the event of termination of their employment contracts that come within the scope of regulated agreements and commitments covered by Article L.225-42-1 of the French Commercial Code. In accordance with the law, commitments exceeding conventional limits were subject to the satisfaction of the performance criteria, assessed in view of those of the Company and which were to achieve an annual increase of at least 3% in consolidated turnover and operating profit. These commitments were approved by the Company's Shareholders' Meeting.
➤ Existence of a benefit in kind comprised of a company car.
➤ Absence of supplementary pension benefit commitments as defined under Article L137-11 of the French Social Security Code.

Mr Capitaine's employment contract contains these same provisions. Since Mr Capitaine retired on 1 July 2018, these commitments were not applied.

REMUNERATIONS PAID TO COMPANY OFFICERS, NET OF SOCIAL SECURITY CONTRIBUTIONS, IN 2018

In euros	Directors' attendance fees 2018	Fixed remuneration 2018	Variable remuneration 2018 [1]	Exceptional remuneration 2018 [2]	Benefits in kind 2018
Directors					
Francis Lemor Chairman of the Board of Directors	**10,966**	**171,798**	**80,000**		**4,020**
Bernard Jolivet Vice-Chairman	10,000			55,000	4,885
Jean-Michel Delalande	6,688	26,276			
Elisabeth Ducottet	2,675				
Jean-Charles Fromage	12,801			25,000	
Alain Georges	6,688	68,992	7,597		3,397
Emmanuel Hau	10,000				
Estelle Hensgen-Stoller	6,688	51,357	9,306		2,834
Jean-François Laurain	10,413				
Murielle Lemoine	13,311				
Lucie Maurel-Aubert	5,351				
Dorothée Pineau	6,688				
Allianz Vie, represented by Mr Etzenbach then by Mrs Clarisse Kopff from 12 December 2018	10,462				
Atlantique Management represented by Mr Cosnac	9,586				
Executive Management					
Jean-Pierre Sancier Chief Executive Officer [3]		263,327	150,000		6,900
Serge Capitaine Deputy Chief Executive Officer (term of office ended 30 June 2018) [3]		140,179	131,000	231,926[4]	4,202
Stanislas Lemor Deputy Chief Executive Officer [3]	6,374	246,651	131,000		4,091

(1) Paid in 2018 under the 2017 financial year.
(2) The Board of Directors allocated an exceptional remuneration to Messrs Jolivet and Fromage for assignments detailed in the "Agreements with directors" section.
(3) Messrs Sancier, Capitaine and S. Lemor each received an effective allocation of 960 performance shares under the Group's general long-term profit sharing policy, given the achievement of criteria referred to in the "Long-term profit sharing plans" section.
(4) Contractual length-of-service awards payable on retirement.

VARIABLE REMUNERATION FOR COMPANY OFFICERS, NET OF SOCIAL SECURITY CONTRIBUTIONS, UNDER THE 2018 FINANCIAL YEAR – PROPOSALS FOR APPROVAL AT THE SHAREHOLDERS' MEETING OF 30 APRIL 2019

In euros	Francis Lemor Chairman of the Board of Directors	Jean-Pierre Sancier Chief Executive Officer	Serge Capitaine Deputy Chief Executive Officer	Stanislas Lemor Deputy Chief Executive Officer
Net variable remuneration under the financial year 2018	80,000	150,000	131,000 [1]	131,000

[1] Paid in July 2018.

The information relating to senior executives appearing in the two tables above contains the elements enabling the Shareholders' Meeting to decide on approval of the remuneration relating to them (Art. L.225-100-paragraph II of the French Commercial Code).

This variable remuneration is set in accordance with the criteria set out in the "Remuneration policy for senior executives" section, pursuant to Article L.225-37-2 of the French Commercial Code and is subject to approval at the Group Shareholders' Meeting.

AGREEMENTS WITH DIRECTORS

Agreements were signed with Messrs Jolivet and Fromage:

➤ Mr Jolivet was tasked with advising the Chairman and, where appropriate, acting as the Chairman of the Board of Directors in the absence of the Chairman. He can be entrusted with assignments to represent the Group's interest with governments, public authorities and professional bodies.

➤ In 2018, Mr Fromage assisted the Group on an operational cooperation project relating to the development of the STEF subsidiary in Tunisia.

GENERAL INFORMATION

At 31 December 2018, the share capital amounted to €13,165,649, comprising 13,165,649 shares of a nominal value of €1, without modification during the financial year.

BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS AT 31 DECEMBER 2018

9,435,248 shares have double voting rights under the provisions of Article 18 of the Company's articles of association.

	Shares	% capital	Theoretical voting rights	% theoretical voting rights	Exercisable voting rights [*]	% exercisable voting rights
Atlantique Management [1]	4,001,722	30.39%	8,000,419	35.40%	8,000,419	36.75%
STEF FCPE [2]	2,186,870	16.61%	4,342,110	19.21%	4,342,110	19.95%
Société des Personnels de la Financière de l'Atlantique (S.P.F.A) [1]	1,296,578	9.85%	2,517,817	11.14%	2,517,817	11.57%
Union Économique et Financière (UEF) [3]	977,345	7.42%	1,927,804	8.53%	1,927,804	8.86%
Société Européenne de Logistique du Froid [4]	771,809	5.86%	1,509,618	6.68%	1,509,618	6.93%
Mr Francis Lemor [5]	60,187	0.46%	120,374	0.53%	120,374	0.55%
Sub-total – concerted action	**9,294,511**	**70.59%**	**18,418,142**	**81.49%**	**18,418,142**	**84.61%**
Treasury shares	831,438	6.32%	831,438	3.68%	0	0.00%
(Other shareholders owning less than 5% of the share capital)	3,039,700	23.09%	3,351,317	14.83%	3,351,317	15.39%
Total	**13,165,649**	**100.00%**	**22,600,897**	**100.00%**	**21,769,459**	**100.00%**

[*] Excluding voting rights pertaining to shares without voting rights (treasury shares).
[1] Limited company (SA) controlled by STEF senior executives and executives.
[2] The STEF FCPE is managed by Natixis Interépargne and brings together STEF employees.
[3] Limited company (SA) controlled by the LEMOR family.
[4] SAS 57.1% owned by the company Union Économique et Financière with the remainder owned by STEF senior executives and executives.
[5] Chairman of the Board of Directors.

Thresholds exceeded during the financial year

None.

Statutory provisions on change in control

The Company's articles of association do not contain provisions that would delay, defer or impede a change of control.

Shareholders' Meeting attendance

Shareholders' attendance at Shareholders' Meetings is governed by the conditions established by law and the provisions of Articles 17 and 18 of the Company's articles of association. In accordance with this last article, a double voting right is awarded to shares registered in the name of the same shareholder for two years.

Delegations of power concerning increase of capital/ Securities giving access to the share capital

None.

Factors likely to have an influence in event of a public offer

The information in this "General Information" section, is used to satisfy the provisions of Article L. 225-37-5 of the French Commercial Code relating to factors likely to have an influence in the event of a public offer.

LONG-TERM PROFIT-SHARING PLAN – PERFORMANCE SHARES

The Shareholders' Meeting of 18 May 2016 decided to award performance shares to employees and/or senior executives of the STEF Group and set the maximum percentage of capital allocated to this plan at 1.5%. It assigned its authority to the Board of Directors to implement the decision within 38 months.

In this context, the Board of Directors allocated the following to Group employees:
➤ on 1 September 2016, a maximum number of 42,744 performance shares, representing 0.32% of the share capital;
➤ on 15 March 2017, a maximum number of 68,640 performance shares, representing 0.52% of the share capital;
➤ on 14 March 2018, a maximum number of 75,680 performance shares, representing 0.57% of the share capital.

The Shareholders' Meeting of 2 May 2018 authorised the implementation of a new allocation plan for performance shares corresponding to 1.5% of the share capital. It assigned its authority to the Board of Directors to implement the decision for a new duration of 38 months.
In this context, the Board of Directors allocated the following to Group employees:
➤ on 14 March 2019, a maximum number of 93,456 performance shares, representing 0.71% of the share capital.

The definitive acquisition of performance shares depends on achieving performance criteria based on the STEF Group's annual turnover and on the net profit attributable to STEF Group shareholders after tax. These two conditions are supplemented by a condition of presence in the Company from the date of granting by the Board of Directors. Senior executives must retain a minimum percentage of the shares acquired until the end of their term.

SUMMARY OF PERFORMANCE SHARE PLAN AT 14/03/2019*

	"2016 Performance" Plan	"2017 Performance" Plan	"2018 Performance" Plan	"2019 Performance" Plan
Date of the Shareholders' Meeting	18/05/2016	18/05/2016	18/05/2016	02/05/2018
Date of Board of Directors Meeting	01/09/2016	16/03/2017	14/03/2018	14/03/2019
Maximum performance shares to be allocated	**42,744**	**68,640**	**75,680**	**93,456**
Performance shares actually allocated	**24,576**	**24,800**		
Of which to senior executives				
to be allocated	5,616	7,488	7,920	8,448
actually allocated	3,456	2,880		
Effective acquisition date – French tax residents	01/09/2017	01/04/2018	01/04/2019	01/04/2022
End of vesting period – French tax residents	01/09/2019	01/04/2020	01/04/2021	01/04/2022
Effective acquisition date and end of vesting period – Non-French tax residents	01/09/2019	01/04/2020	01/04/2021	01/04/2022
Shares having been acquired at 14/03/2019	20,928	19,680	0	0
Number of beneficiaries at original grant date	64	80	88	94
Number of beneficiaries at 14/03/2019	59	75	81	94
Number of shares cancelled or invalid	18,168	43,840	7,480	
Remaining performance shares allocated	3,648	5,120	68,200	93,456

(*) Reporting date of the management report by the Board of Directors

ACQUISITION OF TREASURY SHARES BY THE COMPANY

Use of treasury shares	Annual accounts at 31/12/2017	Shares acquired in 2018	Shares sold in 2018	Shares transferred in 2018	Annual accounts at 31/12/2018
Supporting the share price through a liquidity contract	4,131	42,483	-32,242		14,372
Hedging of shares allocated to employees as part of the company savings plan	38,584			-7,814 [1]	30,770
Hedging of the allocation plan for performance shares (article L225-197-1 of the French Commercial Code)	90,456			-19,680 [2]	70,776
Shares used for payment or exchange as part of an acquisition	650,000				650,000
Others	65,520				65,520
Total	**848,691**	**42,483**	**-32,242**	**-27,494**	**831,438**

(1) Allocation of shares to employees as part of the company savings plan.

(2) Allocation to the beneficiaries of the performance share plan.

2018 SHARE REPURCHASING PLAN

In the 2018 financial year, there were two share repurchasing plans.
With a maximum term of 18 months, they were communicated in accordance with Article 241-2 of the AMF's General Regulations:

➤ Shareholders' Meeting of 10 May 2017 – 12th resolution – maximum purchase price: €90 – maximum share of the share capital to be acquired: 10%;
➤ Shareholders' Meeting of 2 May 2018 – 15th resolution – maximum purchase price: €90 – maximum share of the share capital to be acquired: 10%.

It specifies that transactions can be performed at any time, even when a public tender is underway, subject to the applicable regulations.

LIQUIDITY CONTRACT

A liquidity contract concerning Euronext Paris was entrusted to the stock exchange company Gilbert Dupont.

This contract complies with the Ethics Charter established by the French' association of investment companies and approved by the AMF decision of 22 March 2005.

At 31 December 2018, the balance of treasury shares under the liquidity contract stood at 14,372 shares.

SHARE PRICE

Between 2 January and 31 December 2018, the share price ranged from a €70.50 low and a €115.00 high.

Over the same period, the daily average number of shares exchanged was 3,436, for an annual average share price of €95.43.

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

France: acquisition, on 4 January 2019 of 100% of the shares in the company Transports Frigorifiques Grégoire Gaillard.

The Netherlands: acquisition of 60% of the shares in the company Netko, thus bringing the Group's shareholding to 100%.

Maritime: La Méridionale applied for the new Public Service Concession for the period from 1 October 2019 to 31 December 2020. The call for tenders covers all five lines. On 13 February 2019, the Corsican Authorities notified La Méridionale that it had been admitted to the negotiations for three of them (Bastia, Île Rousse and Porto Vecchio). La Méridionale has lodged an appeal under the pre-contractual procedure with the administrative court of Bastia to contest its exclusion from the Ajaccio and Propriano lines.

The hearing took place on 13 March 2019 for a decision on the 19 of the same month.

RISK FACTORS

The Company has reviewed the risks that may have a significant adverse effect on its business, its financial situation or its results and considers, to the best of its knowledge, that there are no other significant risks or risks that may have such an effect, other than those presented.

RISKS ASSOCIATED WITH GROUP ACTIVITIES

Macro-economic risks related to the economic situation in certain geographical areas

The economic situation in some countries could be reflected by a fall in the turnover and profitability of the relevant subsidiaries. In order to limit its exposure to these macro-economic risks, STEF is focusing its strategy on creating a balance between the two main divisions (transport and logistics) on the one hand, and on the other hand, diversifying its customer portfolio between key accounts and mid-market companies.

Risk of destruction of operating facilities

The backbone of the Group's business is perishable goods and products that must comply with norms of temperature and date. It is thus exposed to the risk of the destruction of operating facilities and that of a break in the cold chain and their consequences on the consigned goods. To offset these risks and limit the damage of such an issue, the Group's organisation and national network of facilities enable it to manage, quickly, the eventuality of not being able to use one or more of its operating facilities at short notice. At Group level, the risks are limited, because of the number of warehouses and platforms in operation, which enable the Group to transfer the consignments affected by the damage to another site quickly.
The Operating division is responsible for planning and implementing measures to ensure business continuity in the event of risks arising from climate, labour disputes or accidents.
Furthermore, STEF has implemented a maintenance programme and invests each year in making these sites safe, thus reducing the risks of any such an event occurring as far as possible and limiting the damage thereof. A dedicated department is responsible for these actions and a standardised prevention policy for property risks has been deployed based on evaluation tools and following recommendations.

Risk of a break in the cold chain

The Group has implemented security and control procedures for the cold chain. The Group's facilities are equipped with temperature recording systems when operating, and remote-monitoring systems when not operating.

Financial risks from the effects of climate change and measures taken to reduce them

The Group's Sustainable Development policy is described in the "Declaration of Extra-financial Performance – Corporate social responsibility" section. The Group's priority commitments in this area are focused on improving the environmental impact of the Group's transport and logistics operations and on developing innovative business solutions.
The policy implemented is based on controlling the energy consumed by equipment and buildings, and using operational practices intended to improve the economic and environmental performance of activities.
The Company has not identified any specific financial risk related to the effects of climate change.

Health risk

STEF's Health Control Plan (HCP) describes the measures taken to ensure the health and safety of the Group's activities regarding potential biological, physical and chemical risks. The HCP is part of the European regulation called the "Hygiene Package". In applying this regulation, STEF has implemented measures to control this risk through its HCP: good hygiene practices, procedures based on HACCP (system of identifying, evaluating and managing significant hazards with regard to food safety) as well as traceability and non-compliant product management procedures.
A Health and Safety Division is responsible for standardising the procedures across the entire Group.

Compliance with environmental standards

The Group's sites must comply with the applicable environmental standards. Capital investment projects are examined to ensure compliance with the regulation specific to facilities classified for environmental protection (ICPE), taking into account environmental impacts according to the recommendations of the "sustainable logistics platform" AFILOG Charter and the High Environmental Quality (HEQ) guidelines specific to refrigerated storage. The same applies to constructions built in other operating countries which must comply with the rigorous standards and regulations in the relevant areas.

Road risk

Road risk is inherent in the Transport business and STEF has made road safety a priority.
Road risk is controlled through a safety training plan (outside compulsory training) which in 2018 amounted to 8,000 hours for 1,135 trained drivers and 23 specialised road safety trainers.
A specific prevention plan was also implemented. These initiatives have led to a regular improvement in the number of road accidents.

Information systems risks

Due to its dependence on information flows, which constantly circulate and their necessary security, the safeguarding and security of data are a priority. This is why the Group has a centre of expertise dedicated to information systems, namely STEF Information et Technologies. Data security and its rapid recovery in the event of an incident affecting the central units and ensuring inviolability of information systems is a key ongoing component of customer relations.

Insurance and risk hedging

By taking out real estate/business interruption and public liability insurance, the Group has the best cover for the responsibilities it undertakes. A prudent policy in terms of insurance cover and excesses, reviewed periodically in view of changes in the market and Group growth, together with a pro-active prevention and training policy, reduces the Group's exposure to the consequences of any large loss.

Public service concession for providing services to Corsica

La Méridionale provides services to Corsica through a Public Service Concession agreement (PSC) concluded with the Corsican Authorities (CdC). It is party to a bridging PSC until 30 September 2019. This concession will be succeeded by a new short-term concession which should end on 31 December 2020.
La Méridionale applied for the call for tenders launched by the OTC for this concession. Since it has not been admitted to the negotiations for two of the five lines, for reasons that it is contesting, La Méridionale has initiated a pre-contractual procedure with the administrative court of Bastia.

MARKET RISKS

Liquidity risk

The Group's cash needs are provided mainly by:

➤ credit lines at parent company level: at 31 December 2018, STEF had 9 confirmed medium-term credit lines, totalling €148.5 million. At 31 December 2018, up to €50 million had been drawn down. The applicable interest rate on these credit lines was that of the day of the drawdown. Their initial duration is generally 5 years;

➤ the issuing of negotiable debt securities over terms ranging from a few days to one year. These debt securities, commonly called "NEU CP" (Negotiable EUropean Commercial Paper) amounted to €235.2 million at 31 December 2018. STEF also has spot loans totalling €32 million, unused at 31 December 2018 and overdraft agreements, with no agreed expiry dates, totalling €103 million, of which €15 million was used at 31 December 2018. The current cash needs of the subsidiaries are provided mainly by the parent company through a European centralised cash management agreement.

Confirmed, unused credit lines and available overdrafts and spot loans, together with effective cash flow planning, ensure that the Group has excellent control of its liquidity risk. Some lines and loans are supported by commitments from the Group, including compliance with financial ratios. The main ratios are as follows: EBITDA / Net financial expenses higher than 6 or 6.5 and Net Debt / Equity less than 1.7. At this date, the Group met all commitments attached to the funding available to it.

The Company conducted a specific review of its liquidity risk and considers itself able to meet its future maturities.

Interest rate risk

The Group's policy is to maintain a balance between the share of its fixed rate and variable rate debt. This strategy should enable the Group to take advantage of the current low interest rates while limiting the risks from any future rate rise.
At 31 December 2018, the floating rate debt component, after hedging, represented 45% of the Group's gross financial debt. The details of the Group's exposure to interest rate risk are presented in note 24.2 of the notes to the consolidated financial statements.
The Group's objective as regards interest rate risk management is to use micro-hedging for long-term debt, either by setting up new finance contracts at fixed rates or by concluding hedging instruments when new finance contracts at variable rates are signed. This policy should enable the Group to improve its hedging against interest rate risk and comply with its accounting obligations.

Exchange rate risk

Most of the flows outside the Eurozone concern Switzerland, where the business represents a small part of the Group's turnover. In this scope, the income and associated costs are accounted for in Swiss francs, which limits the impact of a change in the €/CHF exchange rate on the Group's results.

Customer credit risk

The policy for depreciation of trade account receivables at STEF is as follows: receivables considered as bad debts, using a legal or financial approach, are depreciated for the entire amount deemed to be non-recoverable. Receivables judged to be at issue, or uncertain and in particular, all receivables older than 6 months which are not included in the previous category, are subject to depreciation for the total amount excluding taxes.
The Group has credit insurance with a well-known partner, covering the road haulage and maritime activities in France and all activities in European countries.

Furthermore, for transport, the "direct action" mechanism (Gayssot law) of the transport company with regards the shipper and/or final consignee of the goods, and for logistics, the right of retention over the goods of the storage company, considerably reduce the risk of non-recovery of trade receivables. Finally, no customer accounts for more than 5% of the Group's turnover, which limits the risk that the bankruptcy of one customer could have a significant impact on the Group's profit.

Diesel risk

As a large consumer of diesel for its activities, STEF is exposed to changes in the price of this fuel. In France, a regulatory scheme is used to pass on variations in the price of fuel to customers, at the bottom of the invoice, thus greatly limiting the residual exposure to this risk. Therefore, the use of hedging instruments is not a priority at this stage.

RISK OF FAILURE OF THE INTERNAL CONTROL SYSTEM

The Group's internal control system is designed to improve control of activities and effectiveness of its operations. Like any control system, the internal control system, as comprehensive as it is, can only give reasonable assurance and not an absolute guarantee that the risks to which the Group is exposed have been completely removed. For 2018, the audits carried out did not reveal any failure of the internal control system which could result in substantial risks.

PROCEDURES, TAX AUDITS AND DISPUTES

To the Company's knowledge, there are no governmental, legal or arbitration proceedings, including any proceedings of which the Company is aware, which are unresolved or with which it is threatened, liable to have or which have had a material impact on the financial position or profitability of the Company and/or Group over the last twelve months. The evaluation of the provisions recorded at the reporting dates for the accounts is considered relevant by the Company.

INFORMATION ON INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The processing of the accounting and financial information is structured as follows.
The Financial Division is responsible for producing and ensuring the reliability of accounting, taxation and financial information, managing financial risks, the Group's financing policy and monitoring objectives through the budgetary process.
Group accounting is placed under the auspices of the Financial Division. The accounting function for the whole Group is provided by a dedicated company, STEF-TFE Services, which prepares the individual financial statements for the French companies and draws up the Group's consolidated financial statements. This division is responsible for structuring and standardising the accounting treatment of transactions and meeting the requirements relating to the application of IFRS and legislative and regulatory developments.

The organisation in place is based on regional accounting centres run by accountants who perform the tasks to prepare the financial statements for the companies in their scope. These regional accounting centres ensure that a good separation of tasks is maintained. This Group-wide organisation strengthens the independence of the accounting function in relation to the operational divisions.

The Group's Accounting Division draws up directives through procedures and working groups.
It consolidates the Group's accounts. It collects and controls the information from all the companies then performs the adjustments and finally, prepares the consolidated financial statements.

The Group's Accounting Division handles all the tax obligations to be declared in association with the Group's Taxation Division. This organisation is used specifically to satisfy the provisions of Article L225-102-1 of the French Commercial Code relating to combating corruption and tax evasion.

The Group's Taxation Division also monitors the regulatory development and ensures compliance with the applicable rules in the countries where the Group operates.

The consolidation team also monitors any developments to IFRS and distributes procedures and instructions to accounting managers to ensure the consistency of the consolidated whole.
Each administrative and regional accounting manager, together with the audit department, verifies that, within the scope of their regional action, the organisation meets the expected safety and quality requirements for financial information.
Through the consolidation software (SAP), the audit department has permanent access to all accounting entries made in the branches and subsidiaries. It can then examine, using random checks, all the accounting entries and carry out any consistency checks.

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Cumulative 31/12	2018	2017	Change	At constant scope %
Group's operations	**2,867**	**2,614**	**9.7%**	**7.4%**
Third party sales*	388	362	7.3%	7.3%
TOTAL	**3,255**	**2,976**	**9.4%**	**7.4%**

(*)Third party sales represent the turnover from trading transactions for catering logistics customers and appear under "purchase of goods".

The Group's turnover grew strongly to €3,255 million (9.4% compared to 2017 and 7.4% at comparable scope).
The growth in turnover was driven by the rise in fuel prices (positive impact of €59 million on turnover) and by a strong growth in transport and logistics operations.

The effect on the scope mainly concerns the acquisition of Marconi's refrigerated activity in Italy in early May 2018 (+€36 million) and the contribution, in France, of the company Express Marée, integrated in July 2018 (+€22 million).

Business segment	Turnover		Operating profit	
	2018	2017	2018	2017
Transport France	1,385	1,269	94.2	71.9
Logistics France	567	524	8.3	17.6
International activities	778	692	23.9	32.2
Maritime	112	107	7.7	8.2
Other activities	413	384	3.2	2.4
Total	**3,255**	**2,976**	**137.2**	**132.3**

TRANSPORT FRANCE

In 2018, the transport business experienced robust organic growth, marked by the impact of the fuel surcharge.

Efforts to increase prices, optimise flows and the first effects of the policies to secure operations (appointing drivers, negotiating contracts with subcontractors) contributed to a substantial increase in the net profit.

At year-end, the social movement of the "yellow jackets" had a major effect on operations and led to the implementation of additional resources in order to guarantee the service for customers.

LOGISTICS FRANCE

The logistics activity in France grew significantly, driven in particular by retail and out-of-home foodservices businesses.

However, profitability was still affected due to establishing the performance of the new sites and the changes to the master plans for out-of-home foodservice customers currently underway.

INTERNATIONAL ACTIVITIES

The trend in international activities was mixed in 2018. Italy, Spain and Portugal confirmed their growth, especially with a significant external growth operation in Italy. Belgium, The Netherlands and Switzerland levelled off as they were involved in major change operations (new sites, new tools, IS) which limited performance.

Operating profit was impacted by the integration of a recent acquisition in Spain and a less favourable economic environment towards the end of the year.

MARITIME

Passenger transport has seen a satisfactory trend while freight activity has generally proved to be resilient to the competition. Controlling maintenance expenses has kept the level of the results steady.

Income
(in millions of euros)

	2018	2017	Change (in %)
Turnover	**3,255.1**	**2,975.7**	**9.4**
Operating profit	**137.2**	**132.3**	**3.7**
Financial results	-7.3	-8.6	
Profit before tax	**130.0**	**123.7**	**5.0**
Tax expense	-35.7	-33.3	
Share in net profit (loss) of companies accounted for by the equity method	0.3	3.4	
Net profit	**94.5**	**93.9**	**0.7**
- of which profit attributable to Group shareholders	94.4	93.6	0.8
- of which attributable to minority interests	0.1	0.3	
Earnings per share in euros (basic)	7.66	7.61	0.7
Earnings per share in euros (diluted)	7.64	7.59	0.7

The Group's operating profit benefited from the growth in Transport France's operating margin.

Operating profit grew by 3.7%. If other operating income and expenses (income on disposal of assets) are adjusted, the operating margin is steady at 4.7% of turnover (excluding trading).

Despite continuing its dynamic investment policy, particularly in terms of external growth, the Group's financial cost is falling due to interest rates that are still very low and other sources of financing (commercial paper).

Tax expense stood at €35.7 million with a tax rate of 27.5%, very similar to that of 2017 (26.9%).

Net profit attributable to Group shareholders therefore saw an increase of 0.8% compared to 2017.

In 2018, the Group continued its policy of owning assets with a substantial increase in investments (€303 million) focusing primarily on real estate assets and the programme to renovate and extend sites.

Gearing stood at 0.97 at 31 December 2018 compared to 0.84 at the end of December 2017.

Change in scope
Acquisitions of shareholdings in 2018

Acquisitions, start-ups, disposals:

France: 2 July 2018, acquisition of the company Express Marée specialising in the transport and logistics of seafood products in France and internationally.

Italy: 3 May 2018, acquisition from the Marconi Group, of 100% of the shares in two frozen transport and logistics companies and the real estate sites of Fidenza and Ascoli.

Internal restructuring:

France: universal transfer of assets of SNC St Herblain Chasseloire to the company IMMOSTEF France.

The Netherlands: merger of the company Speksnjder Transport BV with STEF Nederland.

Details of subsidiaries and shareholdings are shown in the notes to the consolidated financial statements.

Consolidated income statement

(in thousands of euros)

	note	2018 financial year	2017 financial year	change
Turnover	**4**	**3,255,143**	**2,975,650**	**9.4%**
Purchases from third parties	5	(2,104,127)	(1,908,839)	10.2%
Taxes and related expenses		(64,090)	(62,210)	3.0%
Payroll expenses	6	(835,286)	(773,583)	8.0%
Depreciation and amortisation of fixed assets	12	(113,509)	(108,143)	5.0%
(Net charges to) net reversals of impairment and provisions	7	(2,772)	(1,154)	
Other operating income and expenses	8	1,875	10,614	
Operating profit		**137,234**	**132,335**	**3.7%**
Financial expenses	10	(8,178)	(8,856)	
Financial income	10	913	259	
Financial results		**(7,265)**	**(8,597)**	**15.5%**
Profit before tax		**129,969**	**123,738**	**5.0%**
Tax expense	11	(35,717)	(33,284)	
Share in net profit of companies accounted for by the equity method	14	298	3,445	
Net income		**94,550**	**93,899**	**0.7%**
*** of which attributable to Group shareholders**		**94,433**	**93,638**	**0.8%**
* of which profit attributable to minorities		117	261	
EBITDA	**9**	**253,515**	**241,632**	**4.9%**
Earnings per share:		(in euros)	(in euros)	
- basic earnings per share	19.3	7.66	7.61	0.6%
- diluted	19.3	7.64	7.59	0.6%

Consolidated comprehensive income statement

(in thousands of euros)

	note	2018 financial year	2017 financial year
Profit for the period		**94,550**	**93,899**
Actuarial gains and losses on pension plans	20.3	(274)	1,052
Tax expense on non-recyclable items	11.3	70	(427)
Other items of comprehensive income, net of income tax which are not subsequently reclassified into income		**(204)**	**625**
Unrealised foreign exchange gains or losses from activities abroad		902	(2,563)
Effective portion of change in fair value of cash flow hedging derivatives		981	4,714
Tax expense on recyclable items	11.3	(102)	(3,213)
Other items of comprehensive income, net of income tax which are subsequently reclassified into income		**1,781**	**(1,062)**
Comprehensive income for the period		**96,127**	**93,463**
*** of which attributable to Group shareholders**		**96,010**	**93,202**
* of which profit attributable to minority interests		117	261

Consolidated balance sheet
(in thousands of euros)

Assets	note	2018 financial year	2017 financial year
Non-current assets			
Goodwill	12.1	186,799	139,604
Other intangible assets	12.1	18,367	14,776
Tangible fixed assets	12.2	1,250,080	1,064,434
Non-current financial assets	13	31,621	29,157
Investments in associated companies	14	27,892	29,039
Deferred tax assets	11.3	21,283	19,909
Total non-current assets		**1,536,042**	**1,296,919**
Current assets			
Inventories and work in progress	15	62,939	58,187
Customers	16	508,154	475,305
Other receivables and current financial assets	17	138,570	126,183
Current tax assets		18,442	21,794
Cash and cash equivalents (a)	18	59,609	59,419
Total current assets		**787,714**	**740,888**
Total assets		**2,323,756**	**2,037,807**

Equity and liabilities	note	2018 financial year	2017 financial year
Equity			
Share capital	19.1	13,166	13,166
Share premium account		-	-
Reserves		679,974	612,656
Equity, Group share		**693,140**	**625,822**
Minority interests		1,894	2,629
Total equity		**695,034**	**628,451**
Non-current liabilities			
Non-current provisions	20-21	37,358	37,680
Deferred tax liabilities	11.3	39,138	36,746
Non-current financial liabilities (b)	22	406,557	251,819
Total non-current liabilities		**483,053**	**326,245**
Current liabilities			
Trade accounts payable		446,837	397,555
Current provisions	21	21,050	18,262
Other current liabilities	23	352,823	333,390
Current tax liabilities		224	133
Current financial liabilities (c)	22	324,735	333,771
Total current liabilities		**1,145,669**	**1,083,111**
Total equity and liabilities		**2,323,756**	**2,037,807**
Net debt (b) + (c) - (a)		671,683	526,171
Debt/equity ratio		0.97	0.84

Changes in consolidated 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 31 December 2016	**13,166**	**0**	**590,798**	**923**	**(41,352)**	**(6,502)**	**557,032**	**2,327**	**559,359**
Dividends paid			(27,650)				(27,650)		(27,650)
Acquisition and disposal of treasury shares					914		914		914
Other share transactions			1,944				1,944		1,944
Transactions with minority interests			380				380	41	421
Total transactions with shareholders	**0**	**0**	**(25,326)**	**0**	**914**	**0**	**(24,412)**	**41**	**(24,371)**
Comprehensive income for the period	**0**	**0**	**94,263**	**(2,563)**		**1,501**	**93,202**	**261**	**93,463**
Equity at 31 December 2017	**13,166**	**0**	**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					(100)		(100)		(100)
Other share transactions			1,753				1,753		1,753
Transactions with minority interests			(113)				(113)	(787)	(900)
Total transactions with shareholders	**0**	**0**	**(28,592)**	**0**	**(100)**	**0**	**(28,692)**	**(852)**	**(29,544)**
Comprehensive income for the period	**0**	**0**	**94,229**	**902**		**879**	**96,010**	**117**	**96,127**
Equity at 31 December 2018	**13,166**	**0**	**725,372**	**(738)**	**(40,538)**	**(4,122)**	**693,140**	**1,894**	**695,034**

Cash flow statement
(in thousands of euros)

	note	2018 financial year	2017 financial year
Profit for the period		**94,550**	**93,899**
+/- Net depreciation, amortisation, impairment of non-current assets and provisions		113,785	108,076
+/- Gains or losses from the sale of non-current assets	8	(906)	(6,220)
+/- Share in net profit (loss) of associated companies	14	(298)	(3,445)
+/- Change in market value of derivatives	10	(26)	(188)
+/- Other expenses and income, generating no change in cash		1,753	1,944
- Deferred tax	11	(395)	(3,099)
Cash flow from operations (A)		**208,463**	**190,967**
Cancellation of the tax expense (income)	11	36,112	33,284
Taxes paid (not including the CICE tax measure)		(27,450)	(34,839)
Changes in the other items of the WC		17,466	(5,863)
+/- Change in working capital (B)		26,128	(7,418)
Net cash from operating activities (C) = (A+B)		**234,591**	**183,549**
- Cash used in acquiring intangible assets	12	(7,699)	(4,822)
- Cash used in acquiring tangible fixed assets	12	(295,697)	(169,362)
+/- Change in granted loans and advances + financial assets		(2,612)	(823)
-/+ Proceeds and cash used in the acquisition and sale of companies net of acquired cash	2.3	(44,218)	(7,442)
+ Proceeds from sale of tangible and intangible fixed assets		6,604	10,867
+ Dividends received from associated companies		1,438	1,051
Net cash from investment activities (D)		**(342,184)**	**(170,531)**
+/- Acquisition and disposal of treasury shares		(100)	914
- Dividends paid to STEF shareholders		(30,230)	(27,650)
- Dividends paid to minority shareholders		(65)	0
+ Proceeds from new borrowings	22	255,916	142,157
- Repayment of borrowings	22	(67,379)	(147,929)
Net cash from financing activities (E)		**158,142**	**(32,508)**
Net cash position at beginning of period*		(5,556)	13,934
Net cash position at end of period *		44,993	(5,556)
= Change in net cash position (C+D+E) (*)		**50,549**	**(19,490)**
Net cash positions at the balance sheet dates are as follows: *		31/12/2018	31/12/2017
Cash and cash equivalents	18	59,609	59,419
Bank overdrafts		(14,616)	(64,975)
		44,993	**(5,556)**

Notes to the consolidated financial statements at 31 December 2018

Introduction

The main activities conducted by STEF and its subsidiaries (hereinafter referred to as STEF or the Group) are controlled-temperature road transport and logistics as well as maritime transport.

The parent company, STEF SA, is a company incorporated under the laws of France, having its registered office at 93 boulevard Malesherbes – 75008 Paris, and with its shares listed on the NYSE Euronext Paris' B compartment.

These financial statements were approved by the Company's Board of Directors when they met on 14 March 2019. They shall only be finalised once they have been approved by the Shareholders' Meeting to be held on 30 April 2019. Unless otherwise specified, the consolidated financial statements are presented in euros which is the functional currency of STEF, rounded to the nearest thousand.

NOTE 1 Accounting policies

1.1 Accounting standards

The consolidated financial statements for the financial year ended 31 December 2018 for the company STEF have been prepared in accordance with IFRS (International Financial Reporting Standards), as adopted by the European Union and applicable for the financial year ending 31 December 2018.

The IFRS are available on the European Commission website at the following address: htpp://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission.

The consolidated financial statements are prepared using the historical cost method, except for derivatives and financial assets classified at fair value through OCI (Other Comprehensive Income) and cash equivalents, which are accounted for at fair value in profit and loss.

The accounting policies used are the same as those used for the preparation of the annual consolidated financial statements for the financial year ended 31 December 2017 with the exception of the following applicable standards:

- IFRS 15 "Income from ordinary activities derived from contracts concluded with customers".

This standard defines the principles of revenue recognition applicable to all contracts with customers, except for leases, insurance contracts, financial instruments and guarantees.

The reporting method for this revenue in the profit and loss account must reflect the transfer of control of the good or service sold to the customer, and do so for the amount that the seller expects to be entitled to in exchange for the good or service.

The analysis of customer contracts in the countries in which the Group generates revenues did not result in any change in the accounting treatments for the recognition of revenue, including revenue related to goods trading for third parties where the Group's principal role is confirmed.

Consequently, the IFRS 15 standard did not have any impact on the net position at the beginning of the 2018 financial year.

- IFRS 9 – "Financial instruments".

There are three sections in the IFRS 9 standard, which replaces the IAS 39 standard on financial instruments: classification and evaluation, depreciation and hedge accounting.

The IFRS 9 standard is applied retrospectively with effect from 1 January 2018. The main impacts are given below:

Classification and evaluation

The Group's financial assets and liabilities were subject to an analysis in accordance with IFRS 9. In terms of financial assets held by the Group, the only impact of the standard has been the classification of non-consolidated shares as assets measured at fair value through other comprehensive income.

Depreciation

IFRS 9 establishes a new depreciation model based on accounting for expected credit losses from the moment that the financial instruments are accounted for (forward vision).

Previously, the Group accounted for depreciations for any commercial debt which was at risk of becoming a bad debt. This risk was assessed with regards information as to the creditworthiness of the customer, abnormal late payments and the lack of appropriate hedging.

The Group conducted an analysis to:

- list the expenses incurred over past financial years under bad debts;
- analyse its balance of provisions for depreciation at 31/12/2017 in order to identify unpaid debts due to an obvious credit risk or an ongoing commercial dispute. And therefore to identify the actual credit risk estimated by the Group on this date;
- list the different available credit risk hedging such as credit insurances and use of the Gayssot law.

The Group has not identified a material impact following application of this new depreciation method.

Hedge accounting

The IFRS 9 hedge accounting changes are intended to reconcile accounting procedures with companies' risk management activities. The application of the IFRS 9 provisions relating to hedge accounting does not therefore have any significant impact given the nature of the derivatives – rate swaps – used by the Group.

The Group has not opted for the early application of the following standards and amendments for which application is mandatory after 31 December 2018, in particular:

- IFRS 16 "Leases".

The IFRS 16 standard will be applied to the current financial statements from 1 January 2019. This standard will replace the IAS 17 standard and the associated IFRIC and SIC interpretations. It will require lessees to recognise most leases in the balance sheet according to a single model, in the form of the right to use the asset and a lease liability. It removes the distinction of was previously made between operating leases and finance leases.

The Group has chosen the simplified retrospective method as the transition method for 1 January 2019. Consequently, the comparative information will not be adjusted.

The main simplification measures selected by the Group are:

- the absence of adjustments for leases of a term less than or equal to 12 months;
- the absence of adjustments for leases where the new value of the underlying asset is less than €5 K.

For leases previously adjusted in accordance with the IAS 17 standard, the amount of the IAS 17 asset and liability will be equal to the IFRS 16 right of use and lease liability at 1 January 2019.

The Group has a specific management tool for managing the adjustments related to the application of this standard.

In order to understand the impact of this standard, a simulation was carried out based on eligible leases, in progress at 30 September 2018 and unexpired at 1 January 2019. Approximately 3,000 eligible contracts were adjusted and covered rolling stock, real estate leases and handling and computer equipment.

This simulation resulted in an estimate for the IFRS 16 liability of between €125 and 155 million and an improvement in EBITDA in the order of €35 to 45 million.

1.2 Use of estimates and assumptions

The preparation of financial statements according to IFRS standards requires the management to make estimates for the financial year concerned and to make assumptions that have an impact on the application of the accounting methods, on the amounts recorded for certain assets, liabilities, income and expenses as well as on certain information provided in the notes attached to the financial statements. The estimates and assumptions made are those that the management considers as being the most relevant and achievable, in view of the Group's environment and available feedback.

Because of the uncertain nature inherent in these estimates, the final amounts may be different from those originally estimated. To limit these uncertainties, the estimates and assumptions are periodically reviewed and the changes are accounted for immediately.

The use of estimates and assumptions is of particular importance in the following areas:

- determination of the periods of use of non-current assets (notes 12.1 and 12.2)
- determination of the recoverable amount of non-current non-financial assets (note 12.3)
- qualification of finance leases
- valuation of identifiable assets and liabilities acquired as part of business combinations
- evaluation of the provisions for risk and expenses (note 21)
- recognition of deferred tax assets
- valuation of staff benefits (note 20)

1.3 Presentation options

The Group has chosen to present, by nature, the operating expenses in the income statement.

The costs of the defined benefit pension plan for the financial year are included in the operating expenses for the total amount including the financial component.

The "other operating income and expenses" include capital gains and losses on disposals of non-current assets, impairments of non-current assets and the operating income and expenses of significant amounts related to unusual events or operations and which are likely to affect the comparability of the financial years.

Net foreign exchange gains and losses are presented in financial income (net gain) or in financial expenses (net loss).

Cash flows generated by the activity are presented in the cash flow statement, using the indirect method.

1.4 Non-accounting indicators

The Group presents the following performance indicators in its financial statements.

EBITDA: this indicator is equal to the operating profit before depreciation and amortisation of fixed assets, impairment of fixed assets including the loss in value of intangible items, allocations to/(reversals of) provisions and negative goodwill.

Net debt: this indicator is equal to the total current and non-current financial liabilities, less cash and cash equivalents.

NOTE 2 Scope of consolidation

2.1 Rules and consolidation methods

A. Subsidiaries

The accounts of subsidiaries controlled by the parent are consolidated according to the method of full consolidation. STEF has control of a subsidiary when it has, either directly or indirectly, the right to make decisions on the subsidiary's operations and finances with the aim of benefiting from the subsidiary's activities. STEF is assumed to have control when it has, directly or indirectly, power over the subsidiary and is exposed or entitled to variable returns due to its involvement with the subsidiary. STEF must also have the ability to exercise its power over the subsidiary in order to influence the amount of any returns it receives. The appreciation of the existence of control is based on the voting rights that the Group has. The subsidiary's consolidation into the Group's accounts begins from the date on which control is obtained and ends when the control ends.

B. Associated companies

The companies jointly controlled by or in which the Group has significant influence but not control are consolidated under the equity method. The Group is assumed to have significant influence when it owns, directly or indirectly, at least 20% of a company's voting rights. A company's consolidation into the Group's accounts under the equity method begins when the significant influence is obtained and ends when the significant influence ends.

C. Cancellation of intra-group transactions and profit

Receivables, liabilities and transactions between consolidated entities are fully cancelled. Intra-group profits realised on the sale of assets are also cancelled, as are intra-group losses. The existence of intra-group losses is an indication of depreciation.

Internal profits and losses between the Group and associated companies are cancelled in proportion of the percentage of the Group's shareholding in these companies.

D. Business combinations

The acquisitions of subsidiaries and shares in associated companies are accounted for under the acquisition method.

During the transition to IFRS, the Group chose to not restate business combinations prior to 1 January 2004. For these business combinations, the goodwill corresponds to the amounts recognised according to the Group's prior accounting standards.

Goodwill on acquisitions after 1 January 2004 and prior to 1 January 2010 are equal to the difference, on the acquisition date, between the acquisition cost and the acquired share of the fair value of assets, liabilities and contingent liabilities.

The Group calculates goodwill on the date of acquisition as follows:

- the fair value of the payment made for the investment, plus;
- any minority interest in the acquired company; plus, if the acquisition is made in stages, the fair value of any shareholding previously owned in the Company; less
- the net amount recorded (in general the fair value) of the difference between the assets, liabilities and contingent liabilities.

When the difference is negative, the gain is taken directly to profit and loss.

Goodwill is valued subsequently at acquisition cost, less total impairments. Goodwill is subject to impairment tests when there is any indication of impairment in value and at least once a year (cf. note 12.3).

E. Acquisition of minority interests

The acquisition of minority interests are accounted for as transactions with owners in their capacity as owners and, as such, no goodwill arises.

Adjustments to minority interests are determined on the percentage of the subsidiary's net assets attributable to equity holders of the parent STEF SA.

F. Currency translation

Accounts receivable and accounts payable denominated in foreign currencies are translated at the applicable exchange rates at the balance sheet date. The corresponding exchange rate changes are recorded in profit and loss, except for those relating to receivables and payables which belong, in substance, to net investments in foreign subsidiaries and that are recognised in other comprehensive income.

The assets and liabilities of foreign subsidiaries whose functional currencies are not the euro are translated at the applicable exchange rate at the balance sheet date. Income and expenses are translated at the period's average exchange rate, which, provided there are no significant exchange rate changes, is taken as being close to the applicable exchange rates on the transaction dates. The resulting exchange rate changes are recorded in other comprehensive income.

2.2 Change in scope

	Subsidiaries	Associated companies	Total
Number of companies at 31 December 2017	**228**	**13**	**241**
Acquisition Project Cold and Orlando Marconi Trasporti (Italy)	2		
Acquisition Express Marée (France)	1		
Creation of 4 companies with no business	4		
TUP SNC St Herblain Chasseloire and Speksnijder	-2		
Number of companies at 31 December 2018	**233**	**13**	**246**

2.3 Changes in 2018

A. Acquisitions, start-ups

On 3 May 2018, the Group acquired, from the Marconi Group:

- 100% equity interest in two frozen transport and logistics companies;
- the real estate sites of Fidenza and Ascoli.

The impact of this acquisition is as follows:

Names of acquired entities	Marconi Operation: - Orlando Marconi Trasporti S.r.l (OMT) - Project Cold
Business activity	Distribution and logistics of frozen products
Location	Fidenza & Ascoli
Acquisition date	3 May 2018
Percentage of acquired equity instruments conferring voting rights	100.00%
Cost of the combination (paid in full in cash)	€34,515 K
Fair value of acquired assets and assumed liabilities	€(4,104) K
Goodwill (profit on acquisition)	€38,619 K
Turnover since acquisition	€35,670 K
Operating profit since acquisition	€970 K

For the tax requirements specific to Italy, the value of the goodwill related to this transaction stands at €10,004 thousand. This amount corresponds to the difference between the purchase price of the shares in the company Project Cold S.r.l (STEF Frozen Italia S.r.l since 1 February 2019) and the net accounting position of this entity in the individual financial statements based on the expertise assessment on the date of the "Conferimento" 28/03/2018 – in Italian standards.

This goodwill will be subject to a voluntary tax revaluation ("affrancamento") under the scheme referred to in paragraphs 10 and 10b of Article 15 of the Decree-law no. 185 of 29 November 2008, converted into law by Article 1 of Law no. 2 of 28 January 2009.

On 2 July 2018, the Group acquired the company Express Marée specialising in the transport and logistics of seafood products.

The impact of this acquisition is as follows:

Names of acquired entities	EXPRESS MARÉE
Business activity	
Location	Lézignan-Corbières
Acquisition date	2 July 2018
Percentage of acquired equity instruments conferring voting rights	100.00%
Cost of the combination	€7,875 K*
Fair value of acquired assets and assumed liabilities	€(604) K
Goodwill (profit on acquisition)	€8,479 K
Turnover since acquisition	€22,004 K
Operating profit since acquisition	€375 K

*The purchase price includes:
- the price paid giving rise to a cash outflow for €7,375 K;
- the additional undisbursed price for €500 K.

B. Cash used in the acquisition and sale of subsidiaries

In thousands of €	31/12/2018	31/12/2017
Net cash paid out following the acquisition of consolidated shareholdings	(43,489)	(3,690)
Net cash paid out following the acquisition of non-controlling interests		(3,752)
Net cash paid out following the acquisition of minority interests	(729)	
Net cash following the sale of subsidiaries		
Total acquisitions	**(44,218)**	**(7,442)**

C. Sales, liquidations, universal transfer of assets (TUP)

In January, the company Speksnjder Transport BV merged with STEF Nederland.

In late November, the Group conducted a Universal Transfer of assets of SNC St Herblain Chasseloire to the company IMMOSTEF France.

D. Acquisition of minority interests

In late 2018, the Group acquired 49% of the shares in the company STEF Trento (Italy). With this acquisition, the Group owns 100% of the capital in this entity.

2.4 Changes in 2017 (reminder)

A. Acquisitions, start-ups

- at the start of the year, the Group created a SNC called Normandie Export Logistics in partnership with the Savencia Group. This company is consolidated using the equity method at 38.7%;
- in May, the Group created a joint venture called QSL-STEF in partnership with Quick Services Logistics France. This company is consolidated using the equity method at 49%;
- in late May, the Group acquired 100% of the shares in Transports Badosa in Spain through the subsidiary STEF IBERIA.

The impact of this acquisition is as follows:

Names of acquired entities	TRANSPORTS BADOSA
Business activity	Road haulage
Location	Les Preses (Spain)
Acquisition date	31 May 2017
Percentage of acquired equity instruments conferring voting rights	100.00%
Cost of the combination paid in cash	€2,518 K
Fair value of acquired assets and assumed liabilities	€(66) K
Goodwill (Profit on acquisition)	€2,584 K
Turnover since acquisition	€7,802 K
Operating profit since acquisition	€5 K

- in December, the Group created shell corporations intended to receive business shortly. These were STEF Logistique Aulnay, STEF Logistique Brignais, STEF Logistique Plessis-Pâté, STEF Logistique Saint-Pierre-des-Corps;
- as part of its real estate transactions, the Group has created non-trading real estate companies (Sociétés Civiles Immobilières de Constructions Vente/SCCV) so that it can be involved in the redevelopment of old sites that are no longer used in the Group:
  - SCCV INNOVESPACE CORBAS 25% owned by the Group
  - SCCV PARC DIJON CHAMPOLLION 49% owned by the Group
  - SCCV SILSA 49% owned by the Group

The lifetime of such entities depends on the real estate project (between 15 and 24 months). These entities are consolidated using the equity method.

B. Sales, liquidations, universal transfer of assets (TUP)

At the end of December, Orbigny Maritime 1, Orbigny Maritime 2 and Atlantique Développement underwent a Universal Transfer of Assets in STIM D'ORBIGNY. Then, in turn, STIM D'ORBIGNY underwent a Universal Transfer of Assets in STEF SA.

NOTE 3 Segment information

An operational segment is a component of the Group:

- that is engaged in activities from which it is likely to receive income and to incur expenses, including income and expenses related to transactions with other components of the Group;
- the operating profit or (loss) of which is regularly examined by general management with a view to making decisions regarding the resources to be allocated to the segment and assessing its performance;
- and for which separate financial information is available.

Segment information comprises an analysis of the consolidated data by activity and by geographical area.

Readers are reminded that, in accordance with IFRS 8 "Operational segments", the Group identifies and presents four operational segments based on the information sent internally to senior managers, who are the main operational decision makers for the Group.

These four segments represent the Group's four main divisions, each of which conducts its operations in France through two separate subsidiaries, STEF Logistique for logistics and STEF Transport for transportation. The Group's international business is developed through local transport and logistics companies.

The maritime activity is quite separate. Information on the results of the segments is shown in the tables below. The performance of each of the segments shown is assessed by management on the basis of their operating profit or loss.

3.1 Information by activity

The income statement by segment appears below:

2018	Transport	Logistics	International activities	Maritime	Others	Consolidated data
Turnover from activities	1,385,095	566,833	778,051	111,928	413,236	3,255,143
Profit (loss) from recurring operations	**91,446**	**9,080**	**23,695**	**7,648**	**3,490**	**135,359**
Other operating income and expenses	2,762	(751)	164	10	(310)	1,875
Operating profit (loss) of activities	**94,208**	**8,329**	**23,860**	**7,658**	**3,179**	**137,234**
Net financial expenses	(2,074)	(2,102)	(3,305)	(1,610)	1,826	(7,265)
Income tax expenses	(23,409)	(8,087)	(8,185)	(76)	4,040	(35,717)
Profit attributable to shareholders of associated companies	(425)	247	(313)	0	789	298
Net income	**68,299**	**(1,613)**	**12,057**	**5,972**	**9,834**	**94,550**
Activities' assets	811,077	575,201	738,357	126,587	72,533	2,323,756
Unallocated assets						-
Total assets						**2,323,756**
of which goodwill	94,237	3,646	79,246	6,816	2,854	186,799
of which associated companies	3,703	7,100	2,378	0	14,711	27,892
Activities' liabilities	329,302	268,220	326,495	(19,895)	(6,692)	897,430
Unallocated liabilities and equity						1,426,326
Total liabilities						**2,323,756**
Depreciation, amortisation recorded in the financial year	34,555	29,716	29,539	7,896	11,803	113,509

2017	Transport	Logistics	International activities	Maritime	Others	Consolidated data
Turnover from activities	1,268,906	523,684	692,060	107,256	383,744	2,975,650
Profit (loss) from recurring operations	**69,259**	**10,233**	**30,947**	**9,108**	**2,175**	**121,721**
Other operating income and expenses	2,616	7,386	1,264	(892)	240	10,614
Operating profit (loss) of activities	**71,875**	**17,619**	**32,211**	**8,216**	**2,415**	**132,335**
Net financial expenses	(2,637)	(2,255)	(2,756)	(2,348)	1,399	(8,597)
Income tax expenses	(18,431)	(8,582)	(10,004)	80	3,653	(33,284)
Profit attributable to shareholders of associated companies	(52)	238	(128)	0	3,387	3,445
Net income	**50,755**	**7,020**	**19,323**	**5,948**	**10,854**	**93,899**
Activities' assets	745,098	522,247	582,938	109,547	77,977	2,037,807
Unallocated assets						-
Total assets						**2,037,807**
of which goodwill	85,754	3,646	40,534	6,816	2,854	139,604
of which associated companies	4,129	6,849	2,691	0	15,370	29,039
Activities' liabilities	348,132	263,586	243,474	(16,412)	(15,014)	823,766
Unallocated liabilities and equity						1,214,041
Total liabilities						**2,037,807**
Depreciation, amortisation recorded in the financial year	40,539	27,437	22,229	7,396	10,542	108,143

The turnover of the "Other activities" segment includes goods trading for third parties for €389 million in 2018 compared with €362 million in 2017.

The divisions' assets comprise all the balance sheet assets. Liabilities that are not allocated are financial liabilities, which, in so far as the Group's financing is provided by a central structure, cannot be reasonably allocated.

In 2017, the operating profit of the Logistics segment included a capital gain relating to the sale of a real estate site in western France for €6.5 million.

NOTE 4 Income from ordinary activities

A. Accounting policies

Income from ordinary activities is measured at the fair value of the consideration receivable, net of granted discounts and remissions. Revenue under performance obligation is recorded once this performance is satisfied.

The income from transport activities is recorded when the service has been rendered.

Income from logistics activities is recorded as the rendering of services proceeds.

Products under the supply contract for the out-of-home foodservice business (goods trading) are reported on the sale of goods at the points of sale.

Income from maritime activities includes the contributions from the Corsica Transport Office provided for under the public service concession contract. These contributions are recognised in turnover at the same rate as the underlying performance obligation.

B. Key figures

	France	Other regions	Consolidated data
2018			
Turnover	2,412,632	842,511	3,255,143
Areas' non-current assets	1,037,657	498,385	1,536,042
2017			
Turnover	2,242,461	733,189	2,975,650
Areas' non-current assets	936,541	360,378	1,296,919

NOTE 5 Purchases from third parties

	2018	2017
Purchases other than energy (including foodservice goods)	423,117	393,260
Purchases of diesel and other fuels	149,575	122,487
Purchases of other energy	54,422	43,946
Transport subcontracting	989,921	898,107
Rent and lease expenses	75,033	71,527
Maintenance	85,566	81,265
External staff and intermediaries' wages and salaries	180,688	172,643
Insurance and losses	64,204	50,904
External services and miscellaneous	81,600	74,700
Total	**2,104,127**	**1,908,839**

The change in this item is mainly explained by the increase in the purchase of out-of-home foodservice goods related to the increased performance of retailers, the rise in diesel expenses linked to the upward trend in fuel prices and the growth in Transport subcontracting expenses to handle extra business.

Rents and lease expenses reported under operating leases on real estate, transportation equipment and other equipment amounted to €75 million in 2018 (€71.5 million in 2017).

NOTE 6 Payroll expenses

The Tax Credit for Competitiveness and Employment (Crédit d'Impôt pour la Compétitivité et l'Emploi) granted to companies by the French government from 1 January 2013, is determined annually on the basis of remunerations less than or equal to 2.5 times the minimum wage. This income is recorded as a reduction in payroll expenses.

The arrangements for evaluating and accounting for the allocation plans for performance share are defined by the IFRS 2 standard "Share-based payments". The allocation of performance shares in France and internationally is an agreed benefit for their beneficiaries and as such is in addition to the remuneration paid by STEF. Their evaluation is directly related to the Group's performance. Consequently, STEF has included the corresponding expense in the operating profit under payroll expenses.

	2018	2017
Salaries and other compensation	578,409	534,525
Social security contributions	225,642	214,506
Net length-of-service awards payable to staff on retirement	3,467	3,362
Employee incentive bonuses and profit-sharing	27,769	21,190
Total	**835,286**	**773,583**

Social security contributions include the costs of long-service awards for the financial year. The items relating to commitments in terms of length-of-service awards payable to employees on retirement are shown in note 20.

The income from the CICE tax measure positioned as a reduction in social security contributions represented 6% of the eligible annual basis in 2018 (7% in 2017). This income was €21.4 million in 2018 (€22.5 million in 2017) given the rise in the workforce.

The characteristics of the allocation plan for performance shares are described in the "General information" section of the corporate governance report. Expenses, including employer contributions, related to these shares amounted to €2 million (€2.9 million in 2017).

NOTE 7 Charges net of reversals to provisions

	2018	2017
Net depreciation of the reversal of trade receivables	569	(2,836)
Impairment of other financial assets	(64)	(28)
Net changes in provisions	(3,277)	1,710
Total	**(2,772)**	**(1,154)**

Changes in provisions are analysed in note 21.

NOTE 8 Other operating income and expenses

	2018	2017
Gains on fixed asset sales	2,249	6,737
Gains on sales of rolling stock	1,079	515
Others	(1,453)	3,362
Total	**1,875**	**10,614**

In 2018, the gains on fixed asset sales mainly related to the sites of Genas, Bourges and Rots Carpiquet.

In 2017, the "Others" section contained the positive result of the dispute related to the companies' value added (CVAE) rate (€2.1 million) and the default interest on the tax refund at 3% on the dividends (€0.4 million).

Net capital real estate gains or losses included in particular the sale of the real estate site of St-Herblain in western France.

NOTE 9 EBITDA

	2018	2017
Operating profit	137,234	132,335
Net depreciation and amortisation of fixed assets	113,509	108,143
Net impairment and provisions (note 7)	2,772	1,154
Total	**253,515**	**241,632**

NOTE 10 Financial income and expenses

	2018	2017
Financial income		
Other financial income	887	259
Dividends received from non-consolidated shareholdings	0	0
Ineffective portion of hedging instruments	26	188
Financial expenses		
Interest expenses on financial liabilities measured at amortised cost	(8,178)	(9,044)
Ineffective portion of hedging instruments	0	0
Total	**(7,265)**	**(8,597)**

The financial results benefited from lower rates (Euribor 3 month at -0.32% on average in 2018) despite the increase in the Group's financing needs following real estate investments and external growth operations.

NOTE 11 Income tax

The expense (or income) from income tax includes, on the one hand, the tax payable for the year, and, on the other hand, the expense or income from deferred taxes. Payable and deferred taxes are recorded in profit and loss unless they are related to a business combination or to elements that are posted directly to equity or to other comprehensive income, in which case they are recorded in equity or in other comprehensive income.

Deferred taxes are calculated by tax entity when there are temporary differences between the book values of assets and liabilities and their tax values. They are valued by applying the tax rates that will be in force when the temporary differences are settled, on the basis of tax legislation adopted or virtually adopted on the balance sheet date.

Deferred tax assets are only reported under deductible temporary differences and tax loss carry forwards and unused tax credits when it is likely that the tax entities concerned will have future taxable profits against which these tax assets could be charged. They are reviewed at each balance sheet date. The tax rate used to calculate deferred taxes is that known on the balance sheet date. The effects of rate changes are recorded over the period during which the decision of this change is made.

11.1 Breakdown of the income tax expense in the income statement

	2018	2017
Current tax expense		
- Claim for tax refund on dividends 2013/2017		3,320
- Tax of 3% on dividends		(829)
- Exceptional and additional tax contribution France		(7,614)
- Current tax expense	(36,113)	(31,260)
Current tax expense subtotal	(36,113)	(36,383)
Deferred tax expense/income (see 11.3)	396	3,099
Total	**(35,717)**	**(33,284)**

11.2 Reconciliation between tax expense calculated based on the rates of tax applicable to the parent company and the actual expense

	2018	2017
Profit before tax	129,969	123,738
	34.43%	34.43%
Theoretical tax at the rate of (current tax)	(44,748)	(42,603)
Income from CICE not subject to tax	7,264	7,758
Impact of the profits from the maritime business subject to tonnage tax	1,994	1,598
Use of previous deficits not activated	125	740
Creation of deficits in the period not activated	(1,207)	0
Deficits activated in the period	0	1,196
Difference in foreign tax rates	545	1,443
Change in corporate tax rate in France	0	2,806
Tax of 3% on dividends	0	(829)
Claim for tax refund on dividends 2013/2017	0	3,320
Exceptional and additional tax contribution France	0	(7,614)
Other permanent differences	310	(1,099)
Effective tax	**(35,717)**	**(33,284)**
Effective rate of tax	**27.5%**	**26.9%**

In 2017, the effect of tax rate changes on deferred taxes is a result of successive tax rate changes in France that takes the tax rate from 34.43% in 2017, to 32.02% in 2019, 28.92% in 2020, 27.37% in 2021 and 25.83% in 2022.

11.3 Deferred tax assets and liabilities

The net deferred tax positions for each country at the balance sheet date, are as follows:

2018	France	Belgium	Spain	Italy	The Netherlands	Portugal	Switzerland	Group total
Deferred tax	(16,799)	(636)	(137)	(1,012)	331	269	129	(17,855)
2017	**France**	**Belgium**	**Spain**	**Italy**	**The Netherlands**	**Portugal**	**Switzerland**	**Group total**
Deferred tax	(15,134)	(797)	(80)	(1,559)	158	368	207	(16,837)

The main types of deferred tax, and their changes during the year are as follows:

2018	1 January 2018	Changes in profit and loss	Other changes	Changes in net comprehensive income	31 December 2018
Deferred tax assets					
Net deferred tax from parent company accounts	333	956	(145)		1,144
Temporary tax differences	4,395	1,332	213		5,940
Discounting of loans to construction	1,161	265			1,426
IAS 19 R actuarial gains	1,406			70	1,476
Expenses for performance shares	726	413			1,139
Fair value of hedging instruments	672	(7)		(102)	563
Loss carryforwards	2,928	(761)	207		2,374
Capitalised internal services	2,396	(112)	(792)		1,492
Internal profit	341	63			404
Exercise of finance leases	4,967				4,967
Pension provisions	584	(224)	(2)		358
Total deferred tax assets	**19,909**	**1,925**	**(519)**	**(32)**	**21,283**
Deferred tax liabilities					
Additional depreciation	(17,223)	(1,801)			(19,024)
Fixed assets held under finance leases	(12,514)	374	(855)		(12,995)
Revaluation of fixed assets	(5,281)	384			(4,897)
Merger tax	(1,592)	309			(1,283)
Goodwill	0	(17)			(17)
Others	(136)	(778)	(8)		(922)
Total deferred tax liabilities	**(36,746)**	**(1,529)**	**(863)**	**0**	**(39,138)**
Net impact	**(16,837)**	**396**	**(1,382)**	**(32)**	**(17,855)**

2017	1 January 2017	Changes in profit and loss	Other changes	Changes in net comprehensive income	31 December 2017
Deferred tax assets					
Net deferred tax from parent company accounts	672	(651)	312		333
Temporary tax differences	5,806	(1,411)			4,395
Discounting of loans to construction	1,152	9			1,161
IAS 19 R actuarial gains	1,833			(427)	1,406
Expenses for performance shares	0	726			726
Fair value of hedging instruments	3,733	(62)	212	(3,211)	672
Loss carryforwards	2,060	868			2,928
Capitalised internal services	2,208	188			2,396
Internal profit	380	(39)			341
Exercise of finance leases	5,472	(491)	(14)		4,967
Leaseback	11	(11)			0
Pension provisions	273	311			584
Others	(118)	(2)	120		0
Total deferred tax assets	**23,482**	**(565)**	**630**	**(3,638)**	**19,909**
Deferred tax liabilities					
Additional depreciation	(18,154)	1,064	(133)		(17,223)
Difference in tangible fixed assets depreciation	(61)	61			0
Fixed assets held under finance leases	(13,450)	1,148	(212)		(12,514)
Revaluation of fixed assets	(6,258)	977			(5,281)
Merger tax	(1,986)	394			(1,592)
Goodwill	(23)	23			0
Others	(13)	(3)	(120)		(136)
Total deferred tax liabilities	**(39,945)**	**3,664**	**(465)**	**0**	**(36,746)**
Net impact	**(16,463)**	**3,099**	**165**	**(3,638)**	**(16,837)**

Other changes include the impact of additions to the scope and reclassification by nature.

In 2017, the changes in the profit and loss account included the effect of successive tax rate changes in France: 32.02% in 2019, 28.92% in 2020, 27.37% in 2021 and 25.83% in 2022.

The Group believes that, based on the local action plans and subsequent profit forecasts made using conservative estimates, the subsidiaries carrying deferred tax assets will in the foreseeable future have sufficient taxable profit against which these recognised assets will be able to be charged.

All the bases for unrecognised deferred tax under loss carryforwards amounted to €25.7 million at the end of 2018, primarily in France (€24 million at 31 December 2017).

NOTE 12 Intangible and tangible fixed assets

Tangible and intangible fixed assets are reported at amortised cost less deductions for losses in value in application of IAS 36 (note 12.3).

12.1 Goodwill and intangible fixed assets

A. Goodwill

The accounting principles relating to goodwill are described in note 2.1D.

The change in goodwill over the period is as follows:

	31 December 2018	31 December 2017
Net value at 1 January	139,604	137,018
Acquisition of subsidiaries and businesses	47,195	2,586
Sale of subsidiaries	-	-
Depreciation		
Net value at 31 December	**186,799**	**139,604**

In 2018, the change in this item corresponds to the acquisition of the refrigerated activities of the Marconi Group for €38.6 million and the acquisition of the seafood products transport company Express Marée for €8.6 million. This goodwill is currently being evaluated.

B. Intangible fixed assets

➤ Accounting policies

Intangible assets, other than goodwill, mainly comprise computer software that is either developed in-house or purchased. They are stated at their historic or production cost in the balance sheet. They are amortised on a straight-line basis over their expected useful life, which currently is no longer than five years.

Development costs for software for internal use or intended for sale, are fixed from the day when certain conditions are met, especially when it is shown that this software will generate probable future economic benefits due to a significant improvement in operating processes, and that the Group has adequate technical and financial resources to produce it and intends to use it, or sell it.

➤ Change in the net book value:

The detail of the intangible fixed assets is as follows:

Gross values	Software	Other intangible assets	Total
At 31 December 2016	**120,686**	**24,565**	**145,251**
Acquisitions	4,605	218	4,823
Changes in scope	41		41
Other changes	522	(524)	(2)
Sales and scrapped goods	(1,119)	(9)	(1,128)
At 31 December 2017	**124,735**	**24,250**	**148,985**
Acquisitions	4,927	2,772	7,699
Changes in scope	153	2	155
Other changes	666	(197)	469
Sales and scrapped goods	(426)	(28)	(454)
At 31 December 2018	**130,055**	**26,799**	**156,854**
Depreciation, amortisation and impairment	**Software**	**Other intangible assets**	**Total**
At 31 December 2016	**111,527**	**12,805**	**124,332**
Allocations	10,452	590	11,042
Changes in scope	39	0	39
Other movements	236	(10)	226
Reversals and sales	(1,111)	(319)	(1,430)
At 31 December 2017	**121,143**	**13,066**	**134,209**
Allocations	4,087	759	4,846
Changes in scope	131		131
Other movements	(247)	(3)	(250)
Reversals and sales	(422)	(27)	(449)
At 31 December 2018	**124,692**	**13,795**	**138,487**
Net book value at 31 December 2017	**3,592**	**11,184**	**14,776**
Net book value at 31 December 2018	**5,363**	**13,004**	**18,367**

12.2 Tangible fixed assets

➤ Accounting policies

Tangible fixed assets mainly comprise cold stores, platforms, transport vehicles, ferries and office buildings. With regard to fixed assets revalued prior to 1 January 2004, the date of transition to IFRS, their restated values were presumed to correspond to their purchase cost on this date.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life. The depreciable amount is the acquisition cost, except for recent warehouses and platforms, for which the depreciable amount is 90% of the acquisition cost. Where some construction components have a useful life that is less than the useful life of the whole construction, they are depreciated over their own useful lives. Land is not depreciated. The useful lives, which are estimated from new delivery, are as follows:

Warehouses and platforms	25 – 30 years
Later extensions	20 years
Office buildings	40 years
Equipment and production facilities	10 years
Fixtures and fittings	6 – 10 years
Vessels	20 years
Equipment for transport	5 – 9 years
Office furniture	7 – 10 years
Computer equipment	3 – 5 years

The borrowing costs directly attributable to the purchase, construction and production of an eligible asset are incorporated into the cost of the asset. Eligible assets are vessels bought new, where the duration of construction greatly exceeds 12 months.

Investment grants are assistance received from the public authorities to contribute to the financing of certain investments. In accordance with the option offered by IAS 20, the Group has opted to present investment grants as a deduction to the cost of the fixed assets financed, which has the effect of reducing the depreciation bases and depreciation and amortisation.

Furthermore, STEF uses finance leases to finance part of its tangible fixed assets, such as "carrier" and "semi-trailer" vehicles and operational real estate (warehouses, platforms). These finance leases are considered as funding when they transfer most of the risks and the benefits of the leased assets to the Group; that is when the leases give the Group the right to become the owner at the end of the lease, under conditions that are sufficiently beneficial when the leases are entered into, if it should be very likely that the Group will exercise its option to purchase at the end of contract.

When, during its implementation, a finance lease has financing characteristics, the tangible fixed assets are recognised under assets for an amount equal to their fair value or, if the fair value is less, to the present value of minimum future rents; in return, a corresponding debt is recorded in liabilities, which is reduced as and when the rent is paid, for the part corresponding to the amortisation of the debt.

Rent due under operating leases is paid during the periods for which they are called for payment. In the case of sliding scale rents, STEF staggers them on a straight-line basis over the duration of the lease and records rent surpluses as prepayments under assets.

Change in the net book value

The change in tangible fixed assets is as follows:

Gross values	Land and buildings	Equipment for transport	Vessels	Others	Total
At 31 December 2016	**1,135,308**	**135,670**	**280,697**	**542,469**	**2,094,144**
Acquisitions	69,167	19,523		80,551	169,241
Changes in scope	10	2,713		114	2,837
Sales and scrapped goods	(11,221)	(3,557)		(14,212)	(28,990)
Other changes (including fixed assets under construction)	20,307	(131)	5,496	(36,278)	(10,606)
At 31 December 2017	**1,213,571**	**154,218**	**286,193**	**572,644**	**2,226,626**
Acquisitions	147,357	36,718		113,164	297,239
Changes in scope	5,209	13,737		10,405	29,351
Sales and scrapped goods	(24,383)	(5,291)		(22,807)	(52,481)
Other changes (including fixed assets under construction)	23,201	48	5,075	(33,763)	(5,439)
At 31 December 2018	**1,364,955**	**199,430**	**291,268**	**639,643**	**2,495,296**
Depreciation, amortisation and impairment	Land and buildings	Equipment for transport	Vessels	Others	Total
At 31 December 2016	**469,325**	**92,744**	**183,073**	**348,698**	**1,093,840**
Allocations	37,227	14,012	7,128	39,248	97,615
Changes in scope	11	2,017		77	2,105
Sales and scrapped goods	(8,026)	(2,994)		(13,441)	(24,461)
Other changes	(1,284)	(119)	(1)	(5,503)	(6,907)
At 31 December 2017	**497,253**	**105,660**	**190,200**	**369,079**	**1,162,192**
Allocations	42,601	15,047	7,521	43,494	108,663
Changes in scope	1,671	6,086		9,345	17,102
Sales and scrapped goods	(19,031)	(5,097)		(21,738)	(45,866)
Other changes	2,402	(7)		730	3,125
At 31 December 2018	**524,896**	**121,689**	**197,721**	**400,910**	**1,245,216**
Net book value at 31 December 2017	**716,318**	**48,558**	**95,993**	**203,565**	**1,064,434**
Net book value at 31 December 2018	**840,059**	**77,741**	**93,547**	**238,733**	**1,250,080**

Variations in scope relate to the acquisition of the companies STEF Frozen (Ex Project Cold), OMT and Express Marée.

In addition, acquisitions for the period listed in the "Others" column include fixed assets under construction for €31.8 million (compared with €36.7 million at 31 December 2017).

The net book value of fixed assets used by the Group, through finance leases, can be broken down as follows:

	31 December 2018	31 December 2017
Vehicles	47,823	15,967
Technical installations		-
Platforms and warehouses	77,059	80,695
Attached land	28,959	29,476
Total	**153,841**	**126,138**

12.3 Impairment of goodwill and fixed assets

A. Accounting policies

IAS 36 sets out how to ensure that the book value of intangible (including goodwill) and tangible fixed assets does not exceed their recoverable value.

This verification is made once a year for goodwill, intangible items with an indeterminate lifetime and those under development. Impairment tests are carried out when there is any indication of impairment in value and at least once a year.

Furthermore, the Group regularly analyses whether its tangible fixed assets are subject to indications of impairment and, where necessary, conducts impairment tests.

Indications of impairment monitored by the Group are:

- the fall in profitability of the cash generating units which correspond to the four operational segments as defined in note 3;
- the non-use/vacancy of a site or platform;
- a specific regulatory change that may significantly impact profitability.

The recoverable value of an asset is the highest value between its value in use and its fair value, net of costs to sell. The value in use of an asset is the discounted value of future cash flows expected from its use. Fixed assets that do not produce sufficiently autonomous cash flows are grouped into cash generating units, which correspond to the smallest groups of fixed assets producing autonomous cash flows. Goodwill is assigned to the cash generating units that benefit from the synergies of the corresponding business combinations.

The forecast future cash flows of a fixed asset or cash generating unit are determined on the basis of a 5-year budget projection and a final value determined by capitalising a normative cash flow obtained by extrapolating the most recent cash flow from the business plan and assigning a growth rate specific to the activity concerned, except for the Maritime CGU for which the value of the vessels is determined by experts. The cash flows thus obtained are discounted at a determined rate of return on the basis of the weighted average cost of capital.

An impairment charge is recognised if the book value of a fixed asset or cash-generating unit is greater than its recoverable value. This impairment is first assigned to reducing the book value of any goodwill recognised for the cash-generating unit, then to reducing the book values of the unit's other assets. An impairment recognised under goodwill cannot be reversed.

B. Impairment tests for CGUs

Impairment tests were performed at the 2018 balance sheet date. Accordingly, the goodwill is assigned to the Cash Generating Units (CGUs), which correspond to the Group's four operational segments.

The values in use of CGUs, which correspond to discounted future cash flows, are determined based on the following main assumptions:

	Transport	Logistics	International	Maritime
Discount rate	8.5%	8.5%	8.5%	8.5%
Growth rate for a specific term	4.4%	4.6%	6.8%	

The discount rate corresponds to the weighted average cost of capital including the generally accepted parameters (beta, market risk premium). This rate takes account of the tax impact.

With regards to the Maritime CGU, the value in use is historically determined by the sum, on the one hand of the discounted flows at the end of the PSC and on the other hand by the market value of the vessels as determined by experts used as residual value. Due to the end of the interim PSC at the end of 2019, most of the value is comprised of the market value of the vessels.

Breakdown of goodwill by segment:

	Transport	Logistics	International activities	Maritime	Others	Total
Goodwill and intangible assets with an indeterminate useful life	100,333	6,094	82,258	7,487	8,994	205,166

Sensitivity analysis

The table below shows, for each cash-generating unit, the test margins that correspond to the difference between the recoverable value and the book value resulting, on the one hand, from a change in the growth rate (decrease of 1 percentage pt), and, on the other hand, from a change in the discount rate (increase of 1 pt).

Assumptions used

Normative growth rates vary from:

Transport	1.5% to 0.5%
Logistics	2.3 % to 1.3 %
International	2.4 % to 1.4 %

The discount rate (WACC) varies from 8.5% to 9.5%.

Test results

The discount rate that would give recoverable values equal to the net book values is 16.39%.

in millions of euros	Margin of resistance to change in	
31/12/2018	growth rates (decrease of 1pt)	discount rates (rise of 1pt)
Transport	765	730
Logistics	101	88
International activities	296	274
Maritime	61	61
TOTAL	**1,224**	**1,152**

NOTE 13 Non-current financial assets

Accounting policies

The financial assets representative of non-consolidated shares are measured at fair value through the other comprehensive income. Assets where the fair value cannot be determined reliably are measured at the acquisition cost for simplification and given their generally insignificant amounts.

Loans and receivables mainly comprise loans paid to staff under the employers' contribution to construction investments for the amount of €26 million in 2018 (€24.5 million in 2017). These interest-free loans granted to organisations as part of the mandatory contribution of employers to the construction effort are recorded initially at fair value which corresponds to their discounted value on the date the loans are paid. The difference between the discounted value and the sum paid is charged as an expense at the time of payment.

Change over the period

Non-current financial assets are broken down as follows:

	31 December 2018	31 December 2017
Financial assets at fair value through other comprehensive income	558	527
Other financial assets at amortised cost	31,063	28,630
Total	**31,621**	**29,157**

NOTE 14 Investments in associated companies

The data from the financial statements of associated companies consolidated by the equity method appears below:

2018	Attributable to Group shareholders	Total turnover	Total assets	Total liabilities	Company's net assets	Equity value	Net income	Net profit (loss) attributable to Group
FROIDCOMBI	25.50%	18,868	11,365	7,397	3,968	1,012	1,808	461
GROUPE PRIMEVER [1]	49.00%				12,049	6,602	(1,625)	(796)
MESSAGERIES LAITIÈRES	38.69%	81,130	36,489	20,124	16,365	7,668	2,872	1,111
NETKO	40.00%	13,771	3,186	3,919	(733)	(184)	(890)	(356)
NORFRIGO [1]	37.65%				24,475	6,338	(34)	(13)
SNC NORMANDIE EXPORT LOGISTICS	38.69%	824	12,507	4,739	7,768	3,005	(1,099)	(425)
OLANO SEAFOOD IBERICA [1]	32.00%				4,447	1,769	(2)	(1)
OLANO VALENCIA [1]	20.00%				1,863	794	222	44
QUICK SERVICE LOGISTIQUE SARL [1]	49.00%				1,504	737	540	265
STEFOVER TUNISIE [1]	49.00%				150	128	26	12
SCCV CORBAS [1]	25.00%				1	0	(17)	(4)
SCCV DIJON CHAMPOLLION [1]	49.00%				1	0	(1)	()
SCCV SILSA [1]	49.00%				50	25		
TOTAL		**114,593**	**63,547**	**36,179**	**71,908**	**27,892**	**1,800**	**298**

(1) Turnover and balance sheet data not sent

2017	Attributable to Group shareholders	Total turnover	Total assets	Total liabilities	Company's net assets	Equity value	Net income	Net profit (loss) attributable to Group
FROIDCOMBI	25.50%	17,300	9,885	6,526	3,359	857	1,510	385
GROUPE PRIMEVER	49.00%	124,877	110,017	96,343	13,674	7,398	3,639	1,783
MESSAGERIES LAITIÈRES	38.69%	79,496	35,306	18,875	16,431	7,693	3,143	1,216
NETKO	40.00%	5,209	3,471	3,314	157	172	(128)	(51)
NORFRIGO	37.65%				24,509	6,351	24	9
SNC NORMANDIE EXPORT LOGISTICS	38.69%		12,695	3,829	8,866	3,430	(134)	(52)
OLANO SEAFOOD IBERICA	32.00%				4,449	1,770	(153)	(49)
OLANO VALENCIA	20.00%				1,641	749	(145)	(29)
QUICK SERVICE LOGISTIQUE SARL	49.00%				964	472	463	227
STEFOVER TUNISIE	49.00%				136	121	8	4
SCCV CORBAS	25.00%				7	2	8	2
SCCV DIJON CHAMPOLLION	49.00%							
SCCV SILSA	49.00%				50	25		
TOTAL		**226,882**	**171,374**	**128,887**	**74,243**	**29,039**	**8,235**	**3,445**

The Group is not a stakeholder in any joint venture.

NOTE 15 Inventories

Accounting policies

The main inventories comprise fuel, spare parts, commercial packaging, consumable materials and goods from the catering business. They are valued at their purchase cost, primarily using the first-in/first-out method (FIFO). Damaged stocks are subject to impairment charges, which are determined on the basis of their probable realisable values.

Change over the period

	31 December 2018	31 December 2017
Raw materials and supplies	39,559	35,664
Foodservice goods	23,388	23,062
Others	64	61
Total	**63,011**	**58,787**
Depreciation	(72)	(600)
Total	**62,939**	**58,187**

The change in this item corresponds primarily to the increase in pallet stocks due to the growth in the transport business.

NOTE 16 Customers

Accounting policies

Trade receivables with short maturities are recorded on the asset side of the balance sheet at their nominal value, which is close to their fair value. Trade receivables are subject to an impairment charge, so that their net amounts reflect expected cash flows.

Change over the period

This item is presented as follows:

	31 December 2018	31 December 2017
Gross amount of trade receivables	521,729	489,108
Depreciation	(13,575)	(13,803)
Total	**508,154**	**475,305**

There are no significant trade receivables in the sense of IFRS 8.

NOTE 17 Other receivables and current financial assets

This item is comprised as follows:

	31 December 2018	31 December 2017
Advances and deposits received	10,957	10,710
Social charges	2,276	2,638
Tax expenses excluding corporate tax	89,043	81,619
Active current accounts	8,597	6,251
Prepayments under assets	8,066	10,250
Other accounts payable	19,630	14,715
Total	**138,570**	**126,183**

Other receivables with short maturities are recorded on the asset side of the balance sheet at their nominal value, which is close to their fair value. In the event of failure by debtors and an objective indication of a loss in value, these receivables are subject to an impairment charge, so that their net amounts reflect expected cash flows.

NOTE 18 Cash and cash equivalents

➤ Accounting policies

Cash equivalents are short-term, highly liquid investments that are easily convertible to a known amount of cash and which are subject to a negligible risk of a change in value. The Group opted to manage these assets at fair value, subsequent changes in fair value are recorded in profit and loss.

➤ Change over the period

	31 December 2018	31 December 2017
Marketable securities and investments	2,257	2,348
Cash assets	57,352	57,071
Total	**59,609**	**59,419**

NOTE 19 Equity and earnings per share

The Group's policy is to maintain a strong capital base to preserve the confidence of investors, creditors and the market and to allow the future growth of the business and ensure the liquidity of STEF shares. To ensure a certain trading volume in STEF shares, the Group signed a liquidity contract with a financial institution.

19.1 Share capital

The number of shares comprising the share capital is 13,165,649 shares with a nominal value of €1 at 31 December 2018 unchanged compared to 2017.

The Board of Directors meeting on 14 March 2019 set the dividend to be paid for the 2018 financial year at €2.50 per share (€2.45 for the 2017 financial year). This dividend was not recognised in the 2018 consolidated financial statements and will constitute a Company liability if approved by the Shareholders' Meeting.

19.2 Treasury shares

The amounts disbursed by the Group to buy STEF shares (treasury shares) are accounted for as a deduction from equity. Where the treasury shares are sold or put back into circulation, the amounts collected offset the equity. The disposal of treasury shares as a transaction between shareholders does not generate any profit.

19.3 Earnings per share

The non-diluted earnings per share is determined by dividing the net profit attributable to STEF shareholders by the weighted average number of shares in circulation during the year.

The weighted average number of shares in circulation is determined by taking into account shares issued as a result of the exercising of stock options by the beneficiaries of these options, treasury shares acquired by the Group that are cancelled and treasury shares allocated to beneficiaries who exercise their share purchase options.

The diluted earnings per share is calculated based on a number of shares increased by the effect of exercising all these instruments.

The reconciliation between the existing shares at the beginning of the financial year and the weighted average number of shares in the calculations of the earnings per share is as follows:

	31 December 2018	31 December 2017
Group share profit	**94,433**	**93,638**
Number of shares comprising share capital at 31 December (a)	13,165,649	13,165,649
Number of treasury shares at the end of the financial year (b)	831,438	848,691
Weighting of financial year's treasury share movements (c)	(528)	(18,586)
Weighted average number of shares in the financial year for calculating the non-diluted earnings (a) - (b) + (c)	**12,333,683**	**12,298,372**
Number of treasury shares assigned to the performance action plan (d)	(26,971)	(31,008)
Weighting of financial year's BSAAR movements		
Weighted average number of shares used for calculating the diluted earnings per share (a) - (b) + (c)- (d)	**12,360,654**	**12,329,380**
Earnings per share in euros:		
- non-diluted	7.66	7.61
- diluted	7.64	7.59

NOTE 20 Staff benefits

20.1 Accounting policies

A. Post-employment benefits

Post-employment defined benefits granted by the Group are recorded in liabilities, as and when rights are acquired. They are evaluated using the actuarial projected unit credit method, applied to an estimate of the salaries when indemnities are paid. The actuarial gains resulting from changes in assumptions, differences between the forecasts and the paid amounts are recorded in other comprehensive income.

The fair value of the ring-fenced funds managed by insurance companies to cover the commitment are deducted from the liabilities. The differences between actual return on ring-fenced funds and financial income recorded in profit and loss, based on the actuarial rate selected for calculating the actuarial liability are recorded in other comprehensive income.

B. Other long-term benefits

The other long-term benefits are remunerations paid more than one year after the end of the period during which the service was provided by the employee. They are recorded as and when employees acquire rights and are determined in the same way as retirement bonuses. However, the resulting actuarial gains are immediately recorded in profit and loss.

The provisions for post-employment benefits and other and long-term benefits are determined by an independent actuary.

20.2 Assumptions used

The main assumptions used to measure the actuarial liability of commitments of length-of-service awards payable on retirement, are as follows:

		Eurozone	Switzerland
Discount rate			
	2018	**1.75%**	**1.00%**
	2017	1.50%	0.75%
Inflation rate			
	2018	**1.75%**	**0.75%**
	2017	1.75%	0.75%
Forecast rate of return of ring-fenced funds			
	2018	**1.75%**	**0.75%**
	2017	1.50%	0.75%
Forecast rate of increase of workforce			
	2018	**2.25% or 1.75%**	**0.50%**
	2017	2.25% or 1.75%	0.50%
Average duration (in years)			
	2018	**11**	**26**
	2017	11	26
Retirement age			
	2018	**60 – 66 years**	
	2017	60 – 66 years	
Mortality table			
	2018	**TGH/F 05 and RGM/RGF 48**	**BVG 2015**
	2017	TGH/F 05 and RGM/RGF 48	BVG 2015

The retirement age depends on the employees' classification and the sectors of activity in which they are employed. Moreover, it is assumed that employees leave the Group based on a request for voluntary departure. The benefits paid to them in France are therefore subject to social security contributions in accordance with the Fillon law of 2003 and subsequent social security financing laws.

A sensitivity test was performed with discount rates differing by 0.25% compared to the above rates. This results in a decrease in the commitment of 2.9% or an increase of 3% depending on whether the discount-rate increments are added or subtracted.

20.3 Change over the financial year

Net debts relating to these post-employment benefits are detailed below:

	2018	2017
Actuarial liability	58,696	55,225
Hedge assets	(35,473)	(33,515)
Subtotal length-of-service awards payable on retirement	**23,223**	**21,710**
Long-service awards	9,729	10,069
Total	**32,952**	**31,779**

Change in net values reported in the balance sheet are as follows:

	2018	2017
Amount at 1 January	21,710	22,000
Expenses for the year	3,467	3,362
Change in scope	1,355	
Change in actuarial gains	274	(1,052)
(Premiums paid)/payments received from insurance companies	640	
Benefits paid	(4,223)	(2,600)
Amount at 31 December	**23,223**	**21,710**

The change in actuarial liability is presented below:

	2018	2017
Amount at 1 January	55,225	54,838
Rights acquired during the year and financial cost of undiscounting the actuarial liability	4,289	3,827
Benefits paid	(4,223)	(2,600)
Projected actuarial liability at 31 December based on the assumptions at the start of the financial year	**55,291**	**56,065**
Change in scope	1,355	
Employee contributions	1,018	
Actuarial gains related to:		
- demographic assumptions		
- financial assumptions	(1,746)	218
- experience adjustments	2,778	(1,058)
Amount at 31 December	**58,696**	**55,225**

The details of expenses for the year are as follows:

Details of expenses for the year	2018	2017
Rights acquired during the year	3,454	2,999
Employer allowance	(346)	
Financial cost of undiscounting the actuarial liability	835	828
Forecast return on ring-fenced funds	(476)	(465)
	3,467	**3,362**

The payment schedule for theoretical benefits is as follows:

Schedule of theoretical benefits to be paid per year	2019	2020	2021	2022	2023
Payment of theoretical benefits	3,326	1,595	2,956	2,986	3,499

The change in the fair value of hedge assets is detailed in the table below:

	2018	2017
Amount at 1 January	**33,515**	**32,838**
Expected financial return	476	465
Actuarial gains	758	163
Employee contributions	1,018	
Employer allowance	346	
Repayments on services received of funds	(640)	49
Fair value of assets at 31 December	**35,473**	**33,515**

Expenses for the year were recorded as operating expenses. Ring-fenced funds, managed in euros, are deposited with institutional investors in France and Switzerland. They benefit from a capital guarantee and, for the most part, from a minimum return guarantee. The ring-fenced funds with insurance companies are comprised of assets in euros (main component) and diversified assets, some offering a minimum rate guarantee and in all cases a capital guarantee.

NOTE 21 Provisions

Accounting policies

Provisions are liabilities where the maturities or the amount entail a certain amount of uncertainty. They are recognised when the Group has to deal with an actual, legal or implicit obligation arising from past events and when the obligation can be reliably estimated and when it is likely that this will result in an outflow of funds. They are created at an amount equal to that which is most likely to be disbursed.

The provisions for commercial disputes after damage occurring during the execution of transport and logistics services are measured on a case by case basis through claims received or known at the balance sheet date of each financial year.

Change over the period

The detail of the provision for risks and expenses on the balance sheet is as follows:

	31 December 2018	31 December 2017
Length-of-service awards payable on retirement (note 20)	23,223	21,710
Long-service awards	9,729	10,069
Dispute provisions	16,637	14,238
Other provisions	8,820	9,925
Total	**58,409**	**55,942**

The change in the provisions for risks and expenses is mainly explained by the reversal of provisions for the dismantling costs of real estate assets and non-recurring expenses related to site restructuring.

The change in provisions, other than those relating to length-of-service awards payable on retirement, developed in note 20, is presented as follows:

	Long-service awards	Disputes	Others	Total
At 1 January 2018	**10,069**	**14,238**	**9,925**	**34,232**
Changes in scope	0	62	87	149
Other changes	(682)	52		(630)
Allocations	976	14,329	3,011	18,316
Reversals used	(634)	(9,119)	(3,462)	(13,215)
Reversals not used	0	(2,925)	(741)	(3,666)
At 31 December 2018	**9,729**	**16,637**	**8,820**	**35,186**
Non-current	9,729	2,742	1,665	14,136
Current		13,895	7,155	21,050
At 31 December 2018	**9,729**	**16,637**	**8,820**	**35,186**

	Long-service awards	Disputes	Others	Total
At 1 January 2017	**9,817**	**12,370**	**13,908**	**36,095**
Changes in scope				0
Other changes	(27)		(361)	(388)
Allocations	939	12,382	5,541	18,862
Reversals used	(660)	(8,450)	(5,187)	(14,297)
Reversals not used	0	(2,064)	(3,976)	(6,040)
At 31 December 2017	**10,069**	**14,238**	**9,925**	**34,232**
Non-current	10,069	2,892	3,009	15,970
Current	0	11,346	6,916	18,262
At 31 December 2017	**10,069**	**14,238**	**9,925**	**34,232**

The provision for disputes covers, for the current portion of the income statement, the costs incurred from loss or damage occurring during transport, handling or storage services and for the non-current portion of the income statement, the consideration of risks arising from various disputes.

The other provisions cover tax and social risks.

NOTE 22

Financial liabilities

Accounting policies

Financial liabilities include loans, financial debt and liabilities generated by operations (trade account payables and other). At the time of their initial recognition, they are valued at their fair value, net of transaction costs. In the case of operating liabilities, because their maturities are very short, their fair value equals their nominal value. Financial liabilities are subsequently amortised by the effective interest method.

At 31 December 2018, the Group had no compound instruments.

Derivatives are used by the Group to manage its exposure to the interest rate risk associated with its debt. These instruments are initially stated at fair value. Even where the Group's objective is to hedge a risk financially, some derivatives do not fulfil the conditions imposed by standard IFRS 9 to qualify as accounting hedges. In this case, subsequent changes in value are recorded in profit and loss.

Where a derivative could be qualified as a hedging instrument, the subsequent changes in fair value are accounted for as follows:

- where they are fair value hedges (exchange of fixed interest payments for floating interest payments), they are stated in profit and loss, under the same heading as adjustments in fair value of the hedged liability;
- where they are future cash flow hedges (exchange of floating interest payments for fixed interest payments), they are recorded in other comprehensive income, for the efficient portion of the hedge, and are subsequently transferred to the income statement when the interest rates being hedged are recognised. The inefficient portion is stated in profit and loss.

Change over the period

The detail of the current and non-current financial liabilities is comprised of the following classes of liabilities:

	31 December 2018	31 December 2017
Non-current financial liabilities		
Bank borrowings and drawdowns of confirmed credit lines of more than one year	354,207	213,036
Liabilities associated with finance leases	48,010	33,234
Fair value of financial derivatives	4,340	5,549
Total	**406,557**	**251,819**
Current financial liabilities		
Portion at less than one year of:		
- Bank loans and spot lines of credit	49,115	53,296
- Liabilities associated with finance leases	19,579	9,319
- Other miscellaneous financial liabilities	2,850	2,596
- Commercial paper	235,200	201,500
Fair value of financial derivatives	3,375	2,085
Bank overdrafts and short-term loans	14,616	64,975
Total	**324,735**	**333,771**
Total financial liabilities	**731,292**	**585,590**

The Group mainly used bank loans and issued Commercial paper to finance its real estate investments.

The maturities of financial liabilities at 31 December 2018 and 31 December 2017 are shown below:

2018	Total	Less than one year	Maturities of more than one and less than five years	Over 5 years
Bank borrowings and drawdowns (including fair value of derivatives)	411,037	52,490	217,514	141,033
Finance leases	67,589	19,579	37,727	10,283
Commercial paper	235,200	235,200	-	-
Bank overdrafts	14,616	14,616	-	-
Miscellaneous financial liabilities	2,850	2,850	-	-
Total	**731,292**	**324,735**	**255,241**	**151,316**

2017	Total	Less than one year	Maturities of more than one and less than five years	Over 5 years
Bank borrowings and drawdowns (including fair value of derivatives)	273,966	55,381	124,769	93,816
Finance leases	42,553	9,319	32,442	792
Commercial paper	201,500	201,500	-	-
Bank overdrafts	64,975	64,975	-	-
Miscellaneous financial liabilities	2,596	2,596		
Total	**585,590**	**333,771**	**157,211**	**94,608**

The Group's exposure to exchange rate, interest rate and liquidity risks due to its financial liabilities is analysed in note 24.

Changes in financial activities detailed by cash and non-cash flows appear below:

2018	31 December 2017	Cash flows		Non-cash flows			31 December 2018
		New loans	Repayments	Changes in scope	Change in fair value	Impact of foreign exchange	
Bank loans and credit line drawdowns	265,229	193,340	(56,153)	26		880	403,322
Liabilities associated with finance leases	42,554	28,876	(11,226)	7,385			67,589
Commercial paper	201,500	33,700					235,200
Miscellaneous financial liabilities & accrued interest	2,598		252				2,850
Bank overdrafts and short-term loans	64,975		(52,163)	1,804			14,616
Fair value of financial derivatives	8,734				(1,019)		7,715
Total	**585,590**	**255,916**	**(119,290)**	**9,215**	**(1,019)**	**880**	**731,292**

NOTE 23 Other current liabilities

Other current liabilities include the following elements:

	31 December 2018	31 December 2017
Advances and deposits paid	22,350	23,757
Social debt	189,848	178,073
Tax debt	107,012	97,330
Deferred income	8,756	17,132
Current accounts in debit	973	923
Debt on asset acquisitions	14,320	12,751
Other liabilities	9,564	3,424
Total	**352,823**	**333,390**

NOTE 24 Financial risk management

24.1 Credit risk

No customer accounts for more than 5% of the Group's turnover, which limits the risk that the bankruptcy of one customer could have a significant impact on the Group's financial position. The Group has credit insurance covering it against the risk of bankruptcy of its customers, which is renewed on a regular basis.

Financial investments consist of senior securities and are negotiated with tier one banks.

The Group subscribes to OTC derivatives with tier one banks under agreements that provide for the offsetting of the amounts due and to be received in the event that one of the contracting parties defaults.

These conditional offsetting agreements do not comply with the criteria of the IAS 32 standard to allow the offsetting of derivative assets and liabilities on the balance sheet.

24.2 Interest rate risk

The structure of the financial debt by rate type, after taking account of the effect of interest rate hedging instruments, is as follows:

	31 December 2018		31 December 2017	
	Fixed rates	Floating rates	Fixed rates	Floating rates
Bank loans	338,562	299,960	229,571	220,160
Liabilities associated with finance leases	63,263	4,326	37,087	5,467
Miscellaneous financial liabilities	2,850	7,715	2,596	8,734
Bank overdrafts and short-term loans	-	14,616		81,975
Total financial liabilities net of hedges	**404,675**	**326,617**	**269,254**	**316,336**

The Group's objective in terms of interest rate risk management is to use micro-hedging as and when new real estate financing contracts are established, either by direct fixed rate contracts with the lending institutions or by implementing swap contracts. This hedging policy by the Group should optimise the contracting of financial instruments to hedge the underlying liabilities, while improving its effectiveness and complying with accounting requirements in terms of hedge accounting.

In France, 25 swaps were active at 31 December 2018, totalling a hedged notional amount of €128 million. The interest rate swaps were contracted with regard to long-term financing in terms of duration and amortisable notional principal amount. Their maturity depends on the duration of the underlying financing, i.e. between 9 and 15 years at the start.

In Spain, 2 swaps cover part of the lease debt for an amount of €3.6 million. Moreover, an interest rate swap hedges the financing of the Torrejon platform for a notional principal amount of €2.9 million over a residual period of 2 years.

In Italy, 2 interest rate swaps were contracted with regard to the financing of the Tavazzano and Mairano platforms, for a notional principal amount of €10.2 million. During 2018, an interest rate swap was set up to hedge the financing of real estate of Fidenza (Marconi) for a notional principal amount of €66.5 million at 31 December 2018.

In Belgium, the subsidiary STEF Logistics Saintes contracted an interest rate swap to hedge the Saintes platform for a notional principal amount of about €2 million; the contract ends in 2024.

In The Netherlands, the subsidiary STEF Nederland, acquired in September 2014 contracted an interest rate swap for a notional principal amount of €0.3 million, the contract ends in 2020.

Analysis of interest rate risk sensitivity

A change of 50 basis points in the interest rates at the balance sheet date would have impacted equity and profit (before tax) up to the amounts shown below. For the purposes of this analysis, all other variables are assumed to be constant.

(-) Debit/(+) Credit	Impact on profit and loss		Impact on comprehensive income	
	Rise of 50 bps	Fall of 50 bps	Rise of 50 bps	Fall of 50 bps
Floating rate interest charges on assets/ liabilities	1,595	(1,595)	0	0
Change in fair value of derivatives	0	0	4,042	(4,192)
Net impact	**1,595**	**(1,595)**	**4,042**	**(4,192)**

Balance sheet exposure to rate risk

At 31 December 2018	Current		Non-current	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Financial liabilities*	29,844	291,517	161,530	240,687
Non-current financial assets (note 13)			(28,467)	(3,154)
Cash and cash equivalents (note 18)		(59,609)		
Net exposure before taking account of derivatives	**29,844**	**231,908**	**133,063**	**237,533**
Notional amounts of derivatives	37,171	(37,171)	176,130	(176,130)
Net exposure after taking account of derivatives	**67,014**	**194,737**	**309,193**	**61,403**

* Excluding market value of derivatives.

At 31 December 2017	Current		Non-current	
	Fixed rate	Floating rate	Fixed rate	Floating rate
Financial liabilities*	11,854	318,733	83,895	162,374
Non-current financial assets (note 13)			(26,083)	(3,074)
Cash and cash equivalents (note 18)		(59,419)		
Net exposure before taking account of derivatives	**11,854**	**259,314**	**57,812**	**159,300**
Notional amounts of derivatives	26,704	(26,704)	146,801	(146,801)
Net exposure after taking account of derivatives	**38,559**	**232,610**	**204,613**	**12,499**

* Excluding market value of derivatives.

24.3 Exchange rate risk

Most of the flows outside the Eurozone concern Switzerland, where the business represents less than 1% of the Group's turnover. In this scope, the income and associated costs are mostly accounted for in Swiss francs, which limits the impact of a change in the €/CHF exchange rate on the Group's results.

24.4 Liquidity risk

The Group's cash management is centralised which gives it control over all its subsidiaries' cash flows.

The Group's cash needs are mainly provided by credit lines at parent company level.

At 31 December 2018, STEF had 9 confirmed medium-term credit lines, totalling €148.5 million. At 31 December 2018, up to €50 million had been drawn down.

In February 2016, in order to complement and diversify its lenders' base and make savings on financial expenses, the Group implemented a Commercial paper programme of a maximum amount of €350 million. These papers are issued by STEF SA on maturities ranging from 1 day to 1 year. The outstanding amount of the programme at 31 December 2018 was €235.2 million.

STEF also has spot loans totalling €32 million, unused at 31 December 2018 and overdraft agreements, with no agreed expiry date, totalling €103 million, of which €15 million was used at 31 December 2018. The current cash needs of the subsidiaries are provided mainly by the parent company through a European centralised cash management agreement.

Confirmed, unused credit lines and available overdrafts and spot loans, together with effective cash flow planning, ensure that the Group has excellent control of its liquidity risk.

Some lines and loans are supported by commitments from the Group, including compliance with financial ratios. The main ratios are as follows: EBITDA/Net financial expenses higher than 6 or 6.5 and Net Debt/Equity less than 1.7. At 31 December 2018, the Group met all commitments attached to the funding available to it.

Contractual cash flows attached to the financial liabilities and finance lease liabilities are broken down as follows:

	2018	Terms of contractual cash flows		
	Book value	Less than one year	More than one and less than five years	Over 5 years
Bank loans	403,322	49,115	212,588	141,619
Finance leases	67,589	19,579	37,727	10,283
Bank overdrafts	14,616	14,616	-	-
Commercial paper	235,200	235,200	-	-
Derivative financial liabilities	7,715	3,059	4,926	(587)
Miscellaneous financial liabilities	2,850	2,850	-	-
Sub-total of financial liabilities	**731,292**	**324,419**	**255,241**	**151,316**
Trade accounts payable	446,837	446,837		
Other current liabilities	352,464	352,464		
Total	**1,530,593**	**1,123,720**	**255,241**	**151,316**

24.5 Diesel risk

As a large consumer of diesel, STEF, which is exposed to changes in the price of this fuel, does not currently intend to purchase hedging instruments. Besides the impact of this expense, the Group prefers to optimise purchases with dedicated buyers and implement measures to reduce consumption by vehicles.

24.6 Information on the fair value of financial instruments by category

	Balance sheet value 31/12/2018	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	87		87		
Other non-current financial assets	8,893			8,893	
Loans and receivables from financial activities	22,170			22,170	
Marketable securities	471		471		
Sub-total: non-current financial assets	**31,621**	**-**	**558**	**31,063**	**-**
Customers	508,154			508,154	
Other accounts receivable	157,012			157,012	
Cash and cash equivalents	59,609	59,609		-	
Assets	**756,396**	**59,609**	**558**	**696,229**	**-**

	Balance sheet value 31/12/2018	Fair value through the income statement	Fair value through other comprehensive income	Financial instruments at amortised cost	Assets not qualified as financial
Derivative financial liabilities	7,715	26	7,689		
Debts from financial activities	708,961			641,372	67,589
Current financial liabilities	14,616			14,616	
Sub-total: financial liabilities	**731,292**	**26**	**7,689**	**655,988**	**67,589**
Trade accounts payable	446,837			446,837	
Other accounts payable	353,047			353,047	
Liabilities	**1,531,176**	**26**	**7,689**	**1,455,872**	**67,589**

	Balance sheet value 31/12/2017	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	92		92		
Other non-current financial assets	7,327			7,327	
Loans and receivables from financial activities	21,303			21,303	
Marketable securities	435		435		
Sub-total: non-current financial assets	**29,157**	**-**	**527**	**28,630**	**-**
Customers	475,305			475,305	
Other accounts receivable	147,977			147,977	
Cash and cash equivalents	59,419	59,419		-	
Assets	**711,858**	**59,419**	**527**	**651,912**	**-**

	Balance sheet value 31/12/2017	Fair value through the income statement	Fair value through other comprehensive income	Financial instruments at amortised cost	Assets not qualified as financial
Derivative financial liabilities	8,734	182	8,552		
Debts from financial activities	511,881			469,327	42,554
Current financial liabilities	64,975			64,975	
Sub-total: financial liabilities	**585,590**	**182**	**534,302**	**8,552**	**42,554**
Trade accounts payable	397,555			397,555	
Other accounts payable	333,523			333,523	
Liabilities	**1,316,668**	**182**	**1,265,380**	**8,552**	**42,554**

The financial assets and liabilities not covered within the scope of IFRS 9 mainly comprise finance lease liabilities.

Hierarchy of fair values at 31 December 2018

Financial instruments 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	2,257	57,352	
Assets	**2,257**	**57,910**	
Derivatives		7,715	
Liabilities		**7,715**	

Derivatives portfolio at 31 December 2018	Fair value	On assets	On liabilities	Effective portion recorded in net comprehensive income for the period	Nominal hedged	Average maturity	Reference rate
Swaps	(7,715)		(7,715)	993	213,301	4 years	Euribor

Method for determining fair values

The fair value of interest rate swaps and options is based on quotes made by financial intermediaries. The Group ensures that these quotes are reasonable by valuing the swaps by discounting estimated future cash flows and the options using a valuation model (Black & Sholes type).

The fair value of "trade accounts payable" and "trade receivables" is equal to the book value on the balance sheet because the discounting of cash flows has a negligible impact given the short payment and settlement deadlines.

The fair value of floating rate debts is very nearly equal to the book value with close credit risk.

NOTE 25 Operations with related parties

Related parties with regard to STEF are associated companies, STEF's Directors and senior executives. The shareholding structures of managers and senior executives are also in this position, as well as employee investment funds which, acting together, control 81.49% of the voting rights at the STEF Shareholders' Meeting.

25.1 Net remunerations and other benefits

The following net remuneration and other benefits were paid to Directors and senior executives, in euros:

	2018	2017
Salaries and wages	1,819,738	1,391,066
Directors' attendance fees	128,691	132,204
Total	**1,948,429**	**1,523,270**
Short-term benefits	1,716,503	1,523,270
Post-employment benefits	231,926	-
Long-term benefits	None	None
Retirement benefits	None	None
Share-based payments*	155,075	412,148

*Share of IFRS 2 expenses for the financial year for directors and senior executives.

The salaries and wages presented give the annual total of net remunerations and benefits paid to Directors and senior executives.

25.2 Balances and transactions with associated companies

Balances and transactions with associated companies break down as follows:

	Balances at 31 December 2018				Transactions for the year	
	Customers	Trade accounts payable	Long-term loans	Current account	Sales of goods and services	Purchases of goods and services
Froid Combi						
Groupe Primever	117	(928)		1,632	1,438	(8,472)
Messageries Laitières	3,274			1,995	28,525	
Netko	126	(481)	1,200		481	(1,041)
SNC Normandie Export Logistics			1,393			
Olano Seafood Iberica						
Olano Valencia				308		
QSL-STEF	9,144	(16)		3,552	30,668	(19)
Stefover Tunisie						

	Balances at 31 December 2017				Transactions for the year	
	Customers	Trade accounts payable	Long-term loans	Current account	Sales of goods and services	Purchases of goods and services
Froid Combi						
Groupe Primever	70	(298)		1,585	1,981	(7,945)
Messageries Laitières	3,058			862	27,551	(4)
Netko	171		1,200		860	(100)
SNC Normandie Export Logistics			1,341			
Olano Seafood Iberica						
Olano Valencia	5					
QSL-STEF				5,066		
Stefover Tunisie						(66)

All transactions with related parties are invoiced at normal market conditions. There were no significant transactions in 2018 and 2017 between the Group and the shareholding structures of managers and senior executives and employee investment funds.

NOTE 26 Statutory auditor's fees

In thousands of €	MAZARS				KPMG			
	Amount		%		Amount		%	
	2018	2017	2018	2017	2018	2017	2018	2017
Audit								
I) Statutory auditors, certification, review of individual and consolidated financial statements	**1,022**	**943**	**93%**	**90%**	**837**	**798**	**100%**	**99%**
a) Issuer	124	123	11%	12%	173	171	21%	21%
b) Fully consolidated subsidiaries	897	820	82%	78%	664	627	79%	78%
II) Services other than certification of the financial statements	**72**	**108**	**7%**	**10%**	**0**	**6**	**0%**	**1%**
a) Issuer	21	21	2%	2%	0	6	0%	1%
b) Fully consolidated subsidiaries	51	87	5%	8%	0	0	0%	0%
Total	**1,094**	**1,051**	**100%**	**100%**	**837**	**804**	**100%**	**100%**

Fees for statutory auditors from other firms amounted to €110 thousand for 2018 (€110 thousand in 2017). Services, other than the certification of the financial statements, mainly concern the environmental and social report and business acquisitions audits.

NOTE 27 Off-balance sheet commitments

In thousands of €	2018	2017
Commitments received		
Financial commitments	0	0
Commitments related to operating activities	5,362	1,869
Commitments related to scope of consolidation	7,750	2,880
Unused available medium-term credit lines	98,500	138,000
Unused spot loans and bank overdrafts	121,000	53,000
Other commitments received	0	783
Total	**232,612**	**196,532**
In thousands of €	2018	2017
Commitments given		
Financial commitments	926	250
Commitments related to operating activities	50,690	42,635
Commitments related to scope of consolidation	0	0
Other commitments given	537	1,927
Total	**52,153**	**44,812**

Commitments related to operating activities mainly include firm orders for tangible fixed assets not yet executed which amounted to €50.6 million at 31 December 2018 (compared with €38.2 million at 31 December 2017).

NOTE 28 Operating leases

Rents and lease expenses related to the operating leases on real estate, transportation equipment and other equipment amounted to €75 million in 2018 (€71.5 million in 2017).

NOTE 29 Contingent liabilities

As part of its normal activities, the Group may be a defendant in litigation and disputes. It recognises a provision each time an unfavourable outcome is considered likely to result in an outflow of resources of which the amount can be reliably estimated.

In 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 believes that this legal action is not legitimate and is preparing a defence with the assistance of its lawyers.

The case has been referred for procedural hearing to take place on 26 March 2019.

NOTE 30 Events subsequent to year-end closing

- On 4 January 2019, the Group acquired 100% of the shares in the company Transports Frigorifiques Grégoire Gaillard.
- On 1 March 2019, the Group purchased 60% of the shares in the Netko companies to hold 100% of the capital in this company.
- La Méridionale applied for the new Public Service Concession for the period from 1 October 2019 to 31 December 2020. The call for tenders covers five service lines.

On 13 February 2019, the Corsican Authorities notified La Méridionale that it had been admitted to the negotiations for three of them (Bastia, Ile Rousse and Porto Vecchio). La Méridionale has lodged an appeal under the pre-contractual procedure with the administrative court of Bastia to contest its exclusion from the Ajaccio and Propriano lines. The hearing is scheduled for 13 March 2019 for a decision to be made as soon as possible.

NOTE 31

List of consolidated companies

In accordance with the rules set out in paragraph 2.1 above, the following companies are included in the consolidated financial statements:

Fully consolidated companies	Percentage of control	
Company STEF-S.A. (Parent)	31 December 2018	31 December 2017
Atlantique SA (Spain)	100%	100%
Bretagne Frigo	100%	100%
Entrepôts Frigorifiques de Nord et de l'Est (EFNE)	100%	100%
Entrepôts Frigorifiques du Sud-Ouest (EFSO)	100%	100%
FSD	100%	100%
GIE STEF Geodis	50%	50%
Institut des métiers du froid	100%	100%
SLD Aix-en-Provence	100%	100%
SNC STEF-TFE Services	100%	100%
STEF Information et Technologies	100%	100%
STEF IT Portugal	100%	100%
STEF Logistics Courcelles (Belgium)	100%	100%
STEF Logistics Saintes (Belgium)	100%	100%
STEF Logistique Plouénan	100%	100%
STEF Suisse	100%	99%
STEF Nederland (The Netherlands) and its subsidiaries:	100%	100%
STEF Bodegraven BV	100%	100%
STEF International Bodegraven BV	100%	100%
STEF Eindhoven BV	100%	100%
Speksnijder Transport BV		100%
Société des Glacières et frigorifiques de St Nazaire (SGN) and its subsidiary:	100%	100%
SNC Loudéac Froid	100%	100%
IMMOSTEF and its subsidiaries:	100%	100%
Blue EnerFreeze	100%	
Entrepôts Frigorifiques de Normandie Loire (EFNL)	100%	100%
Frigaurice	100%	100%
Les Frigorifiques du Périgord	100%	100%
GEFA	100%	100%
Normandie Souchet	100%	100%
SCI BV 18	100%	100%
SCI des Vallions	100%	100%
SCI Fresh 5	100%	100%
SCI Fresh 7	100%	100%
SCI Immo	100%	100%
SCI Immotrans 42	100%	100%
SNC Adour Cap de Gascogne	100%	100%
SNC Agen Champs de Lassalle	100%	100%
SNC Allonnes Entrepôts	100%	100%
SNC Atton Logistique	100%	100%
SNC Bondoufle la Haie Fleurie	100%	100%

Fully consolidated companies	Percentage of control	
Company STEF-S.A. (Parent)	31 December 2018	31 December 2017
SNC Brignais Charvolin	100%	100%
SNC Burnhaupt les Mulhouse	100%	100%
SNC Carros la Manda	100%	100%
SNC Cavaillon le Castanie	100%	100%
SNC Cergy Frais	100%	100%
SNC Cergy Froid	100%	100%
SNC de la Vesvroise	100%	100%
SNC Donzenac Entrepôts	100%	100%
SNC Donzenac la Maleyrie	100%	100%
SNC France Plateformes	100%	100%
SNC Gap Plan de Lardier	100%	100%
SNC Immotrans 49	100%	100%
SNC Immotrans 56	100%	100%
SNC Immotrans 69	100%	100%
SNC La Pointe de Pessac	100%	100%
SNC Le Mans Faraday (ex FIM)	100%	100%
SNC Les Essarts Sainte-Florence	100%	100%
SNC Louverne Les Guicherons	100%	100%
SNC Mâcon Est Replonges	100%	100%
SNC Mions La Perrinnière	100%	100%
SNC Plan d'Orgon-sur-Durance	100%	100%
SNC Reims La Pompelle	100%	100%
SNC Saran Les Champs Rouges	100%	100%
SNC St Herblain Chasseloire		100%
SNC Strasbourg Pont de L'Europe	100%	100%
SNC Toussieu Chabroud	100%	100%
SNC Trangé Le Bois Chardon	100%	100%
SNC Valence Pont des Anglais	100%	100%
STEF Logistique and its subsidiaries:	100%	100%
Alpha 2	100%	
Beta 2	100%	
Gamma 2	100%	
KL Services (KSL)	100%	100%
STEF Logistique Le Plessis-Pâté	100%	100%
STEF Logistique Saint-Pierre-des-Corps	100%	100%
STEF Logistique Aix	100%	100%
STEF Logistique Aix-en-Provence	100%	100%
STEF Logistique Alsace	100%	100%
STEF Logistique Arnage	100%	100%
STEF Logistique Atton	100%	100%
STEF Logistique Aulnay-sous-Bois	100%	100%
STEF Logistique Aurice	100%	100%
STEF Logistique Bain-de-Bretagne	100%	100%
STEF Logistique Bondoufle	100%	100%
STEF Logistique Bourgogne	100%	100%
STEF Logistique Bretagne Nord	100%	100%

Fully consolidated companies	**Percentage of control**	
Company STEF-S.A. (Parent)	31 December 2018	31 December 2017
STEF Logistique Bretagne Sud	100%	100%
STEF Logistique Brignais	100%	100%
STEF Logistique Cergy	100%	100%
STEF Logistique Darvault	100%	100%
STEF Logistique Distribution Cergy	100%	100%
STEF Logistique Distribution Montsoult	100%	100%
STEF Logistique Distribution Vitry	100%	100%
STEF Logistique Fuveau	100%	100%
STEF Logistique Givors	100%	100%
STEF Logistique Tigery	100%	100%
STEF Logistique Le Plessis-Belleville	100%	100%
STEF Logistique Lesquin	100%	100%
STEF Logistique Lorraine Surgelés	100%	100%
STEF Logistique Méditerranée	100%	100%
STEF Logistique Midi-Pyrénées Limousin	100%	100%
STEF Logistique Mions	100%	100%
STEF Logistique Montbartier	100%	100%
STEF Logistique Montsoult	100%	100%
STEF Logistique Moulins-Les-Metz	100%	100%
STEF Logistique Nemours	100%	100%
STEF Logistique Niort	100%	100%
STEF Logistique Nord	100%	100%
STEF Logistique Normandie	100%	100%
STEF Logistique Pays-de-Loire	100%	100%
STEF Logistique Pessac	100%	100%
STEF Logistique Rhône-Alpes	100%	100%
STEF Logistique Rouen	100%	100%
STEF Logistique Saint-Dizier	100%	100%
STEF Logistique Saint-Sever	100%	100%
STEF Logistique Santé	100%	100%
STEF Logistique Sorgues	100%	100%
STEF Logistique Tours	100%	100%
STEF Logistique Toussieu	100%	100%
STEF Logistique Venissieux	100%	100%
STEF Logistique Vitry	100%	100%
STEF Restauration France	100%	100%
STEF Transport Montsoult	100%	100%
STEF TSA	100%	100%
STEF TSA Orléans Nord	100%	100%
STEF TSA Rhône-Alpes	100%	100%
Compagnie Méridionale de Participation (CMP) and its subsidiary:	100%	100%
La Méridionale and its subsidiaries:	98%	98%
A.M.C	98%	98%
Cie Méridionale de Manutention (CMM)	98%	98%
SNC PIANA	98%	98%

Fully consolidated companies	**Percentage of control**	
Company STEF-S.A. (Parent)	31 December 2018	31 December 2017
STEF Transport and its subsidiaries:	100%	100%
Dispack	100%	100%
Epsilon	100%	100%
Ebrex France and its subsidiary:	100%	100%
STEF Logistique Salon-de-Provence	100%	100%
Express Marée	100%	
Immotrans 35	100%	100%
Sigma	100%	100%
STEF Eurofrischfracht	100%	100%
STEF International Strasbourg	100%	100%
STEF International Paris	100%	100%
STEF International Ouest	100%	100%
STEF International Lyon	100%	100%
STEF International Bordeaux	100%	100%
STEF Logistique Caen	100%	100%
STEF Logistique Vannes	100%	100%
STEF Transport Agen	100%	100%
STEF Transport Alpes	100%	100%
STEF Transport Angers	100%	100%
STEF Transport Avignon	100%	100%
STEF Transport Bordeaux Bègles	100%	100%
STEF Transport Boulogne	100%	100%
STEF Transport Bourges	100%	100%
STEF Transport Brive	100%	100%
STEF Transport Caen	100%	100%
STEF Transport Cavaillon	100%	100%
STEF Transport Chaulnes	100%	100%
STEF Transport Clermont-Ferrand	100%	100%
STEF Transport Côte d'Azur	100%	100%
STEF Transport Dijon	100%	100%
STEF Transport Epinal	100%	100%
STEF Transport Saint-Lô	100%	100%
STEF Transport Investissement	100%	100%
STEF Transport Landivisiau	100%	100%
STEF Transport Langres	100%	100%
STEF Transport Laval	100%	100%
STEF Transport Le Mans	100%	100%
STEF Transport Le Rheu	100%	100%
STEF Transport Lesquin	100%	100%
STEF Transport Lille	100%	100%
STEF Transport Limoges	100%	100%
STEF Transport Lorient	100%	100%
STEF Transport Lyon	100%	100%
STEF Transport Lyon Est	100%	100%
STEF Transport Mâcon	100%	100%
STEF Transport Marseille	100%	100%

Fully consolidated companies	Percentage of control	
Company STEF-S.A. (Parent)	31 December 2018	31 December 2017
STEF Transport Metz	100%	100%
STEF Transport Metz Nord	100%	100%
STEF Transport Montpellier	100%	100%
STEF Transport Mulhouse	100%	100%
STEF Transport Nantes Carquefou	100%	100%
STEF Transport Narbonne	100%	100%
STEF Transport Niort 1-La Crèche	100%	100%
STEF Transport Niort 2-La Crèche	100%	100%
STEF Transport Orléans	100%	100%
STEF Transport Paris Athis	100%	100%
STEF Transport Paris Distribution	100%	100%
STEF Transport Paris Plessis-Belleville	100%	100%
STEF Transport Paris Rungis	100%	100%
STEF Transport Paris Vitry	100%	100%
STEF Transport Pilotage France	100%	100%
STEF Transport Plan-d'Orgon	100%	100%
STEF Transport Quimper	100%	100%
STEF Transport Reims	100%	100%
STEF Transport Rennes	100%	100%
STEF Transport Rennes Châteaubourg	100%	100%
STEF Transport Rethel	100%	100%
STEF Transport Rouen	100%	100%
STEF Transport Saint-Amand	100%	100%
STEF Transport Saint-Brieuc	100%	100%
STEF Transport Saintes (Belgium)	100%	100%
STEF Transport Saint-Sever	100%	100%
STEF Transport Seafood Lyon	100%	100%
STEF Transport Strasbourg	100%	100%
STEF Transport Tarbes	100%	100%
STEF Transport Toulouse	100%	100%
STEF Transport Tours	100%	100%
STEF Transport Valence	100%	100%
STEF Transport Vannes	100%	100%
STEF Transport Velaines	100%	100%
STEF Transport Vendée	100%	100%
STEF Transport Vire	100%	100%
STEFOVER	100%	100%
TFE International Ltd (United Kingdom)	100%	100%
Tradimar Bordeaux	100%	100%
Transport Frigorifique Normandie	100%	100%
Transports Frigorifiques des Alpes (TFA)	100%	100%
Transports Frigorifiques Spadis and its subsidiary:	100%	100%
STEF Transport St-Etienne	100%	100%
STEF Italia Holding Srl. and its subsidiaries:	100%	100%
STEF Logistics Italia Srl	100%	100%
IMMOSTEF Italia Srl (49% owned by IMMOSTEF France)	100%	100%

Fully consolidated companies	Percentage of control	
Company STEF-S.A. (Parent)	31 December 2018	31 December 2017
STEF Italia SpA and its subsidiaries:	100%	100%
CDL Srl	51%	51%
STEF Frozen Srl and its subsidiary:	100%	
Orlando Marconi Trasporti Srl	100%	
SLF Sicilia Srl	97%	97%
STEF Trento Srl	100%	51%
STEF International Italia Srl	100%	100%
STEF Seafood Italia Srl	100%	100%
STEF Logistica e Distribuzione Srl		100%
STEF Iberia and its subsidiaries:	100%	100%
IMMOSTEF Portugal SLU	100%	100%
Logirest SLU	100%	100%
STEF Los Olivos SAU	100%	100%
STEF Portugal-Logistica E Transporte, Lda	100%	100%
Transportes Badosa SAU	100%	100%
IMMOSTEF España and its subsidiary:	100%	100%
Friomerk and its subsidiary:	100%	100%
Euromerk SAU	100%	100%

	Percentage of control	
Equity-accounted associates	31 December 2018	31 December 2017
Shareholdings of STEF Transport:		
Froidcombi	25%	25%
Messageries Laitières	39%	39%
Stefover Tunisie (subsidiary of Stefover)	49%	49%
Groupe Prim@ever	49%	49%
Olano Seafood Iberica	32%	32%
Normandie Export Logistics	39%	39%
Shareholdings of STEF Logistique:		
QSL – STEF	49%	49%
Shareholdings of IMMOSTEF:		
Norfrigo	38%	38%
SCCV Innovespace Corbas	25%	25%
SCCV Parc Dijon Champollion	49%	49%
SCCV SILSA	49%	49%
Shareholdings of STEF Iberia:		
Olano Valencia (Spain)	20%	20%
Shareholdings of STEF Nederland:		
Netko	40%	40%

Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2018

At the STEF Shareholders' Meeting,

Opinion

In accordance with the assignment entrusted to us by your Shareholders' Meeting, we have audited the consolidated financial statements for the company STEF for the year ended 31 December 2018, as attached to this report.

In our opinion, the consolidated financial statements give a true and fair view of the results of the Group's operations for the past year and of its financial position and assets and liabilities at the end of the financial year, in accordance with International Financial Reporting Standards as adopted by the European Union.

The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of the opinion

Audit terms of reference

We conducted our audit in accordance with the professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under these standards are set out in the "Responsibilities of statutory auditors relating to the audit of the consolidated financial statements" section of this report.

Independence

We completed our audit in accordance with the applicable independence rules, from 1 January 2018 to the publication date of our report and we have not provided services prohibited by Article 5, Paragraph 1 of Regulation (EU) No. 537/2014 or by the profession's Code of Ethics for auditors.

Observation

Without prejudice to the opinion expressed above, we draw your attention to note 1.1 to the consolidated accounts, "Accounting standards" which sets out:

➤ the impacts of the first applications in 2018 of the standards IFRS 15 "Income from ordinary activities derived from contracts concluded with customers" and IFRS 9 "Financial Instruments";

➤ the expected effects of the application of the IFRS 16 standard concerning finance leases that the Group will apply from 1 January 2019.

Justification of assessments – Key points of the audit

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional opinion, were most important for the audit of the consolidated financial statement for the financial year as well as our responses to these risks.

The assessments were performed as part of our audit of the consolidated financial statements taken as a whole and the expression of the aforementioned opinion. We do not give an opinion on the elements of these consolidated financial statements taken in isolation.

Valuation of fixed assets (including goodwill)

(Notes 12.1, 12.2, 12.3 to the consolidated financial statements)

Risk description:

At 31 December 2018, the fixed assets were comprised of the following elements:

➤ goodwill (€186.8 million);

➤ other intangible fixed assets (€18.4 million);

➤ tangible fixed assets (€1,250.1 million) relating in particular to platforms and warehouses, transportation equipment and vessels.

The Group regularly analyses whether its intangible and tangible fixed assets are subject to the indications of impairment described in note 12.3, and where necessary, performs impairment tests.

The Group also performs an annual impairment test on goodwill and intangible items with an indeterminate lifetime in accordance with the arrangements described in note 12.3 to these consolidated financial statements. An impairment is recognised when the recoverable value of the tested assets, potentially grouped within the cash generating units (hereafter "CGU") is less than their net book value. This recoverable value is the highest value between the value in use and its fair value, net of costs to sell. Recoverable value is determined based on calculations of discounted future cash flows designed to establish the value in use of the CGUs. These calculations require important judgements by the management, particularly on the preparation of forecasts and the choice of the long-term discount and growth rates used.

By way of exception, for the Maritime CGU, the market value of the vessels as determined by experts is used as residual value.

In this context, we considered the evaluation of goodwill and tangible and intangible assets as a key point of the audit, given the importance of these assets on the balance sheet and the high reliance on management judgement involved in this evaluation, particularly on the preparation of forecasts and the determination of the long-term discount and growth rates used.

Our response to the risk

Our works firstly consisted in reviewing the reasonableness of the impairment indicators used by the Group and assessing the extent of the tests performed during the financial year.

For the tests designed to determine the value in use of the CGU, our works involved:

➤ assessing the relevance of the CGUs selected by the management for the impairment tests on goodwill and, where appropriate, conducting sensitivity tests on a different structure of CGUs;

➤ corroborating the completeness of the elements comprising the book value of the tested CGUs and the consistency of these elements with the way in which the cash-flow projections have been determined for the value in use;

➤ assessing the consistency of the cash-flow projections with the latest management estimates as presented to the Board of Directors as part of the budgetary processes;

- assessing the consistency of the assumptions made particularly with regards the growth rates and discount rates (WACC);
- analysing the appropriateness of the financial information provided in note 12.3 to the consolidated financial statements, especially the sensitivity of the recoverable value of goodwill and tangible and intangible assets to a variation in the main assumptions;
- for the assets of the Maritime CGU, where the residual value is determined based on the market value of the vessels, our works involved obtaining valuation reports on these assets and assessing the competency and objectiveness of the experts used for these valuations.

Specific verifications

We also verified, in accordance with the professional standards applicable in France, the specific verifications set out in the legal and regulatory texts for the Group's financial information contained in the Board of Directors' management report.

We have no comment to make as to the fair presentation of this information or its consistency with the consolidated financial statements.

We confirm that the consolidated declaration of extra-financial performance provided for by Article L. 225-102-1 of the French Commercial Code appears in the financial information contained in the Group management report, on the understanding that, pursuant to the provisions of Article L. 823-10 of this Code, we have not verified the information contained in this declaration in terms of its truthfulness or consistency with the consolidated financial statements and it must be subject to a report by an independent third party organisation.

Information resulting from other legal and regulatory obligations

Appointment of the statutory auditors

We were appointed as statutory auditors for the company STEF by the Shareholders' Meeting of 18 December 1997 for Mazars and that of 22 June 1994 for KPMG S.A.

At 31 December 2018, Mazars has been a statutory auditor for 21 years continuously and KPMG S.A. for 24 years, with both firms engaged for 20 years, since the company's securities were listed for trading on a regulated market.

Responsibilities of the management and corporate governance officers relating to the consolidated financial statements

It is the management's responsibility to prepare consolidated financial statements presenting a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union and to implement the internal control that it believes necessary for the consolidated financial statements to be free of material misstatement, whether due to fraud or errors.

When preparing the consolidated financial statements, it is the management's responsibility to evaluate the company's ability to continue as a going concern and, where appropriate, to present the necessary information on business continuity in these financial statements and to apply the accounting standard for a going concern, unless there are plans to liquidate the company or cease its activity.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of the internal control and risk management systems, and where appropriate, the internal audit with regards the procedures for the preparation and treatment of accounting and financial information.

These consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the statutory auditors' relating to the consolidated financial statements

Audit objective and procedure

We are responsible for preparing a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements, taken as a whole, are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit performed in accordance with professional standards can automatically detect any material misstatement. Misstatements can arise from error or fraud and are considered as material when it can reasonably be expected that they might, taken individually or cumulatively, influence the economic decisions made by users of the financial statements based on them.

As set out in Article L.823-10-1 of the French Commercial Code, our certification of the financial statements does not guarantee the viability or quality of the management of your company.

As part of an audit conducted in accordance with the professional standards applicable in France, the auditor uses his professional judgement throughout this audit. Furthermore:

- the auditor identifies and assesses the risks that the consolidated financial statements contain material misstatements, whether due to fraud or errors, defines and implements audit procedures for such risks and gathers elements judged sufficient and appropriate to provide a basis for his opinion. There is a greater risk of not detecting a material misstatement from fraud than a material misstatement resulting from an error because fraud can mean collusion, falsification, deliberate omissions, false declarations or circumvention of internal control;
- the auditor obtains an understanding of the internal control relevant to the audit in order to define appropriate audit procedures in the circumstances and not with the aim of expressing an opinion on the effectiveness of the internal control;
- the auditor assesses the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the consolidated financial accounts;
- the auditor assesses the appropriateness of the management's application of the accounting standard for a going concern and, depending on the elements collected, the existence or not of a material uncertainty related to the events or circumstances likely to challenge the company's ability to continue as a going concern. This assessment is based on the elements collected up to the date of the auditor's report, remembering that subsequent circumstances or events could challenge business continuity. If the auditor concludes the existence of a material uncertainty, they draw the attention of the report's readers to the information provided in the consolidated financial statements that is subject to this uncertainty or, if such information is not provided or not relevant, the auditor formulates a certification with reservations or refuses to certify;
- the auditor assesses the presentation of all the consolidated financial statements and evaluates whether the consolidated financial statements reflect the underlying operations and events so as to give a true view;
- in terms of the financial information about people or entities included in the scope of consolidation, the auditor collects the elements judged sufficient and appropriate for expressing an opinion on the consolidated financial statements. The auditor is responsible for managing, supervising and producing the audit of the consolidated financial statements and the opinion expressed on these financial statements.

Report to the Audit Committee

We produce a report for the Audit Committee that presents the extent of the audit, the work programme implemented and the resulting conclusions. We also point out, where appropriate, significant weaknesses in the internal control that we have identified with regards the procedures relating to the preparation and processing of accounting and financial information.

The report to the Audit Committee includes the risk of material misstatements that we judge to have been most important for the audit of the consolidated financial statements for the financial year and which consequently form the key points of the audit, which we must describe in this report.

We also provide the Audit Committee with the declaration stipulated in Article 6 of the Regulation (EU) no. 537-2014 confirming our independence, in the sense of the rules applicable in France as set out in Articles L.822-10 to L.822-14 of the French Commercial Code and in the profession's Code of Ethics for auditors. Where appropriate, we discuss the risks to our independence and the safeguards applied with the Audit Committee.

Paris La Défense and Courbevoie, 28 March 2019

The Statutory Auditors

KPMG S.A.	MAZARS
Jérémie Lerondeau	Anne-Laure Rousselou
Associate	Associate

Results of the parent company – Stef SA

The company STEF, solely a holding company, comprises the Group functional divisions and owns all buildings, machinery and equipment leased to the Group's operational companies. Turnover, comprising revenue from leases and services provided within the Group, amounted to €17.1 million, compared with €15.5 million in 2017 due to additional labour invoicing. Income attributable to third parties, reversals of impairments and other income accounted for €49.5 million, compared with €46.9 million for 2017. This mainly comprises Group expenses billed to the Group's subsidiaries.

Financial income of €31.5 million in 2018 compared with €33.4 in 2017 mainly comprised revenue from shareholdings amounting to €27.6 million.

Exceptional items amounted to €0.2 million, compared with €1.7 million in 2017.

In 2018, the Company posted a tax saving of €3.9 million (STEF is the parent of the tax group), compared with €1.5 million for 2017.This saving is subject to the tax consolidation system provided for by Article 223 A of the French Tax Code which allows, in particular, due to the principle of offsetting between the different net profits (losses) of the Group's companies, a tax income to be obtained.

The parent company posted a net profit of €30.8 million, compared with €34.2 million in 2017.

Proposed appropriation

Net profit for the year €30,758,623

Retained earnings €63,107,327

giving a total amount available for distribution of €93,865,950

Which shall be appropriated as follows

Payment of a dividend of €2.50 per share

which is a total theoretical dividend payment of €32,914,123

Retained earnings of €60,951,828

If the Company holds certain treasury shares when the dividends are paid, the sum corresponding to the amount of the dividend not paid under these shares will be credited to the retained earnings account.

The dividend will be paid out on 7 May 2019.

Dividends paid out in respect of the past three financial years

Financial year	Number of shares	Dividend paid per share
2015	13,165,649	1.95
2016	13,165,649	2.25
2017	13,165,649	2.45

In accordance with Article 223d of the French Tax Code, there were no overhead expenses giving rise to add-back to taxable profit under Article 39-5 of the French Tax Code. Furthermore, the Company has not recorded charges under article 39-4 of the same code.

The table of STEF's net profit for the last five financial years is shown in the notes to the individual company financial statements.

Regulated agreements

Previous agreements were reviewed by the Board of Directors in accordance with the law.

Research and development

Innovative projects primarily concern the Group's Sustainable Development policy (alternative fuel for vehicles, systems to reduce energy consumption for operating the platforms (see "Environment" section) and the developments of the Group's information and management systems.

The Group did not select any specific projects in terms of the research tax credit for 2018 since the expenses incurred for this item were not significant.

Schedule of invoices received and issued

The "Outstanding invoices received and issued at the end of the financial year which are overdue" table appears in the notes to this document.

Appendix 1

STEF SA – Outstanding invoices received and issued at the end of the financial year which are overdue

	Article D.441 I.-1: Outstanding invoices received at the closing date of the financial year which are overdue						Article D.441 I.-1: Outstanding invoices issued at the closing date of the financial year which are overdue					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
A) Late payments												
Number of invoices concerned	34					462	0					29
Total amount of invoices concerned including taxes	€234,452	€1,640,020	€328,010	€151,118	€195,814	€2,314,963	0	€107,765	€166,080	4,346	€259,246	€537,438
Percentage of the total purchase amount including tax for the financial year	0.47%	3.31%	0.66%	0.30%	0.30%	4.67%						
Percentage of turnover including tax for the financial year							0	0.11%	0.17%	0	0.27%	0.56%
(B) Invoices excluded from (A) relating to disputed accounts payable and receivable or not reported												
Number of excluded invoices												
Total amount of excluded invoices												
(C) Reference payment terms used (contractual or legal deadlines – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)												
Payment terms used for the calculation of late payments	☐ Contractual deadlines ☒ Legal deadlines						☐ Contractual deadlines ☒ Legal deadlines					

CONTACTS

Stanislas LEMOR – Deputy Chief Executive Officer

Marie-Line PESQUIDOUX – General Secretary

www.stef.com

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and Communication Division: Céline Audibert

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