PARGESA HOLDING SA

Annual Report 2019

Contents

INTRODUCTION

Letter from the Chairman

GENEVA, MARCH 2020

Ladies and gentleman,

This message comes in a special context for Pargesa Holding SA. On 11 March 2020, Parjointco NV (the majority shareholder of Pargesa) launched a public offer to exchange Pargesa's shares for GBL shares. This transaction, which was offered at attractive financial terms, is intended to simplify the structure of the Group and should create value for all shareholders. The documents relating to this offer are available on the Pargesa web site.

During 2019, the Group's performance was solid, in a well-oriented market environment, despite continuing economic and political uncertainties. Net asset value increased by 22.0%. Consolidated net income increased 8.4%, under the specific effect of (i) higher dividends paid by the Group's holdings and (ii) higher revenue generated by Sienna Capital, despite the negative impact of the results of the Imerys and Parques Reunidos groups. The Group continued its asset diversification strategy. Taking advantage of favourable market windows, GBL was able to divest EUR 1.8 billion of its assets with a view, on one hand, to finalizing its exit from Total and, on the other hand, to continuing the rebalancing of its portfolio through the sale of adidas and LafargeHolcim shares. All the divestments carried out in 2019 generated, for GBL, an overall capital gain of EUR 850 million and increased available liquidity to EUR 4.0 billion, including the referenced credit lines. Taking advantage of these divestment proceeds, GBL invested EUR 0.9 billion in the Webhelp group (the European leader in customer experience management and business process outsourcing), in which it became a majority shareholder, EUR 459 million in its subsidiary, Sienna Capital (alternative asset platform) and strengthened its investment in Umicore. GBL remains primarily exposed to listed investments, representing a diversified, resilient and high value-creating asset base.

Since the start of the 2020 financial year, the Covid-19 pandemic has caused severe health risks for the population and has led to sharp stock market corrections. The Group remains vigilant with regard to this situation, with the priority of maintaining a balanced and resilient portfolio, relying on its low indebtedness and financial flexibility.

In 2019, remaining faithful to its values, Pargesa has developed its sustainable investment policy, committed to the harmonious development of the world in which it operates, both socially and environmentally. This policy is now outlined in a specific section of this Annual Report.

We are pleased to announce that at the Annual General Meeting to be held on 6 May 2020, the Board will recommend a dividend for the 2019 financial year of CHF 2.63 per bearer share, representing a 2.7% increase on the previous year.

I would like to conclude this message by thanking you, dear shareholders, for your confidence in us. I would also like to thank the members of the Board of Directors for their contribution in the work of the Board and their valuable advice. Finally, I would like to thank all our employees for their dedication and loyalty and wish everyone good health in the wake of the health crisis we are currently facing.

Paul Desmarais, Jr.

Pargesa Holding SA is one of Switzerland's largest business investors

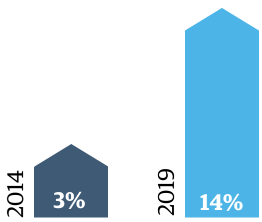
AT 31 DECEMBER 2019

10.9
BILLION
net asset value (in CHF)

22%
GROWTH
in net asset value in 2019

391
MILLION
net profit (in CHF)

217
MILLION
dividends distributed in 2019 (in CHF)



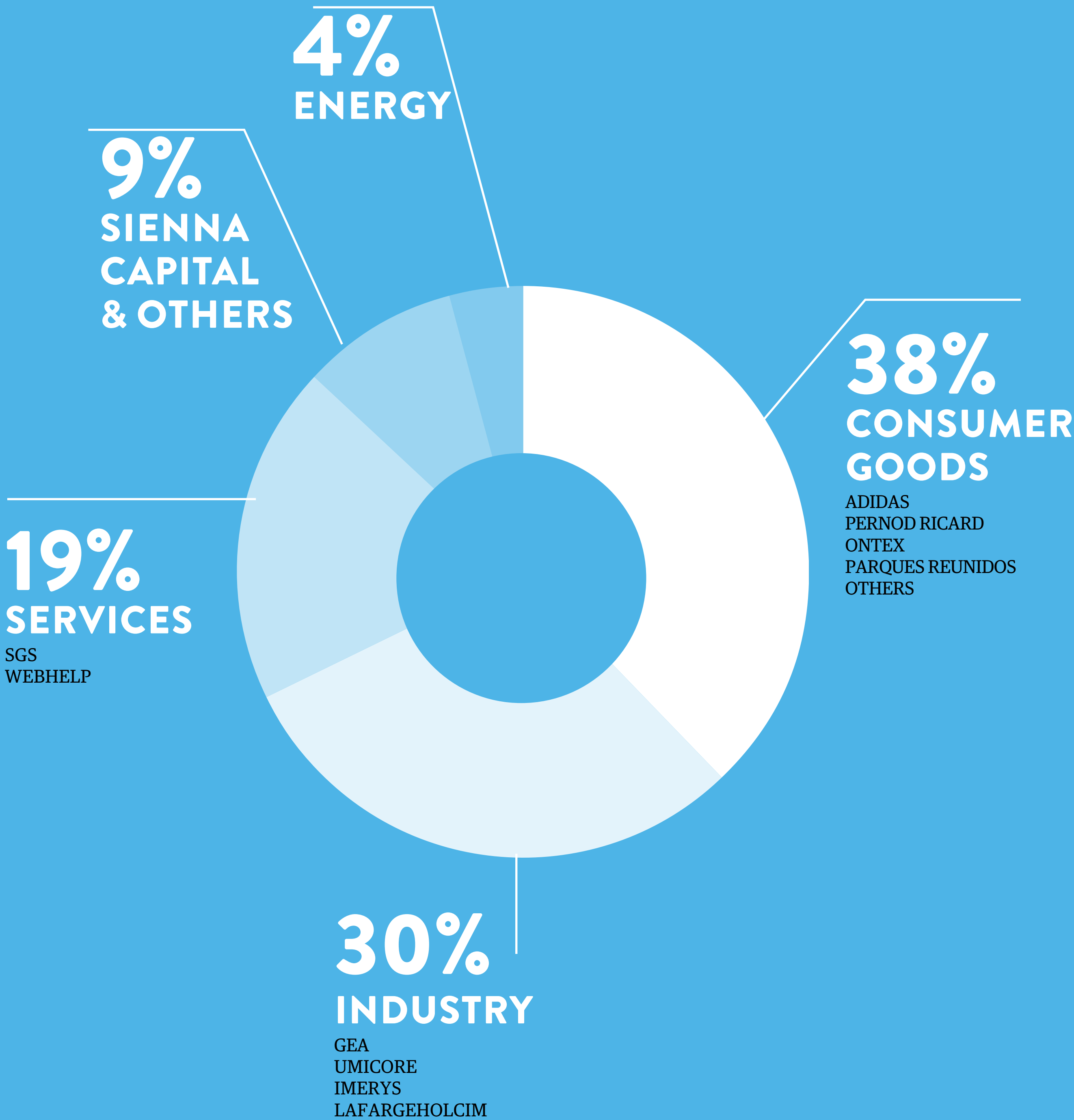
of net asset value
invested in private assets

6.8
BILLION
market capitalisation (in CHF)

PARGESA Group invests in companies with high quality management and a clear vision for the future. Its significant investment stakes allow it to consistently be an influential shareholder, engaged in strategic decisions.

Our strength: the combination of a solid partnership and renowned shareholders.

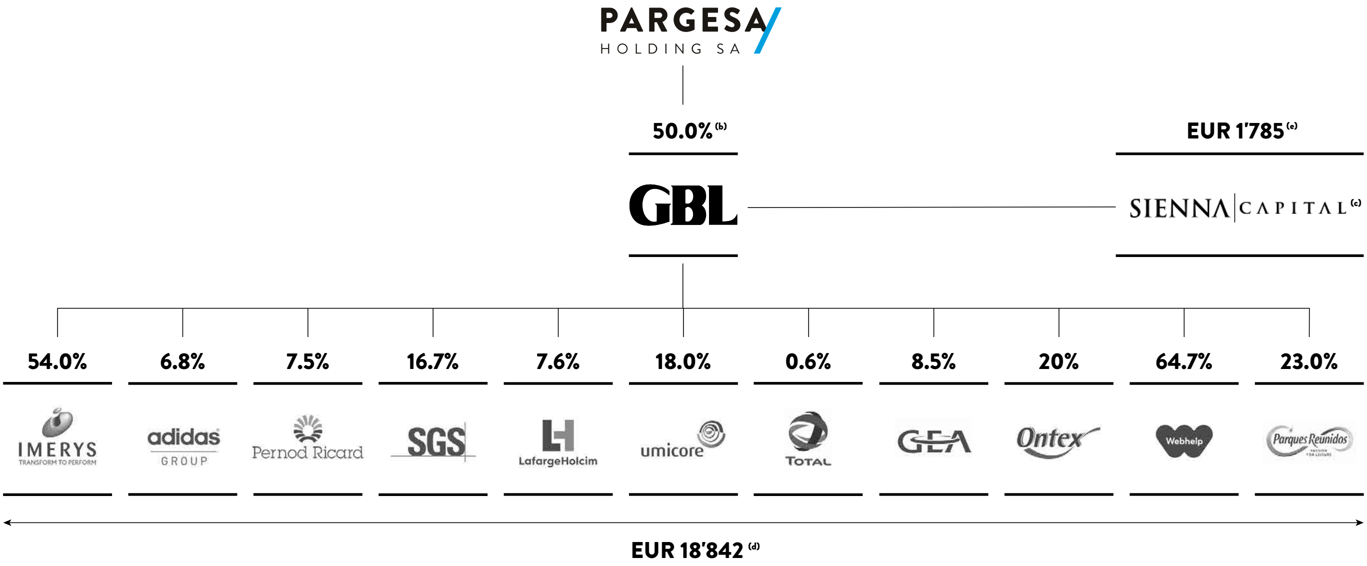
Paul Desmarais, Jr.
Chairman of the Board of Directors



INTRODUCTION

Structure and key data

ORGANISATION CHART OF PARGESA GROUP AT 31 DECEMBER 2019[a]



[a] The chart shows the Operating companies of the portfolio and Sienna Capital. The percentages represent the total interest percentage according to the definition found in the glossary on page 240.

[b] 51.7% of voting rights (and of economic interest), taking into account the suspended voting rights related to GBL treasury shares.

[c] Comprising shareholdings in alternative investment funds, valued at fair value.

[d] Operating companies (Listed investments and Private assets) at 31 December 2019 at fair value, expressed in million of Euros.

[e] Estimated value in EUR million at 31 December 2019.

GROUP PORTFOLIO KEY DATA AT 31 DECEMBER 2019

COMPANY	DIRECT INTEREST %	TOTAL INTEREST %	% OF VOTING RIGHTS	% OF FLOW-THROUGH INTEREST	CURRENCY	NET PROFIT 2019 (CHF MILLION)[3]	31.12.2019 SHAREHOLDERS' EQUITY (CHF MILLION)[3]
GBL	50.0	50.0	51.7[4]	50.0	EUR	784	21'438
Imerys		54.0[1]	67.6	27.0[2]	EUR	135	3'379
adidas		6.8[1]	6.8	3.4[2]	EUR	2'197	7'374
Pernod Ricard[5]		7.5[1]	12.0	3.7[2]	EUR	1'618	17'346
SGS		16.7[1]	16.7	8.4[2]	CHF	660	1'514
LafargeHolcim		7.6[1]	7.6	3.8[2]	CHF	2'246	28'566
Umicore		18.0[1]	18.0	9.0[2]	EUR	347	2'813
Total		0.6[1]	1.2	0.3[2]	USD	11'196	112'831
GEA		8.5[1]	8.5	4.3[2]	EUR	(190)	2'268
Ontex		20.0[1]	20.0	10.0[2]	EUR	41	1'300
EUR/CHF exchange rate						**1.112**	**1.085**

[1] Total interest % expresses the % of the capital held by GBL in its shareholdings, according to the definition found in the glossary on page 240.

[2] Flow-through interest assessed at the level of Pargesa according to the definition found in the glossary on page 240.

[3] Attributable to Group shareholders.

[4] Taking into account the suspended voting rights relating to treasury shares.

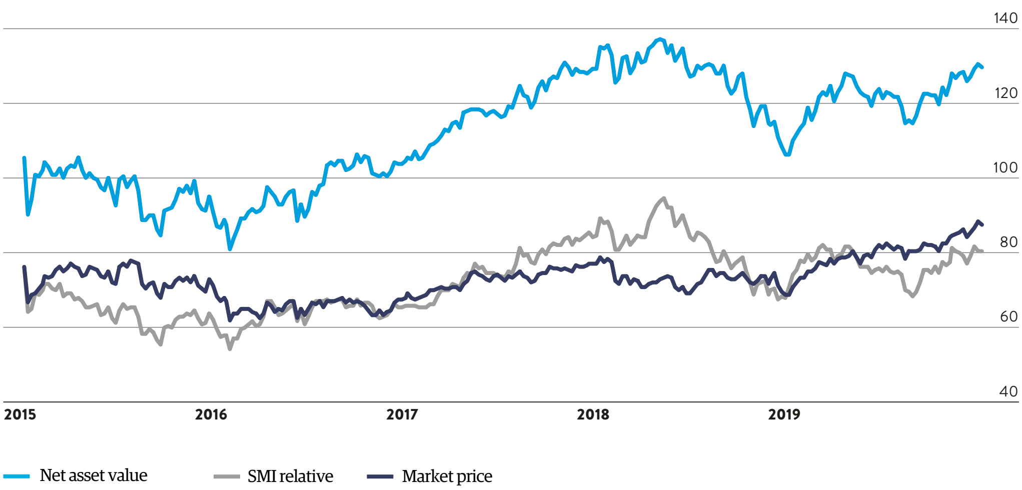
[5] Financial year ending on 30 June; net profit is that of the 2018-2019 financial year; the shareholders' equity figure is at 30 June 2019.

GLOBAL AND PER-SHARE DATA		2015	2016	2017	2018	2019
CHF million						
Consolidated shareholders' equity, Group share		7'011	7'863	9'599	8'766	10'978
Operating income		308.4	320.9	384.2	317.2	492.0
Non-operating income		329.8	(352.9)	(2.2)	44.2	(100.7)
Consolidated net profit, Group share		638.2	(32.0)	382.0	361.4	391.3
Gross dividend		201.5	206.6	211.7	216.8	222.8[1]
Shares entitled to dividend		84'659'190	84'659'190	84'663'620	84'698'410	84'701'370
Market capitalization at year-end		5'376	5'613	7'154	6'001	6'814
Net asset value at year-end		7'970	8'884	10'851	8'973	10'946
CHF per share						
Share price	year-end	63.50	66.30	84.50	70.85	80.45
	high	76.95	68.25	85.25	94.05	82.70
	low	55.95	54.50	64.75	66.80	67.85
	average	65.11	63.90	75.53	81.12	76.84
Consolidated shareholders' equity, Group share		82.81	92.88	113.37	103.49	127.48
Net asset value at year-end		94.14	104.93	128.16	105.94	129.23
Operating income[2]		3.64	3.79	4.54	3.75	5.81
Non-operating income[2]		3.90	(4.17)	(0.03)	0.52	(1.19)
Consolidated net profit, Group share[2]		7.54	(0.38)	4.51	4.27	4.62
Total dividend		2.38	2.44	2.50	2.56	2.63[1]
(Average) total return		3.7%	3.8%	3.3%	3.2%	3.4%

(1) Recommendation at the Annual General Meeting on 6 May 2020.

(2) Calculated on the weighted average number of shares outstanding during year.

MARKET DATA IN CHF



Board of Directors (Composition at 31 December 2019)

CHAIRMAN

Paul DESMARAIS, Jr.

Chairman of the Board and
Co-Chief Executive Officer,
Power Corporation of Canada

DEPUTY CHAIRMAN

Gérald FRERE

Chairman of the Board,
Frère-Bourgeois SA

VICE-CHAIRMEN

André DESMARAIS

Deputy Chairman, President
and Co-Chief Executive Officer,
Power Corporation of Canada

Jocelyn LEFEBVRE

Member of the Management
Board, Power Financial Europe BV

DIRECTORS

Bernard DANIEL

Honorary Member of the International Committee of the Red Cross (ICRC)

Victor DELLOYE

Director and Secretary General, Frère-Bourgeois SA

Paul DESMARAIS III

Senior Vice-President, Power Corporation of Canada

Cedric FRERE

Executive Director, Frère-Bourgeois SA

Ségolène GALLIENNE

Director, Frère-Bourgeois SA

Jean-Luc HERBEZ

Attorney-at-law

Barbara KUX

Company Director

Xavier LE CLEF

Executive Director, Frère-Bourgeois SA

Michel PEBEREAU

Honorary Chairman of the Board of Directors, BNP Paribas

Amaury de SEZE

Vice-Chairman, Power Financial Corporation

Committees, Auditor, Management

Audit Committee

CHAIRMAN	MEMBERS
Jean-Luc HERBEZ	Bernard DANIEL Barbara KUX Xavier LE CLEF Jocelyn LEFEBVRE

Compensation Committee

CHAIRMAN	MEMBERS
Bernard DANIEL	Jean-Luc HERBEZ Barbara KUX Xavier LE CLEF Amaury de SEZE

Auditor

Deloitte SA

Management

Mariane LE BOURDIEC
Managing Director

Mark KELLER
Financial Director

David SMITH
Deputy Financial Director

Jacques WICHT
Chief Accountant

Business report

1. INTRODUCTION – THE PARGESA GROUP

Pargesa Holding SA ("Pargesa") is the parent company of the Pargesa Group ("the Group"). Benefiting from the support and stability of the partnership created in 1990 between its two controlling shareholders (the Power Corporation Group in Canada and the Frère group in Belgium), the Pargesa Group aims to create value over the long-term for the benefit of all its shareholders by building a portfolio of shareholdings in companies that are market leaders in various industry and services sectors, and acting as a professional shareholder.

PARGESA HOLDING SA

50.0%

GBL

LISTED INVESTMENTS	PRIVATE ASSETS	ALTERNATIVE ASSETS
CHF 9'627 MILLION	CHF 598 MILLION	CHF 987 MILLION

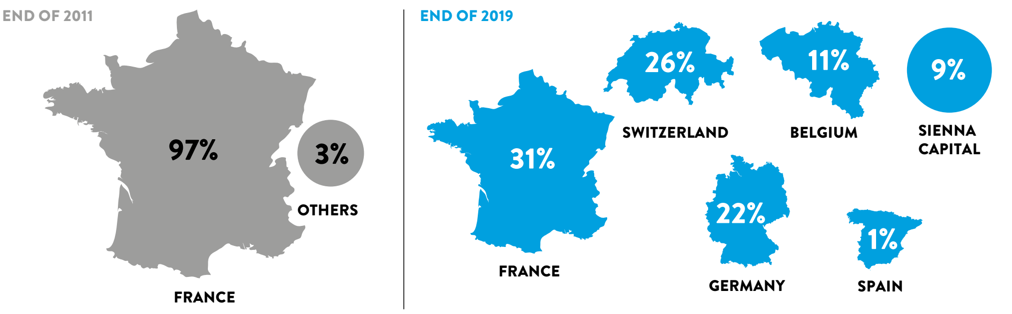
As at 31 December 2019, the Group's portfolio of CHF 11'212 million was invested in three different strategies through Groupe Bruxelles Lambert SA ("GBL"), the subsidiary of Pargesa that is quoted on the Euronext Brussels. At year-end, Pargesa held 50% of the share capital and 51.7% of the voting rights of GBL, taking into account the suspended voting rights of GBL treasury shares. As a complement to the mandatory financial information under IFRS, Pargesa uses financial data called Alternative Performance Indicators (API), which are defined in a glossary on page 240. The definition of the APIs must enable readers of the financial statements to understand the composition of each API and to relate it to the IFRS financial statements.

The portfolio presents a harmonious profile in terms of relative weightings, while being well-diversified from a geographical standpoint. In addition to a limited number of large shareholdings that shall continue to make up the majority of its portfolio (Listed Investments), the Group may invest in public or private companies of a smaller size (Private Assets). The Group is progressively developing a portfolio of alternative investments through GBL's wholly-owned subsidiary (Sienna Capital), that has significant holdings in private equity funds, debt funds, and thematic funds.

Hence, the Group's core strategy is based on the following fundamental principles:

- **European focus**: the portfolio is primarily focused on a limited number of shareholdings in companies headquartered in Europe but with a global presence.

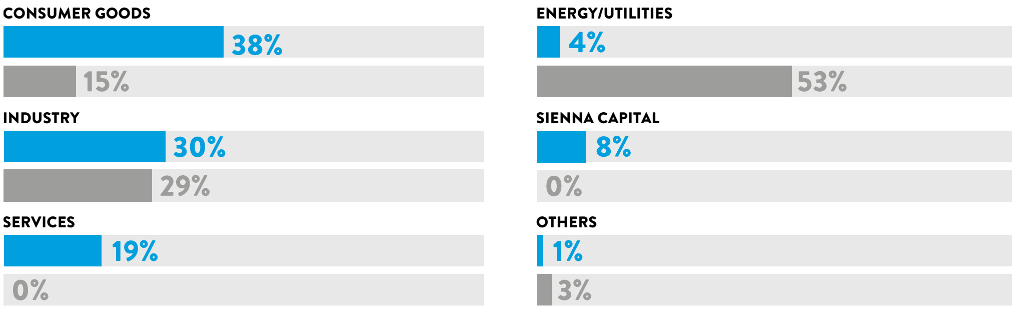
PORTFOLIO CHANGE IN REGION (COMPANIES' HEADQUARTERS)



- **Selection of growth sectors**:
  - exposure to long-term growth drivers;
  - resilience to economic downturn;
  - favourable competitive dynamics;
  - market consolidation opportunities.

EVOLUTION OF THE PORTFOLIO ALLOCATION BY SECTOR

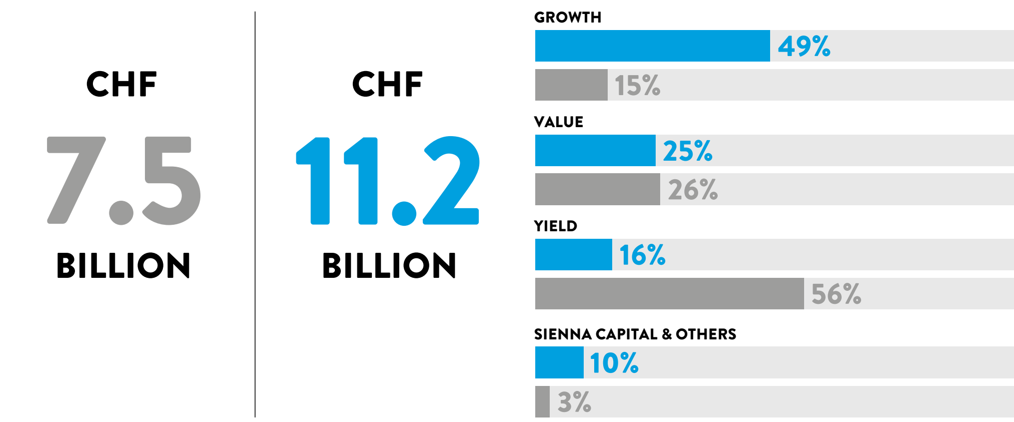
END OF 2011 END OF 2019



- **Selection of market-leading, visionary companies**
  - led by high-quality management teams driven by a strategic vision;
  - market leaders with a clear business model focused on both organic and external growth;
  - which are able to take advantage of long-term megatrends;
  - with strong cash flow generation capabilities, and low financial gearing;
  - well positioned vis-à-vis digital disruption;
  - with a CSR/ESG strategy and relevant governance bodies in place;
  - attractive valuation and potential returns for shareholders;

EVOLUTION OF THE PORTFOLIO ALLOCATION BY INVESTMENT STYLE

END OF 2011 END OF 2019



Since 2012, a progressive rebalancing of the portfolio has been initiated, with a view to strengthening its growth profile and thus optimize its potential for long-term value creation, while maintaining the Group's traditional investment philosophy. As a result: a substantial reduction in the exposure to high-yielding investments in the energy and utilities sectors has been achieved, and the proceeds from divestments have been reinvested in growth assets in the industry, services and consumer goods sectors, which are more exposed to long-term growth trends.

Potential for the Group to hold a significant stake in order to become a reference shareholder:

- potential for the Group, through representation on the Boards of directors and committees of the Boards, to play an active role and be involved in key decisions and, in particular with regard to:
  - the overall strategy, with a particular focus on organic and external growth;
  - the appointment and compensation of the executive management;
  - the capital allocation, and more specifically the adequacy of the capital structure, the dividend policy, and share buy-back programmes.
- act as a friendly shareholder and build a long-standing relationship with the management teams of portfolio companies. As a long-term shareholder with a "patrimonial" approach, the Pargesa Group, whose portfolio is essentially built from permanent capital, is not constrained by any investment horizon. Shareholdings are therefore held for as long as needed to optimize their value.

At 31 December 2019, the Group's portfolio (excluding Total, shareholding sold at the beginning of 2020, and excluding Sienna Capital) was composed mainly of 8 listed shareholdings, and 2 unlisted shareholdings meeting the investment and governance criteria described above.

	LISTED INVESTMENTS								PRIVATE ASSETS	
	adidas GROUP	Pernod Ricard	SGS	LafargeHolcim	umicore	IMERYS	GEA	Ontex	Webhelp	Parques Reunidos
SECTOR	Sports equipment	Wines & Spirits	Testing, Inspection & Certification	Cement & aggregates	Materials technology	Specialty minerals	Process technology food sector	Personal hygiene products	CRM - BPO	Leisure parks
Sector ranking	N°2	N°2	N°1	N°1	Top 3	N°1	N°1	Top 5	European leader	N°2 in Europe
Market cap. (in EUR billion)[1]	58.1	42.3	20.1[2]	33.1[2]	10.7	3.0	5.3	1.5	n.a	n.a
% Group Ownership[3]	6.8%	7.5%	16.7%	7.6%	18.0%	54.0%	8.5%	20.0%	64.7%	23.0%
Date of first investment	2015	2006	2013	2005	2013	1987	2017	2015	2019	2017
Representation:										
On the board	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Number of representatives	1/16	2/14	3/10	2/11	2/10	3/13	1/12	2/8	3/5	1/9
Represented in the committees	YES (4)	YES (5), (6)	YES (4), (5)	YES (4), (5)	YES (4)	YES (4), (5), (6)	YES (4)	YES (4), (5)	n.a.	YES (4)

(1) Information at 31 December 2019.

(2) In CHF billion.

(3) Figures at 31 December 2019.

(4) Audit committee.

(5) Nomination and/or remuneration committee.

(6) Strategic committee.

Continuous assessment of the portfolio is conducted in order to potentially define a disposal strategy. This assessment focuses on the following areas:

- potential for further value creation;
- valuation risk;
- risks which may be specific to an investment, such as business model disruption risk associated with digital or technological changes, other company risks including competition, geopolitics, and ESG criteria;
- portfolio concentration risk (overweighting).

During the 2012-2019 period, excluding Sienna Capital, EUR 8.9 billion was generated through divestments, while EUR 7.4[1] billion have been invested primarily in 7 new listed companies (including Burberry, which was sold in 2018) and 1 new unlisted company. The 7 remaining companies (beside Burberry) were worth EUR 11 billion at the end of 2019.

Including Sienna Capital, whose fair value was estimated at EUR 1'785 million at the end of 2019, the total portfolio value (at the level of GBL) has increased from EUR 16.7 billion at the end of 2011 to EUR 20.6 billion at the end of 2019.

INVESTMENTS EUR 7.4 BILLION	2012	2013 EUR 2.2 BILLION	2014 EUR 0.4 BILLION	2015 EUR 0.9 BILLION	2016 EUR 1.3 BILLION	2017 EUR 0.9 BILLION	2018 EUR 0.4 BILLION	2019 EUR 1.3 BILLION[1]
		SGS			SGS			SGS [1]
				adidas GROUP	adidas GROUP	GEA	GEA	Webhelp
		umicore	umicore	umicore	umicore	Parques Reunidos [2]	umicore	umicore
				Ontex	Ontex	Ontex		
					BURBERRY London, England	BURBERRY London, England		

DIVESTMENTS EUR 8.9 BILLION	2012 EUR 1.0 BILLION	2013 EUR 1.4 BILLION	2014 EUR 1.0 BILLION	2015 EUR 0.6 BILLION	2016 EUR 2.3 BILLION	2017 EUR 0.2 BILLION	2018 EUR 0.6 BILLION	2019 EUR 1.8 BILLION
	ARKEMA	TOTAL	TOTAL	TOTAL	TOTAL			TOTAL
		GDF SUEZ	SUEZ	SUEZ	ENGIE	ENGIE	BURBERRY London, England	LafargeHolcim
	Pernod Ricard	IBERDROLA	IBERDROLA					adidas GROUP

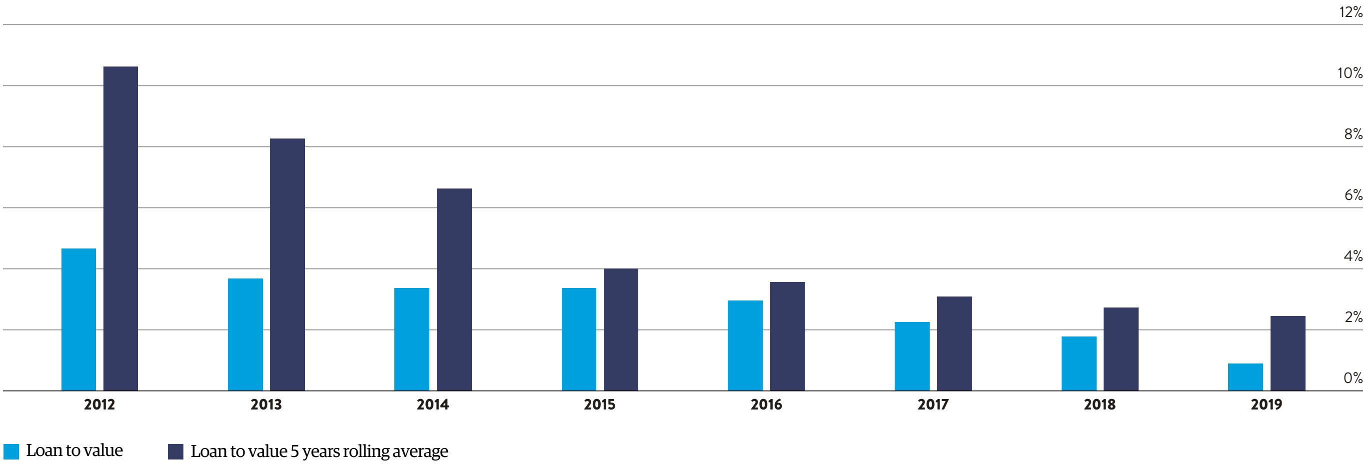
[1] Including the investment in SGS made in February 2020. Including the EUR 459 million invested by GBL in Sienna Capital in 2019, total investments amount to EUR 1.7 billion.

[2] The company was delisted in December 2019.

The evolution of the portfolio has been achieved while maintaining a sound financial structure within the Group's holding companies, thus respecting the objective to not expose them to a high level of indebtedness. As at 31 December 2019, Pargesa Holding's net debt position was CHF 116 million, for a portfolio value of CHF 11.2 billion. At that same date, GBL's net debt position stood at EUR 768 million, for a portfolio value of EUR 20.6 billion.

This conservative vision is consistent with the Group's patrimonial approach and allows it to absorb potential market downturns throughout the business cycle.

LOAN TO VALUE



2. 2019 AND EARLY 2020 HIGHLIGHTS

Listed investments:

In a favourable market context, GBL sold, in March and April 2019, 0.6% of **Total**'s capital through forward sales. Sales were executed at an average spot price of EUR 50.52 per share and at an average forward price of EUR 48.37 per share. They have been prepaid(1) in May 2019 for a total amount of EUR 771 million. The capital gain generated by these sales amounted to EUR 411 million at GBL's level and will not impact the consolidated net income in 2020, in accordance with IFRS 9. GBL continued to receive dividends on the disposed shares until the maturity date of the forward sales in January 2020.

GBL also seized this market window to sell 1% of **adidas**' capital, for net proceeds of EUR 499 million and a capital gain of EUR 333 million which does not impact the income statement under the accounting standard IFRS 9. At the end of December 2019, the investment in adidas, being 6.8% of the capital, was valued at EUR 3'951 million.

In 2019, GBL continued to reinforce its position in **Umicore**. At 31 December 2019, GBL holds a 18.0% stake in Umicore (17.7% at the end of 2018), representing a market value of EUR 1'922 million.

On 6 September 2019, GBL announced the completion of an offering by its subsidiary Eliott Capital of a EUR 750 million bond exchangeable for existing **LafargeHolcim** shares guaranteed by GBL. This offering initially relates to approximately 13.2 million LafargeHolcim shares representing approximately 2.1% of the company's share capital and nearly 23% of the LafargeHolcim shares held by the issuer at the date of the offering. The bonds do not bear any interest and have a date of maturity on 30 December 2022, except in the event of early redemption. The bonds have been offered at an issue price of 101% of par and will be redeemed at par at maturity, which corresponds to an annual gross yield of -0.3%.

(1) The prepayment of the forward sales of Total shares did not impact GBL's net financial position until their maturity in January 2020.

The proceeds of the offering is used for GBL's general corporate purposes.

GBL pursued the rebalancing of the investment portfolio by reducing its holding of **LafargeHolcim** by 1.7% of share capital for net proceeds of EUR 499 million thereby generating a capital gain of EUR 106 million which does not impact the income statement in accordance with the IFRS 9 accounting standard. At 31 December 2019, the investment in LafargeHolcim, being 7.6% of the capital was worth EUR 2'308 million.

GBL completed its share buyback program (announced in October 2018) of EUR 250 million. On 19 September 2019, GBL's board of directors has authorised the company to put in place a complementary share buyback program up to EUR 250 million of its own shares. This authorization is valid until 2021. Including the 2019 purchases by GBL, Pargesa's percentage of economic interest in GBL stands at 51.7% at 31 December 2019 against 50.8% at 31 December 2018.

On 4 February 2020, GBL purchased EUR 374 million **SGS** shares by participating in a private placement by the von Finck family at a price of CHF 2'425 per share. Following this investment, GBL increased its stake in the capital of SGS from 16.7% at the end of 2019 to 18.9%. On 6 March 2020, GBL's total investment in SGS was valued at EUR 3'242 million.

Private assets:

On 26 April 2019, Piolin Bidco, S.A.U. ("Piolin") announced its intention to launch a voluntary public takeover bid paid in cash for the shares of **Parques Reunidos**. On 24 July 2019, the CNMV (Comisión Nacional del Mercado de Valores) authorized the offer, which began on 26 July 2019 and successfully closed on 6 September 2019. In line with their irrevocable commitment in the event of a successful offer, GBL and Corporación Financiera Alba ("Alba") brought their Parques Reunidos shares to the offer. Upon completion of the offer, GBL indirectly held 23.3% of Parques Reunidos (23.0% at the end of December 2019), alongside EQT AB and Alba. The delisting of Parques Reunidos was completed in December 2019.

On 2 August 2019, following the entry into exclusive negotiations on 9 July 2019, GBL announced that it had concluded the contract for the acquisition of the **Webhelp** group, through an investment vehicle controlled by GBL alongside the co-founding shareholders, Frédéric Jousset and Olivier Duha, and the management team. GBL invested EUR 0.9 billion to hold 64.7% of the share capital of the acquiring investment vehicle, based on an enterprise value of EUR 2.4 billion for Webhelp. The co-founding shareholders and Webhelp's management team reinvested a significant portion of their shares alongside GBL and will indirectly hold the balance of the share capital of the acquiring holding company. Frédéric Jousset and Olivier Duha will remain in their role as executive chairmen. The acquisition was completed on 19 November 2019.

At the level of Sienna Capital:

GBL continued to develop its platform of alternative investments, **Sienna Capital**. At the end of 2019, Sienna Capital's net asset value was EUR 1'785 million, growing by 29.9% over the course of the year (31 December 2018: EUR 1'374 million). During 2019, GBL invested EUR 465 million (2018: EUR 453 million) into Sienna Capital's alternative assets and ended the year with uncalled commitments of EUR 466 million (EUR 528 million at 31 December 2018).

Sienna Capital's activity for the year ended 31 December 2019 developed as follows: On 13 September 2019, GBL, through its subsidiary **Sienna Capital**, committed to co-invest EUR c. 100 million, alongside funds affiliated to the investment company Carlyle in connection with the acquisition of an approximately 37% stake (GBL's share as well as the share of the funds affiliated to the investment company Carlyle) in Compañía Española de Petróleos, S.A.U ("Cepsa"). Headquartered in Spain, Cepsa is an integrated global player operating throughout the oil and gas value chain, generating sales of EUR 22.1 billion in 2018. Sienna Capital made a commitment of EUR c. 50 million in the Carlyle International Energy Partners II fund, an investment vehicle specialized in the energy sector. In October 2019, Sienna Capital invested EUR 88 million in the Cepsa transaction.

- **Ergon Capital**

Sienna Capital committed EUR 200 million to the Ergon Capital Partners IV fund when it launched in December 2017. The closing of the fund occurred at the end of March 2019 with total commitments reaching EUR 581 million, exceeding the initial fundraising objective of EUR 500 million.

In the 4th quarter of 2019, Ergon Capital sold its stake in Looping, a leading operator of regionally-anchored leisure parks in Europe, to its management team, in partnership with Mubadala Capital. This transaction generated a capital gain of EUR 34 million (GBL share).

During the 4th quarter of 2019, Ergon Capital sold opseo, the leading German ambulant care provider to the Ergon opseo Long Term Value Fund ("Ergon opseo LTVF"), the continuation fund managed by Ergon Capital Management and dedicated to the development of the opseo group. This transaction generated a capital gain of EUR 88 million (GBL share). GBL, through its Sienna Capital subsidiary, committed to co-invest EUR 45 million in Ergon opseo LTVF. At the end of 2019, Sienna Capital invested EUR 38 million of its funding obligation.

- **Marcho Partners**

On 16 July 2019, Sienna Capital invested EUR 150 million in Marcho Partners LLP, a London-based hedge fund specializing in innovation and technology.

- **Backed**

During the 4th quarter of 2019, Sienna Capital committed EUR 25 million in each of the funds Backed 2 and Backed Encore 1, launched by Backed, a venture capital fund specialised in the sector of new digital technologies. These additional commitments brought Sienna Capital's total commitment to Backed funds to EUR 75 million, of which EUR 36 million was already called at the end of 2019.

- **Sagard**

In March 2020, Sienna Capital committed EUR 150 million to the new Sagard fund, Sagard 4.

In March 2020, Sagard 2 has finalized the disposal of Ceva Santé Animale ("Ceva"), of which it was a shareholder since 2010. With EUR 1.2 billion of sales in 2019, Ceva has become in a few years one of the worldwide leaders in animal health, benefiting from a sustained organic growth and an ambitious build-up strategy. Sienna Capital has reinvested in the group through Sagard 3 and Sagard 4, which keep a significant participation in the new transaction.

At the level of Pargesa:

The Board of Directors approved an agreement with Parjointco NV, the company jointly controlled by the two Desmarais and Frère family groups that currently holds 55% of Pargesa, with a view to launching a public exchange offer on Pargesa, which aims to simplify the group structure. Parjointco NV and Pargesa issued a joint press release on this subject which can be viewed on https://www.pargesa.ch/en/listed-securities/exchange-offer-offre-dechange/.

The Covid-19 epidemic spread rapidly around the world in 2020 and measures to prevent the transmission of the virus have had consequences for the general economy in various countries. This event, which occurred after the closing date of the Group's consolidated financial statements, does not require any adjustments to the financial statements at December 31, 2019. Readers are invited to refer to note 27 of the consolidated financial statements "Important events taking place after the closing date".

3. CONSOLIDATED RESULTS FOR 2019

3.1. PRESENTATION OF RESULTS IN ACCORDANCE WITH IFRS

The simplified income statement in accordance with IFRS is as follows:

CHF MILLION	2019	2018
Operating income	5'690.1	6'173.7
Operating expenses	(5'470.7)	(6'267.1)
Other income and expenses	128.7	(11.4)
Operating profit (loss)	**348.1**	**(104.8)**
Dividends and interest from long-term investments	565.4	404.7
Other financial income and expenses	63.9	(109.2)
Taxes	(72.4)	(109.8)
Income from associates and joint ventures	(63.5)	27.8
Net profit from continuing operations	**841.5**	**108.7**
Net profit from discontinued operations	-	910.1
Consolidated net profit (before non-controlling interests)	**841.5**	**1'018.8**
Attributable to non-controlling interests	(450.2)	(657.4)
Attributable to Pargesa shareholders (Group share)	**391.3**	**361.4**
Basic earnings per share attributable to Pargesa shareholders (CHF)	*4.62*	*4.27*
Average number of shares (thousands)	*84'701*	*84'689*
Average EUR/CHF exchange rate	*1.112*	*1.155*

The **operating profit** amounted to CHF 348.1 million for 2019 compared with a CHF 104.8 million operating loss in the prior year. This change reflects the turnaround of Imerys' operating profit, which had been particularly affected in 2018 by non-recurring costs incurred for its restructuring program along with the constitution of various provisions (EUR 656 million). In 2019, the non-recurring charges were EUR 187 million. The progression in the Other income and expenses was mainly due to the capital gains realised from the sale of two private equity investments by Ergon Capital Partners III (EUR 136 million).

The **dividends and interest from equity investments** of CHF 565.4 million for 2019 versus CHF 404.7 million in 2018 was comprised of the net dividends recorded by the Group from its non-consolidated investments. The variation is due to the increase in the dividends per share paid by some of the portfolio companies, the monetization of LafargeHolcim's dividend in shares, additional investments made by GBL in Umicore and GEA and reimbursements by the French tax authorities of withholding taxes which had been applied to Total and ENGIE dividends received between 2013 and 2016 (CHF 119.5 million). These different elements more than compensate the decrease in the EUR/CHF exchange rate.

The **other financial income and expenses** of CHF +63.9 million for 2019 compared with CHF -109.2 million during 2018 reflects notably the cashing of default interest on withholding taxes on dividends mentioned above, the positive change in the fair value of private equity and other non-consolidated funds and the results from trading activities.

The decrease in the item **income from associates and joint ventures** primarily related to the CHF 94.8 million increase in the negative contribution of Parques Reunidos in 2019 over the prior year.

The **net profit from discontinued operations** of CHF 910.1 million in 2018 represents the contribution from Imerys' Roofing division, which was sold in October 2018.

The presentation of the economic result that follows makes it possible to analyse differently the composition of the Group results.

3.2. ECONOMIC PRESENTATION OF PARGESA'S FINANCIAL RESULTS

The economic results at 31 December 2019 can be analysed as follows:

CHF MILLION		2019	2018
Contribution from the portfolio to operating income			
- Consolidated shareholdings (full consolidation or equity accounting):			
Imerys*		86.6	128.8
Parques Reunidos*		(8.7)	3.7
		77.9	**132.5**
- Non-consolidated shareholdings:			
LafargeHolcim	net dividend	64.4	58.0
SGS	net dividend	50.4	49.6
Pernod Ricard	net dividend	35.9	27.8
adidas	net dividend	24.9	20.7
Total	net dividend	21.1	20.8
Umicore	net dividend	19.9	17.9
GEA	net dividend	7.6	6.0
Ontex	net dividend	3.9	5.9
Other dividends	net dividend	4.4	2.6
Other**		62.2	-
		294.7	**209.3**
- Contribution from private equity and other funds		161.2	30.5
Contribution from the portfolio to operating income		**533.8**	**372.3**
per share (CHF)		*6.30*	*4.40*
Contribution from holding companies to operating income			
Net financial income and expenses		(10.5)	(25.8)
General expenses and taxes		(31.3)	(29.3)
		(41.8)	**(55.1)**
Operating income (Group share)		**492.0**	**317.2**
per share (CHF)		*5.81*	*3.75*
Non-operating income (loss)			
Non-operating income (loss) from consolidated shareholdings***		(100.7)	44.7
Non-operating income (loss) from holding company activities		-	(0.5)
		(100.7)	**44.2**
Net income		**391.3**	**361.4**
per share (CHF)		*4.62*	*4.27*
Average number of shares (thousands)		*84'701*	*84'689*
Average EUR/CHF exchange rate		*1.112*	*1.155*

* Pargesa's share of net operating income.

** See comment on page 26.

*** Pargesa's share of consolidated shareholdings net non-operating income.

The net income comes primarily from the GBL group, whose results are denominated in Euros. For the year 2019, the average EUR/CHF exchange rate was 1.112, compared with 1.155 in the twelve months of 2018, a decrease of -3.7%. Furthermore, following the acquisition of treasury shares by GBL in 2019 (please refer to Point 2. "2019 and early 2020 highlights" of this Annual report), Pargesa's share of GBL's earnings (excluding the portion attributable to non-controlling shareholders) stood at 51.7% at 31 December 2019, compared with 50.8% at 31 December 2018.

OPERATING INCOME:

The 2019 operating income of CHF 492.0 million was 55% higher than in 2018 (CHF 317.2 million). The growth of CHF 174.8 million was primarily driven by the increased dividends (CHF 85.4 million) and the CHF 130.7 million rise in the contribution from private equity and other investment funds. These two elements were partially offset by the CHF -54.6 million decrease in the contribution from the consolidated shareholdings.

Contribution from the portfolio to operating income

Consolidated shareholdings (full consolidation or equity accounting)

Imerys' (fully consolidated) **net income from current operations** (group share) decreases by 22% to EUR 277 million in 2019 compared with EUR 357 million in 2018. Including at 31 December 2018 the contribution from its Roofing division classified as discontinued operations in the IFRS presentation for EUR 49 million, Imerys' net operating income as defined by Pargesa amounted to EUR 406 million. Including the effect of the decline of the average EUR/CHF exchange rate, Pargesa's share of Imerys' net income from current operations, in Swiss francs, was CHF 86.6 million in 2019, compared with CHF 128.8 million in 2018. This lower performance is due (i) to market conditions, especially in the manufacturing sector (steel, industrial equipment, and automotive in Europe and paper in the United States), which deteriorated throughout the year, causing the group's sales volumes to decrease, (ii) to the negative impact of the deconsolidation of the North American talc subsidiaries and (iii) to the temporary shutdown of the Willsboro plant in the United States in the first half of the year. The impact of this decline was only partially offset by the positive effect of pricing and cost-saving measures.

For the twelve-month period ended on 31 December 2019, **Parques Reunidos' operating income** stood at EUR -61 million, being CHF -8.7 million in Pargesa's share, (CHF +3.7 million for the corresponding period in 2018).

Non-consolidated shareholdings (net dividends)

The contributions from **LafargeHolcim, SGS, Pernod Ricard, adidas, Total, Umicore, GEA and Ontex**, represent Pargesa's share of net dividends recorded by GBL. The contribution from non-consolidated shareholdings was CHF 294.7 million in 2019, compared with CHF 209.3 million in 2018.

The contribution from **LafargeHolcim** was CHF 64.4 million in 2019, compared with CHF 58.0 million in 2018. In 2019 the company declared a dividend of CHF 2.00 per share, the same amount as in 2018. The variance in the contribution reflects the monetization of the dividend received in shares by GBL and benefiting from a premium compared with the dividend that would have been received in cash.

The contribution from **SGS** came in at CHF 50.4 million in 2019, compared with CHF 49.6 million for the corresponding period in 2018. The change of the contribution year-over-year results from the increase in the dividend per share paid by SGS to GBL (CHF 78 compared with CHF 75 in 2018, up 4.0%) reduced by currency effects.

Pernod Ricard's contribution in 2019 amounted to CHF 35.9 million compared with CHF 27.8 million in 2018, a 29% increase. The year-on-year increase was due to a higher dividend per share pay out in 2019.

The contribution from **adidas** was CHF 24.9 million in 2019, compared with CHF 20.7 million in 2018. The change in the contribution mainly reflects the increase in the dividend per share paid by the company to GBL (EUR 3.35 vs EUR 2.60 in 2018, or +29%).

The contribution from **Total** was CHF 21.1 million in 2019, compared with CHF 20.8 million in 2018. The rise in quarterly dividends during the year pushed the contribution higher than in 2018.

Umicore's contribution amounts to CHF 19.9 million in 2019 compared to CHF 17.9 million in 2018. The variance primarily resulted from a hike in the dividends per share and also from GBL's increasing its stake in the company in 2019 (from 17.7% to 18.0%).

The contribution from **GEA** was CHF 7.6 million in 2019, compared with CHF 6.0 million in 2018. In 2019 the company paid a dividend of EUR 0.85 per share, the same amount as in 2018. The increase of the contribution reflects the additional investments in GEA made by GBL in the 2nd half of 2018, raising GBL's economic interest to 8.5% at 31 December 2019.

The contribution from **Ontex** was CHF 3.9 million in 2019, compared with CHF 5.9 million in 2018. The change mainly reflects the decrease of the annual dividend paid by Ontex to GBL (EUR 0.41 per share in 2019, compared with EUR 0.60 in the previous year, or -32%).

The item "**Other**" represents reimbursements of CHF 62.2 million (Pargesa's share) by the French tax authorities of withholding taxes which had been applied to Total and ENGIE dividends received between 2013 and 2016.

Contribution from private equity and other funds

The **contribution from private equity and other investment funds** comes primarily from the funds held by GBL through its subsidiary, Sienna Capital, and is reported net of general expenses and management fees. For 2019, the net contribution from these activities was CHF 161.2 million compared with CHF 30.5 million in 2018, an increase of CHF 130.7 million.

The contribution for the year 2019 includes in particular the contribution of consolidated funds, i.e. CHF 72.0 million (CHF 10.9 million in 2018), CHF 17.8 million attributable to Kartesia (CHF 12.6 million in 2018), CHF 70.2 million of capital gains following disposals of investments in Looping and opseo as well as the change in fair value during the year of funds that are not consolidated for CHF 87.3 million (CHF 19.7 million in 2018).

Contribution from the holding segment companies to operating income

Net financial income and expenses, which include interest income and expenses, as well as other financial income and expenses, amounted to CHF -10.5 million in 2019 compared with CHF -25.8 million in 2018. The main items comprised in this line item were:

- Net interest income and expenses recorded by Pargesa and GBL of CHF +3.6 million in 2019, including CHF +11.3 million of penalty interest on the withholding taxes which have been unduly applied to Total and ENGIE dividends received between 2013 and 2016. Net interest income and expenses amounted to CHF -13.7 million in 2018;

- Pargesa's share of realised and unrealised results recorded by GBL from trading activities (including dividends) and from derivatives used in managing its portfolio for CHF +7.4 million in 2019, compared with CHF -1.6 million in 2018;

- The impact of the marking to market of the derivative instruments implicitly embedded in the exchangeable bonds in LafargeHolcim shares issued by GBL in September 2019 and amounted to CHF -18.7 million, Pargesa's share, for the year ended 31 December 2019. In 2018, Pargesa recorded a profit of CHF +7.0 million related to its share of the gains on GBL's convertible bonds that GBL redeemed in 2018.

The **general expenses and taxes** line item represents Pargesa's own general expenses and taxes as well as its share of those of GBL.

NON-OPERATING INCOME (LOSS):

Non-operating income (loss) from consolidated shareholdings amounted to a loss of CHF -100.7 million (2018: non-operating income of CHF +44.7 million) and includes:

- Pargesa's share of **Imerys**' "other operating income and expenses" amounted to CHF -48.7 million compared to CHF +48.7 million in 2018. This item included EUR 84 million (or CHF 26.4 million in Pargesa's share) of costs incurred by Imerys as part of its transformation program, EUR 46 million (or CHF 14.5 million in Pargesa's share) in depreciation of non-core assets, EUR 7 million (or CHF 2.3 million in Pargesa's share) due to the deconsolidation of the North American talc subsidiaries and EUR 6 million (or CHF 2.0 million in Pargesa's share) relating to the temporary shutdown of its Willsboro plant in the United States;
- non-recurring expenses recorded by **Parques Reunidos** during the year 2019 for EUR 291 million, or CHF 37.3 million in Pargesa's share, compared with CHF 4.0 million in 2018.
- following the acquisition of **Webhelp** during the 4th quarter of 2019, GBL recognised a contribution of EUR -20 million or CHF -11.4 million in Pargesa's share. This contribution primarily consisted of GBL's share of the transaction costs to complete the acquisition.

Details of Imerys' results can be found on their website www.imerys.com.

The **net non-operating income (loss) from the holding segment activities** was nil in 2019 against CHF -0.5 million in 2018.

It should be noted that, pursuant to IFRS 9, the gain resulting from the sale by GBL of 1% of adidas' capital during H1 2019 amounting to CHF 193 million (Pargesa's share) as well as the gain resulting from the sale by GBL of 1.7% of LafargeHolcim's capital during Q4 2019 amounting to CHF 58 million (Pargesa's share) have not been recorded in the income statement, but directly in shareholders' equity.

The same will apply to the capital gain realised by GBL in 2020 on the forward sale of 0.6% of Total's share capital, estimated at CHF 319 million in Pargesa's share (including a foreign exchange gain on disposal at Pargesa's level) and which will also not impact the income statement.

4. EVOLUTION OF PARGESA'S NET ASSET VALUE IN 2019

The table hereafter provides a detailed view of Pargesa's net asset value (on a flow-through basis) as at 31 December 2019. The net asset value is calculated by taking, on one hand, the assets and liabilities of Pargesa (excluding Pargesa's participation in GBL) and, on the other hand, Pargesa's share in the value of the portfolio, the net cash or net debt position and the other assets and liabilities of GBL. The net asset value is calculated based on the closing market values and exchange rates for the listed shareholdings, and on the fair value and closing exchange rates for the funds (private equity and other investment funds) of Sienna Capital and for the unlisted investments in Webhelp and Parques Reunidos.

Pargesa's net asset value per share was CHF 129.2 at 31 December 2019, an increase of +22.0% compared with the net asset value per share at the end of 2018 (CHF 105.9). The figure was CHF 112.8 per share on 6 March 2020.

Pargesa's share price stood at CHF 80.5 on 31 December 2019, compared with CHF 70.9 at the end of 2018, an increase of +13.5%. As at 6 March 2020, the share price closed at CHF 69.3, down 13.9%, since the beginning of 2019, in the context of an economic and financial environment marked by the uncertainty caused by the development of the coronavirus pandemic.

	31.12.2019				31.12.2018			
	SHARE PRICE AND CURRENCY		AMOUNT IN CHF MILLION	WEIGHTING AS A % OF TOTAL	SHARE PRICE AND CURRENCY		AMOUNT IN CHF MILLION	WEIGHTING AS A % OF TOTAL
Listed companies:								
adidas	EUR	289.8	2'144	20%	EUR	182.4	1'613	18%
Pernod Ricard	EUR	159.4	1'721	16%	EUR	143.3	1'606	18%
SGS	CHF	2'651	1'679	15%	CHF	2'210	1'400	16%
LafargeHolcim	CHF	53.7	1'253	11%	EUR	35.8	1'156	13%
Umicore	EUR	43.4	1'043	10%	EUR	34.9	856	10%
Imerys	EUR	37.7	878	8%	EUR	42.0	1'014	11%
Total[(a)]	EUR	49.2	433	4%	EUR	46.2	422	5%
GEA	EUR	29.5	246	2%	EUR	22.5	195	2%
Ontex	EUR	18.8	167	1%	EUR	17.9	166	2%
Other			63	1%			96	1%
Other investments:								
Sienna Capital			969	9%			774	8%
Webhelp			470	4%				
Parques Reunidos			128	1%			104	1%
Other Pargesa			18	1%			24	0%
Total portfolio			**11'212**	**103%**			**9'426**	**105%**
GBL treasury shares			266	2%			113	1%
Net cash (debt)[(b)]			(532)	(5%)			(566)	(6%)
Net asset value			**10'946**	**100%**			**8'973**	**100%**
per Pargesa share	*CHF*	*80.5*	*129.2*		*CHF*	*70.9*	*105.9*	
EUR/CHF exchange rate			1.085				1.127	

(a) The ownership percentage as well as the market value of the investment do not yet take into account the forward sales of Total shares which matured in January 2020. The fair value of these contracts is included in the item Net cash (debt) for CHF 1 million.

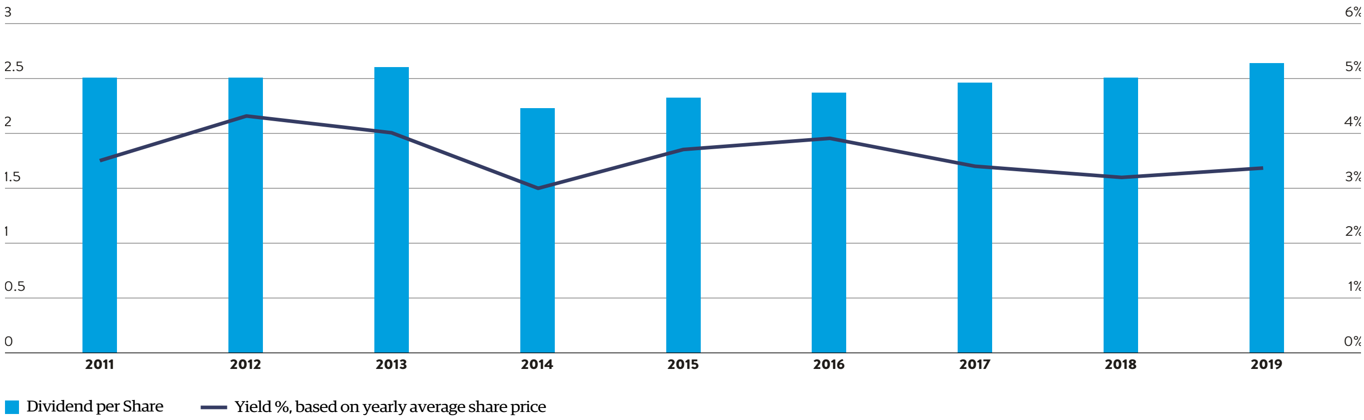
(b) This item includes also Pargesa's share in the market value of GBL's trading portfolio.

5. TOTAL SHAREHOLDER RETURN

The change in Pargesa's net asset value primarily reflects the change in the value of the underlying portfolio. For a shareholder, the total shareholder return (TSR) of an investment in Pargesa shares over a given period is also a performance indicator. TSR takes into consideration the change in Pargesa's share price as well as dividends paid during the period, which are assumed to be reinvested in additional shares.

Pargesa aims to create value over the long-term. Over a 20-year period, Pargesa's annualized TSR stands at 5.4 %. Pargesa's dividend is an important part of our shareholders' return. Over the period from the beginning of 2000 to the end of 2019, Pargesa distributed a total of CHF 3.8 billion in dividends to its shareholders, with the dividend per share increasing by an average of 2.7 per cent per year over the period. For the year 2019, Pargesa's dividend yield was 3.4 per cent.

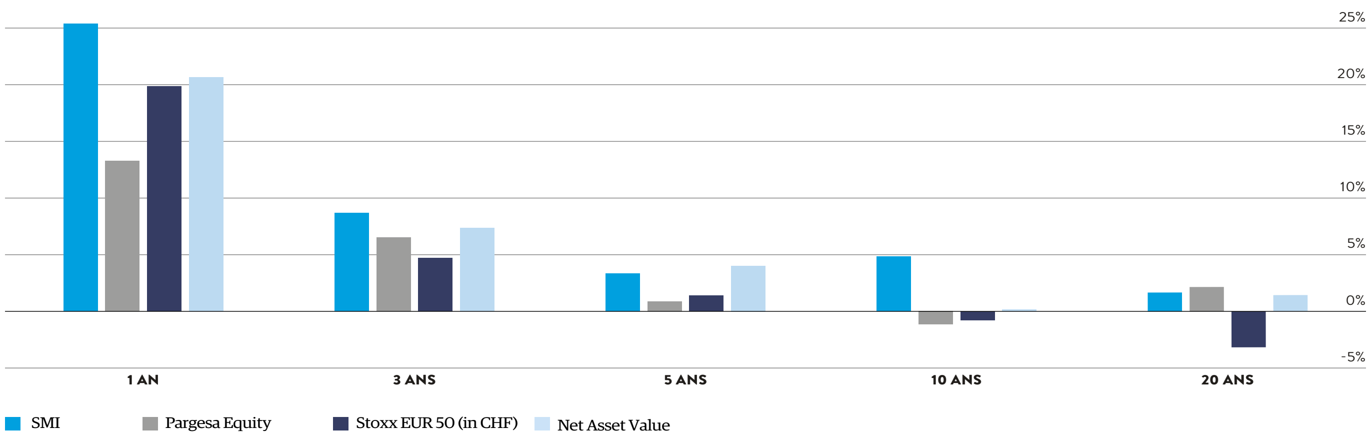
DIVIDEND YIELD (IN CHF)



Long-term investment growth is the other main source of return for the shareholders of Pargesa.

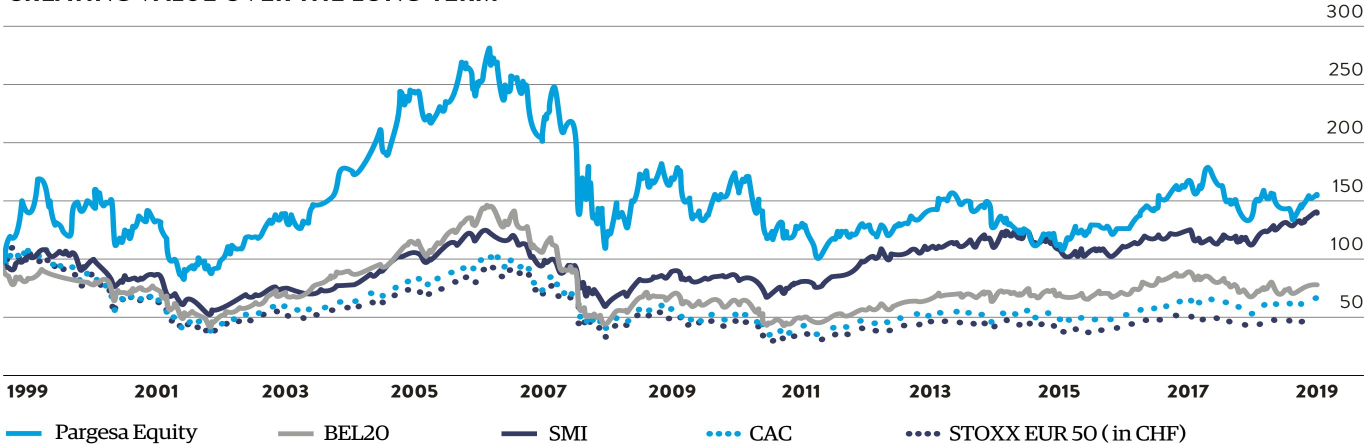
The table below also provides, for various periods ending at the end of 2019, the annualized total return on an investment in Pargesa shares compared with the Net Asset Value on one hand, and the SMI and the STOXX 50 on the other.

ANNUAL RETURN ON INVESTMENT (CONVERTED TO CHF - NON-REINVESTED DIVIDENDS)



The table below gives an overview of Pargesa's annualized total return over the 20-year period ending at 31 December 2019 compared with the SMI, BEL 20, CAC 40 and STOXX 50 indices over the same periods.

CREATING VALUE OVER THE LONG-TERM



6. ESG POLICY

Responsible management is an intrinsic value of Pargesa Holding SA, which guides its strategy and behaviour. The company's ESG policy has thus been further developed and formalized and is now the subject of a specific chapter in the Annual Report.

7. PROPOSALS FOR THE APPROPRIATION OF THE NET PROFIT FOR THE YEAR TO THE ORDINARY GENERAL MEETING OF SHAREHOLDERS ON 6 MAY 2020

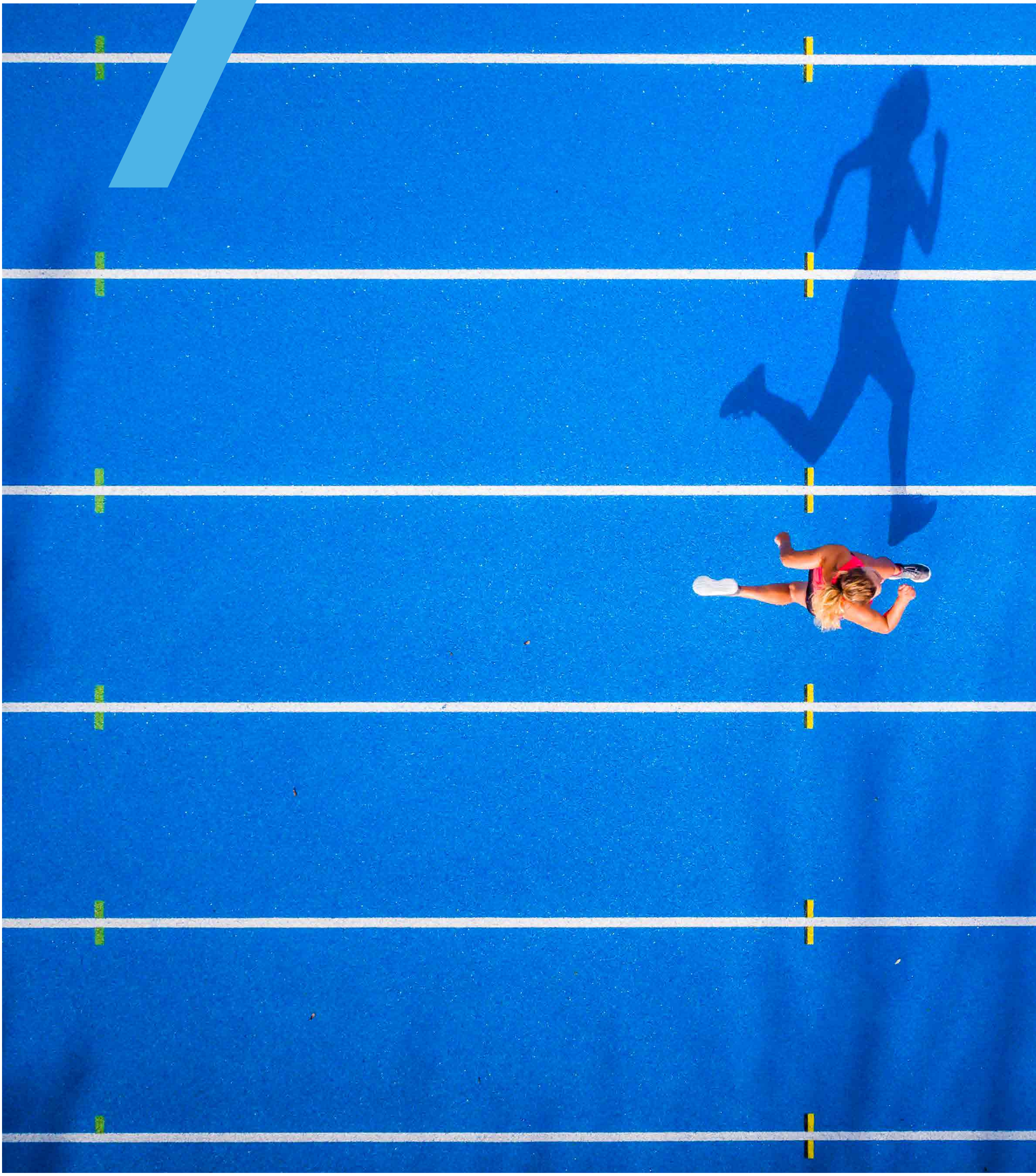
At the Annual General Meeting, the Board of Directors will propose the payment for fiscal year 2019 of a dividend of CHF 2.63 per bearer share (compared with CHF 2.56 in the previous year, an increase of 2.7%) and CHF 0.263 per registered share, representing a total distribution of CHF 222.8 million which will take place on 19 May 2020.

8. PUBLIC OFFER OF EXCHANGE FOR PARGESA BEARER SHARES IN PUBLIC HANDS

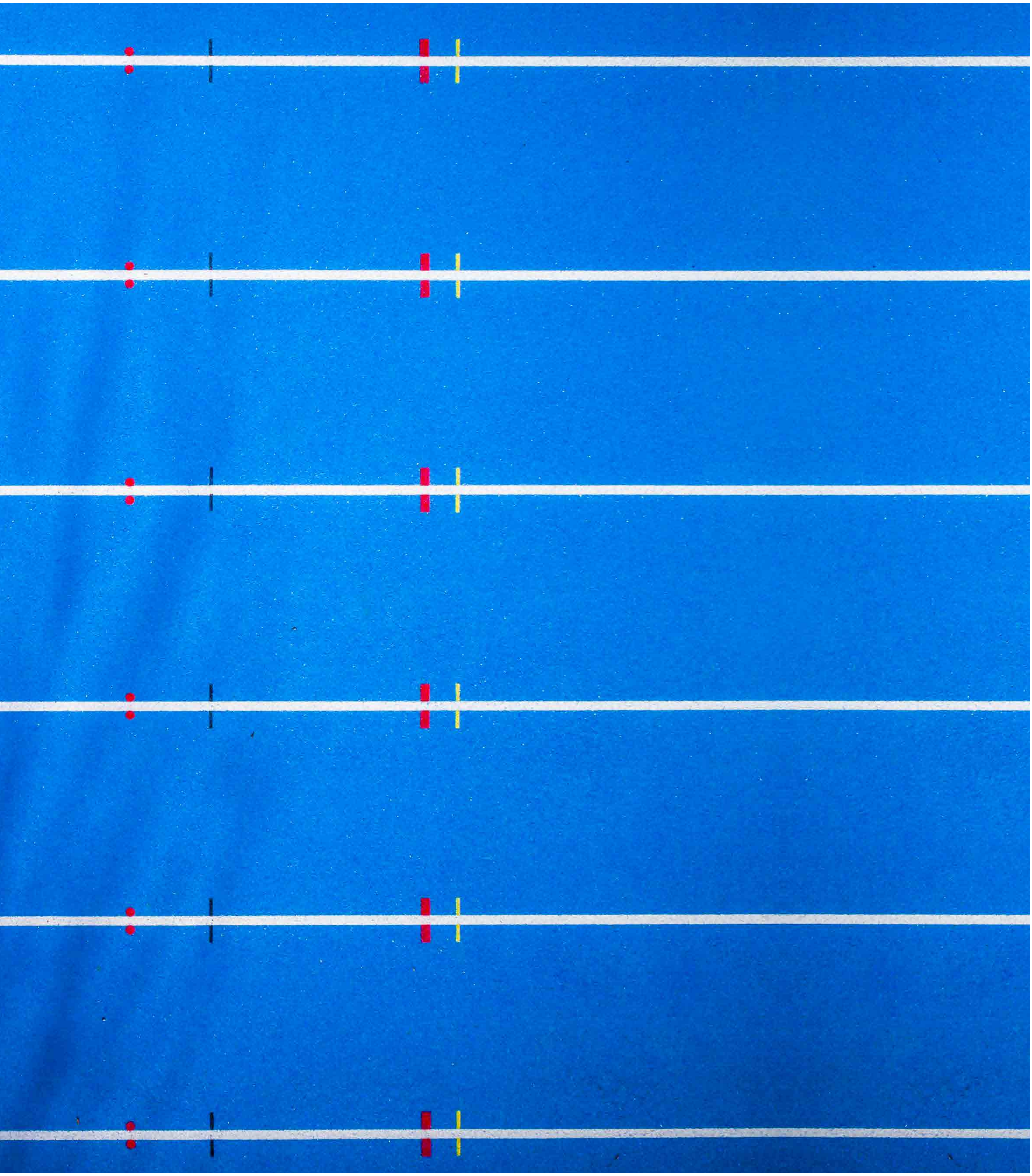
Pargesa and Parjointco reached an agreement on the terms and conditions of a simplification of the structure of their group through a public exchange offer initiated by Parjointco or one of its subsidiary on all Pargesa bearer shares that it does not already own. Under this bid, the shareholders of Pargesa will receive 0.93 GBL shares in exchange for each Pargesa bearer share.

A pre-announcement of the Parjointco public exchange offer can be viewed on https://www.pargesa.ch/en/listed-securities/exchange-offer-offre-dechange/.

By decision of 13 February 2020, the Swiss Takeover Board has ruled on certain preliminary issues concerning the public exchange offer of Parjointco. As required, Pargesa published the pronouncement for this decision. This text can be accessed at the aforementioned internet address.



Group portfolio



GROUP PORTFOLIO

Pargesa Holding holds 50% of the share capital[(a)] of Groupe Bruxelles Lambert ("GBL"), an established investment holding company with over sixty years listing on the stock exchange.

www.gbl.be

GBL

PROFILE

As at 31 December 2019, GBL holds the Pargesa Group's portfolio, consisting mainly of nine investments in listed companies with a market value of EUR 17.7 billion, two unlisted investments of EUR 1.1 billion and through GBL's subsidiary Sienna Capital, alternative investments with an aggregate estimated fair value of EUR 1.8 billion. At that same date, GBL's net asset value was EUR 20.3 billion, or EUR 126.11 per share, and its market capitalisation was EUR 15.2 billion.

KEY FINANCIAL DATA EUR MILLION	2017	2018	2019
Overall data			
Shareholders' equity (group share)	16'505	15'919	19'758
Net asset value	18'888	16'193	20'349
Market capitalization	14'520	12'276	15'161
Consolidated net income (loss) (group share)	705	659	705
Per-share data (EUR)			
Net asset value	117.06	100.35	126.11
Closing share price	89.99	76.08	93.96
Consolidated net income (loss)	4.53	4.18	4.48
Dividend	3.00	3.07	3.15[(1)]
Shares issued (in million)	161.4	161.4	161.4
Pargesa's interest (%)	**50.0**	**50.0**	**50.0**

(1) Subject to approval at the annual general meeting on 28 April 2020.

(a) At 31 December 2019, Pargesa held 51.7% of GBL's voting rights, taking into account the suspended voting rights related to treasury shares.

PORTFOLIO

In 2019, despite an unstable market environment, GBL continued to achieve its strategic objective of outperforming the Stoxx Europe 50, its benchmark index, over the long term. Over the period 2012-2019, the total shareholders return amounted to 12.0%, outperforming the Stoxx Europe 50 by c.330 basis points, while its net asset value increased by 25.7% (c.240 basis points more than the Stoxx Europe 50) in 2019 alone.

In 2019, GBL continued its strategy of rebalancing its portfolio by carrying out a significant turnover of assets through 3.5 billion transactions:

- EUR 1.8 billion of divestments with the completion of its exit from the Total group and the sale of adidas and Lafarge-Holcim shares (all of these transactions generated an overall capital gain of EUR 850 million[(1)]);
- EUR 1.7 billion of investments[(2)], first in Webhelp (EUR 0.9 billion), then in a reinforcement of its listed portfolio (EUR 26 million in Umicore and EUR 374 million in SGS), and finally in Sienna Capital (EUR 459 million).

This development continued to be achieved while maintaining a sound financial structure. Its listed portfolio, representing 87% of its net asset value at the end of 2019, has a high quality risk profile, given its diversification, industry mix, growth potential and resilience as reflected in the weighted average net debt leverage of 1.3x. 63%[(3)] of its portfolio is also composed of Investment Grade credit quality assets.

FINANCIAL POSITION

As at 31 December 2019, GBL's financial performance remains solid, notably with:

- cash earnings of EUR 595 million, up 30.5% compared to 2018;
- consolidated net profit of EUR 705 million, up 6.9% compared with 2018, despite the negative impact of the results of the Imerys and Parques Reunidos groups;
- Net financial debt of EUR 768 million (net cash of EUR 4 million excluding debt related to prepaid forward sales of Total shares);
- a Loan To Value ratio of 3.7%.

DIVIDEND FOR THE 2019 FINANCIAL YEAR

At GBL's annual general meeting to be held on 28 April 2020, a gross dividend for the 2019 financial year of EUR 3.15 per share will be recommended. This represents an increase of 2.6% over the dividend for the previous year (EUR 3.07).

(1) Capital gains not impacting GBL's consolidated net income (in accordance with IFRS 9) and taking into account the impairment recorded on the investment in LafargeHolcim before IFRS 9 was implemented.

(2) Including the investment in SGS made in 2020 and excluding the share buybacks carried out in 2019.

(3) Excluding adidas, Umicore, Total, Private Assets and Sienna Capital.

GROUP PORTFOLIO

Imerys is the world leader in mineral-based specialty solutions for industry

IMERYS
TRANSFORM TO PERFORM

www.imerys.com

N° 1

Global leader in mineral-based solutions for industry

224

Industrial sites

OVER 40

Countries where Imerys is based

16'300

Employees

PROFILE

Imerys extracts, transforms, develops and combines a unique range of minerals to provide functionalities that are key to its customers' products and production processes. These specialities have a very wide range of uses and are becoming increasingly common on growing markets.

KEY FINANCIAL DATA EUR MILLION	2017[2]	2018[2]	2019[1]
Simplified income statement			
Revenue	4'299	4'590	4'355
Current operating income	551	562	439
Net income from current operations (group share)	335	357	277
Net income (group share)	368	560	121
Simplified balance sheet			
Shareholders' equity (group share)	2'828	3'217	3'114
Net debt	2'246	1'297	1'685
Debt-equity ratio (%)	78	40	53
Net debt/EBITDA (x)	2.5	1.6	2.2
Market data			
Current net income (EUR/per share)[3]	4.24	4.50	3.50
Dividend (EUR/per share)	2.075	2.150	2.150[4]

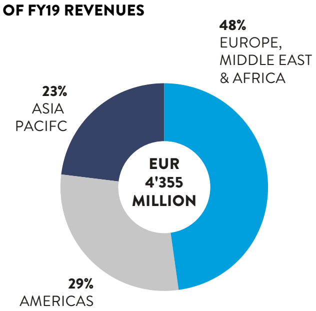
(1) After taking into account IFRS 16.

(2) Financial data exclude the Roofing division in 2017 and 2018.

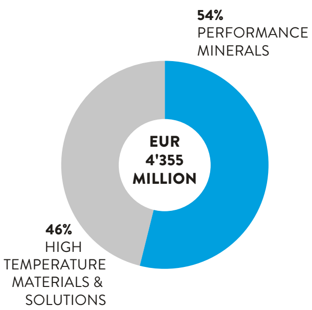
(3) Net income from current operations (group's share) in EUR per share is computed based on the weighted average number of outstanding shares (79'089'697 in 2019, 79'238'417 in 2018 and 79'015'367 in 2017).

(4) Based on information disclosed as of 26 March 2020 9am CET and subject to the approval of the general shareholders' meeting.

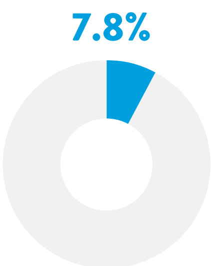
GEOGRAPHIC BREAKDOWN OF FY19 REVENUES



SEGMENT BREAKDOWN OF FY19 REVENUES



IMERYS'S CONTRIBUTION TO THE GROUP'S PORTFOLIO



PERFORMANCE IN 2019

In 2019, revenue fell 3.8% year on year at constant scope and exchange rates. Market conditions, especially in the automotive, industrial equipment and steel markets in Europe, as well as the paper industry in the U.S. in particular, considerably deteriorated throughout the year, causing group sales volumes to decrease by 6.1% (EUR 277.8 million). In this context, Imerys maintained a positive + 2.2% price mix (+EUR 102.7 million).

Revenue also included a positive currency effect of EUR 96.9 million, primarily as a result of the rise of the U.S. dollar to euro exchange rate. The scope effect was negative in 2019, representing EUR 157.3 million (-3.4%), the majority of which (EUR 126.1 million) was due to the deconsolidation of the North American talc subsidiaries after they filed for the protection of the "U.S. Chapter 11" legal procedure on 13 February 2019. The balance (EUR 31.2 million) corresponds to the disposal of non-core assets.

The year-on-year fall in current operating income recognised in 2019 was due to the impact of reduced volumes (EUR 144.5 million), which the positive price mix and savings achieved only partially offset. The positive price mix, which corresponded to EUR 100.3 million, continued to easily cover the EUR 77.8 million rise the group absorbed in variable costs, almost half of which in raw materials, and to a lesser extent, energy and transportation costs.

Net income from current operations, group's share, totalled EUR 276.9 million, down 22.4% on 2018 (down 22.0% before taking into account IFRS 16), but in line with the forecast communicated by the group in October 2019.

The board of directors will propose the shareholders' general meeting of 4 May 2020 to approve the payment of a EUR 2.15 dividend per share, which is level on the dividend paid in 2019 and represents 61% of net income from current operations, group' share.

Subject to approval by the shareholders' general meeting, the board of directors has decided to offer Imerys shareholders the choice between receiving part or all of the dividend payment (i) in cash and/or (ii) in new shares of the company. The price of new ordinary shares issued as payment for the dividend will be set at 95% of the average Imerys share price on the Euronext Paris market over the 20 trading days prior to the Shareholders' General Meeting, minus the amount of the dividend per share. GBL has indicated its intention to opt for a dividend in shares for the totality of its holdings.

MARKET DATA AND INFORMATION ON THE GROUP'S INVESTMENT IN IMERYS	31.12.2017	31.12.2018	31.12.2019
Stock market data			
Market capitalization (EUR million)	6'252	3'337	2'996
Closing share price (EUR/per share)	78.54	41.98	37.68
Pargesa Group's investment			
Percentage of share capital (%)	53.8	53.9	54.0
Percentage of voting rights (%)	67.5	67.7	67.6
Market value of the investment (EUR million) (1)	3'366	1'799	1'617

(1) At the level of GBL.

adidas is the European leader in sports equipment

adidas GROUP

www.adidas-group.com

N° 1

In Europe in sporting goods

23.6

EUR billion in net sales

OVER 1.1

billion sports & sports lifestyle products

OVER 59'000

Employees

PROFILE

adidas is a global leader specialized in the design, development, production and distribution of sporting goods (footwear, clothing and equipment). The group's business is built around two main brands: adidas and Reebok. The group's products are distributed through its own retail stores, online and independent distributors.

KEY FINANCIAL DATA EUR MILLION	2017[2]	2018[1]	2019
Simplified income statement			
Net sales	21'218	21'915	23'640
Operating profit	2'070	2'368	2'660
Net income from continuing operations	1'430[3]	1'709	1'918
Net income (group share)	1'097	1'702	1'976
Simplified balance sheet			
Shareholders' equity (group share)	6'450	6'377	6'796
Net cash/(net debt)	484	959	873
Debt-equity ratio (%)	n.a.	n.a.	n.a.
Market data			
Basic earnings from continuing operations (EUR/per share)	7.05[3]	8.46	9.70
Dividend (EUR/per share)	2.6	3.35	3.85[4]

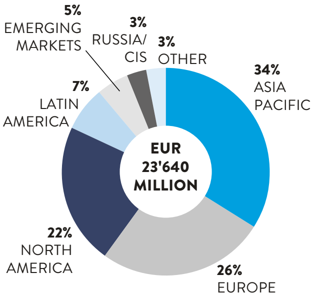
(1) First-time application of IFRS 16 as of 1 January 2019. Prior years figures are not restated

(2) Restated to reflect continuing operations as a result of the divesture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.

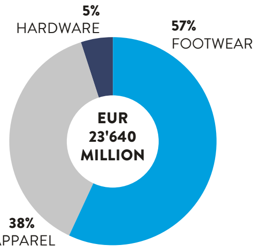
(3) Excluding a negative one-time tax impact.

(4) Based on information disclosed as of 26 March 2020 9am CET and subject to the approval of the general shareholders' meeting.

GEOGRAPHIC BREAKDOWN OF 2019 NET SALES



BREAKDOWN OF 2019 NET SALES PER CATEGORY



ADIDAS'S CONTRIBUTION TO THE GROUP'S PORTFOLIO

19.1%

PERFORMANCE IN 2019

In 2019, adidas delivered another year of robust topline growth with currency-neutral revenues increasing 6%. The company's sales increase was driven by a 7% improvement at brand adidas.

From a market segment perspective, the topline expansion in 2019 was driven by growth in all regions. The combined currency-neutral sales of the adidas and Reebok brands continued to expand at double-digit rates in both Asia Pacific (10%), driven by a 15% increase in Greater China, and Emerging Markets (13%).

The company's gross margin increased 0.2 percentage points to 52%. Lower sourcing costs, positive currency developments as well as better products and channels mix more than offset higher freight costs to mitigate the supply chain shortages and a less favourable pricing mix.

The company's operating profit grew 12% in 2019 to EUR 2'660 million (2018: EUR 2'368 million), EUR 24 million of which was attributable to the first-time application of IFRS 16. Operating margin increased 0.4 percentage points to 11.3% (2018: 10.8%).

Net income from continuing operations increased 12% to EUR 1'918 million in 2019 versus EUR 1'709 million in the prior year. As a result of the company's ongoing share buyback program, basic EPS from continuing operations increased overproportionately at a rate of 15% to EUR 9.70 from EUR 8.46 in 2018.

Net cash at 31 December 2019 amounted to EUR 873 million, compared to net cash of EUR 959 million in 2018, representing a decrease of EUR 86 million compared to the prior year. This development was driven by cash generated from operating activities, which was more than offset by the utilization of cash for the purchase of fixed assets as well as the dividend paid to shareholders and the repurchase of adidas shares.

The Executive and Supervisory Boards will recommend paying a dividend of EUR 3.85 per dividend-entitled share to shareholders. This represents an increase of 15% compared to the prior year dividend.

MARKET DATA AND INFORMATION ON THE GROUP'S INVESTMENT IN ADIDAS	31.12.2017	31.12.2018	31.12.2019
Stock market data			
Market capitalization (EUR million)	34'970	36'556	58'081
Closing share price (EUR/per share)	167.15	182.40	289.80
Pargesa Group's investment			
Percentage of share capital (%)	7.5	7.8	6.8
Percentage of voting rights (%)	7.5	7.8	6.8
Market value of the investment (EUR million) (1)	2'623	2'863	3'951

(1) At the level of GBL.

Pernod Ricard, the world's number two player in Wines & Spirits, holds a leading position globally

www.pernod-ricard.com

N° 2
in Wine & Spirits in the world

86
direct affiliates worldwide

96
production sites

19'000
employees

PROFILE

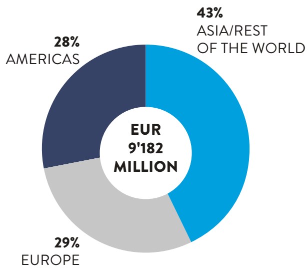
Since its inception in 1975, Pernod Ricard has built up the most premium portfolio in the industry and has become the world's number two player in the Wine & Spirits market through organic growth and acquisitions, including Seagram in 2001, Allied Domecq in 2005 and Vin&Spirit in 2008. This portfolio includes notably 13 strategic international brands, 15 strategic local brands, "specialty" brands and 4 premium wine brands, produced and distributed by the group through its own worldwide distribution network.

KEY FINANCIAL DATA EUR MILLION	30.06.2017	30.06.2018	30.06.2019
Simplified income statement			
Net sales	9'010	8'722[1]	9'182
Profit from recurring operations	2'394	2'358	2'581
Net profit (group share)	1'393	1'577	1'455
Simplified balance sheet			
Shareholders' equity (group share)	13'706	14'797	15'987
Net debt	7'851	6'962	6'620
Debt-equity ratio (%)	57	46	41
Net debt/EBITDA (x)[2]	3.0	2.6	2.3
Market data			
Diluted net earnings from recurring operations (group share) (EUR/per share)	5.58	5.69	6.23
Dividend (EUR/per share)	2.02	2.36	3.12

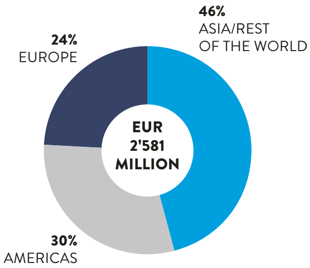
(1) FY18 figures restated for IFRS 15 norm application.

(2) At average rates.

GEOGRAPHIC BREAKDOWN OF FY19 NET SALES



BREAKDOWN OF FY19 PROFIT FROM RECURRING OPERATIONS



PERNOD RICARD'S CONTRIBUTION TO THE GROUP'S PORTFOLIO

15.3%

PERFORMANCE IN 2019

Net sales for 2018/2019 ("FY19") totalled EUR 9'182 million, with very strong organic growth at 6% and continued development of must-win markets: China (+ 21%), India (+20%) and Travel Retail (+6%). Pernod Ricard continued to leverage its premium portfolio: there was strong growth across all key spirits categories.

Profit from recurring operations was EUR 2'581 million with organic growth of 8.7% and 9.5% reported. The operating margin expanded by 74 bps organically (+108 bps on a reported basis mainly due to positive FX of EUR 25 million).

Very strong cash performance continued, with recurring free cash flow reaching EUR 1'477 million, +4% vs. 2017/2018 ("FY18"), but free cash flow decreasing to EUR 1'366 million, -5 % vs. FY18, due to positive one-off items. This resulted in a net financial debt decrease of EUR 342 million to EUR 6'620 million. The leverage ratio was 2.3 as of 30 June 2019, down from 2.6 at 30 June 2018, with increased dividend and dynamic M&A.

Net sales for the first half of 2019/2020 ("H1 FY20") totalled EUR 5'474 million, with organic growth of 2.7% and reported growth of 5.6%. Pernod Ricard delivered solid results in a challenging environment, with broad-based growth:

- diversified growth across Regions, with robust performance of must-win markets USA, India and China, further enhanced by earlier Chinese New Year;
- dynamic performance of strategic international brands;
- continued strong pricing: +2% on strategic brands;
- focus on operational excellence.

MARKET DATA AND INFORMATION ON THE GROUP'S INVESTMENT IN PERNOD RICARD	31.12.2017	31.12.2018	31.12.2019
Stock market data			
Market capitalization (EUR million)	35'022	38'035	42'308
Share price (EUR/per share)	131.95	143.30	159.40
Pargesa Group's investment			
Percentage of share capital (%)	7.5	7.5	7.5
Percentage of voting rights (%)	10.9	11.8	12.0
Market value of investment (EUR million)(1)	2'625	2'851	3'171

(1) At the level of GBL.

GROUP PORTFOLIO

SGS is the world leader in inspection, verification, testing and certification

SGS

www.sgs.com

N° 1

Worldwide leader

OVER 1.1

CHF billion in adjusted operating income

OVER 2'600

Offices and laboratories

OVER 94'000

Employees

PROFILE

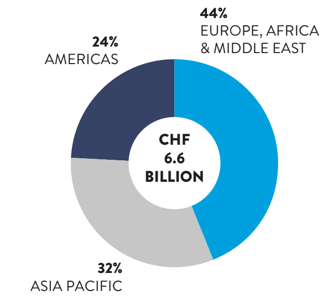
SGS provides tailored inspection, verification, testing and certification solutions to its customers to make their commercial activities faster, simpler and more efficient. Its worldwide network consists of more than 94'000 employees at more than 2'600 offices and laboratories.

KEY FINANCIAL DATA CHF MILLION	2017	2018	2019
Simplified income statement			
Revenue	6'349	6'706	6'600
Adjusted EBITDA[1]	1'247	1'337	1'521
Adjusted operating income[1]	969	1'050	1'063
Net profit (group share)	621	643	660
Simplified balance sheet			
Shareholders' equity (group share)	1'919	1'668	1'514
Net debt	698	772[2]	1'406
Debt-equity ratio (%)	35	44[2]	88
Net Debt/adjusted EBITDA (x)	0.6	0.6	0.9
Market data			
Diluted earnings per share (CHF/per share)	82.27	84.32	87.18
Dividend (CHF/per share)	75.00	78.00	80.00

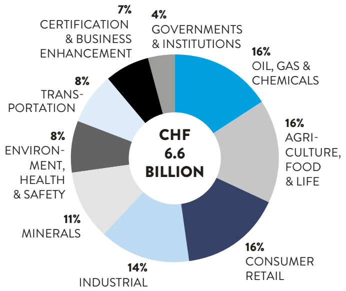
(1) Before amortisation of acquired intangibles and non-recurring items.

(2) With the consideration of the lease liabilities recognised for IFRS 16.

GEOGRAPHICAL BREAKDOWN OF 2019 REVENUE



2019 REVENUE BY ACTIVITY



SGS'S CONTRIBUTION TO THE GROUP'S PORTFOLIO

15%

PERFORMANCE IN 2019

Revenue grew by 1.2% at constant currency to CHF 6.6 billion, with organic growth of 2.6%.

Adjusted operating income increased by 4.6% at constant currency to CHF 1'063 million and the adjusted operating income margin increased by 50 bps to 16.1% at constant currency basis. This margin improvement was driven by increased operating efficiencies, accelerating in H2, due to the launch of the structural optimization program and the disposal of the Petroleum Services Corporation.

A structural optimization plan was implemented at a cost of CHF 73 million. This restructuring is on track to deliver annualized recurring savings of at least CHF 90 million, of which CHF 15 million was realised in 2019.

Effective tax rate for the period increased from 24% last year to 31% primarily due to valuation allowances on deferred tax assets. Going forward, based on the group's geographical footprint, a changing tax environment and IFRIC 23 adoption, SGS would expect a normalized tax rate in the high 20s.

Profit attributable to equity holders reached CHF 660 million for the period, an increase of 2.6% over last year (6.1% at constant currency) driven mainly by the gain on the disposal of Petroleum Services Corporation, partly offset by the costs associated with the structural optimization plan and the effective tax rate increase.

Cash flow from operating activities reached CHF 1'149 million. Operating net working capital as a proportion of revenue decreased from 0.6% last year to 0.3% in 2019. Capital investment was CHF 279 million and the group completed 11 acquisitions for a total cash consideration of CHF 160 million.

Net debt, as of 31 December 2019, amounted to CHF 1'406 million, or CHF 764 million without the consideration of the lease liabilities recognised for IFRS 16.

MARKET DATA AND INFORMATION ON THE GROUP'S INVESTMENT IN SGS	31.12.2017	31.12.2018	31.12.2019
Stock market data			
Market capitalization (CHF million)	19'397	16'871	20'057
Share price (CHF/per share)	2'541	2'210	2'651
Pargesa Group's investment			
Percentage of share capital (%)	16.6	16.6	16.7
Percentage of voting rights (%)	16.6	16.6	16.7
Market value of investment (CHF million)(1)	2'751	2'485	3'094

(1) At the level of GBL.

GROUP PORTFOLIO

LafargeHolcim is the leading global construction materials and solutions company

LafargeHolcim

www.lafargeholcim.com

N° 1

Worlwide in the construction materials sector

400

CHF million SG&A savings programme

OVER 70

Countries where LafargeHolcim is active

OVER 70'000

Employees

PROFILE

LafargeHolcim, the product of the merger between Lafarge and Holcim, made official in July 2015, is the world leader in construction materials. The company offers the most innovative cement, concrete, and aggregates solutions to meet its customers' needs. The group employs over 70'000 people in over 70 countries and has a balanced presence in developing and mature markets.

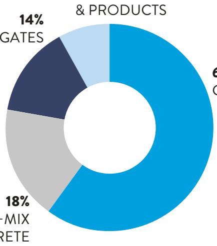
KEY FINANCIAL DATA CHF MILLION	2017	2018	2019
Simplified income statement			
Net sales	27'021[(2)]	27'466	26'722
Recurring EBITDA [(1)]	5'990	6'016	6'153
Operating profit (loss)	(478)	3'312	3'833
Cash flow from operating activities	3'040	2'988	4'825
Simplified balance sheet			
Shareholders' equity (group share)	27'787	26'925	28'566
Net debt[(1)]	14'346	13'518	8'811
Debt-equity ratio (%)	46	45	28
Net financial debt/recurring EBITDA (x)[(1)]	2.4	2.2	1.4
Market data			
Dividend (CHF/per share)	2.00	2.00	2.00[(3)]

(1) Pre-IFRS 16.

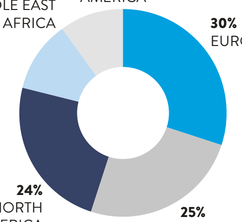
(2) Restated due to change in presentation following the entry into force of IFRS 15.

(3) Based on information disclosed as of 26 March 2020 9am CET and subject to the approval of the general shareholders' meeting.

BREAKDOWN OF 2019 NET SALES BY BRANCH (1)



GEOGRAPHICAL BREAKDOWN OF 2019 NET SALES (1)



(1) BREAKDOWN BASED ON NET SALES EXCLUDING CORPORATE/ELIMINATIONS.

LAFARGEHOLCIM CONTRIBUTION TO THE GROUP'S PORTFOLIO

11.2%

PERFORMANCE IN 2019

Net sales of CHF 26'722 million grew 3.1% on a like-for-like basis compared to the prior year, driven by good growth in Europe and North America, good price dynamics across all business segments and higher prices in most markets.

Recurring EBITDA reached CHF 6'153 million, up 6.5% like-for-like for the full year, driven by good pricing, improvement in efficiency and the CHF 400 million SG&A cost savings program. The recurring EBITDA margin increased from 21.9% in 2018 to 23% in 2019.

Record net income [2] of CHF 2'072 million increased by 32% compared to 2018 (CHF 1'569 million), driven by fewer restructuring costs, lower financial expenses as well as a decrease in the tax rate.

Earnings per share before impairment and divestments were up by 29% accordingly to reach CHF 3.40 for the full year 2019 versus CHF 2.63 for 2018.

The group achieved record-free cash flow generation of CHF 3'047 million (+79%) and a strong improvement in cash conversion reaching 49.5%, well above the target of 40%, as defined in Strategy 2022 - "Building for Growth". This achievement reflects reduced cash paid for tax, financial and restructuring costs as well as improved net working capital.

Net financial debt was substantially reduced by CHF 4.7 billion (-35%) to CHF 8.8 billion at year-end 2019, reflecting the strong free cash flow and the positive impact following the sale of Indonesia and Malaysia. This resulted in a significant deleveraging with a ratio of net financial debt to recurring EBITDA of 1.4x (2.2x in 2018).

Return on invested capital[2] (ROIC) was a strong 7.6% for 2019, close to the 2022 target of above 8% and compared to 6.5% in the previous year. ROIC is now above cost of capital thanks to higher profitability, lower tax rates and disciplined capex.

For the 2019 financial year, the Board of Directors is proposing a cash dividend of CHF 2.00 per registered share, subject to approval by the shareholders at the Annual General Meeting on 12 May 2020. The dividend will be fully paid out of the foreign capital contribution reserve and is not subject to Swiss withholding tax.

MARKET DATA AND INFORMATION ON THE GROUP'S INVESTMENT IN LAFARGEHOLCIM	31.12.2017	31.12.2018	31.12.2019
Stock market data			
Market capitalization (CHF million)	33'350	24'580	33'075
Share price (CHF/per share)	54.95	40.50	53.70
Pargesa Group's investment			
Percentage of share capital (%)	9.4	9.4	7.6
Percentage of voting rights (%)	9.4	9.4	7.6
Market value of investment (EUR million)[3]	2'693	2'051	2'308

(2) Pre-IFRS 16, before impairment & divestments, group's share.

(3) At the level of GBL.

GROUP PORTFOLIO

Umicore is a leader in materials technology and recycling of precious metals

www.umicore.com

211
EUR million
of R&D expenditure

OVER 20
Countries where
Umicore is present

OVER 50
Industrial sites

OVER 11'100
Employees

PROFILE

Umicore is a global group specialized in materials technology and the recycling of precious metals.

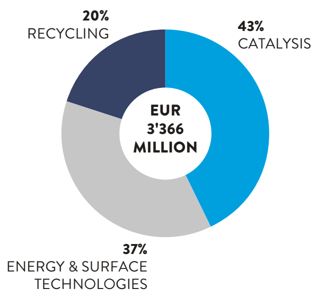
Its activity is focused on application fields, where its expertise in materials science, chemistry and metallurgy is widely recognised. Its activities are organized in three business groups: Catalysis, Energy & Surface Technologies, and Recycling.

KEY FINANCIAL DATA EUR MILLION	2017	2018	2019
Simplified income statement			
Revenue (excluding metal)	2'916	3'271	3'361
Recurring EBITDA	599	720	753
Recurring EBIT	410	514	509
Recurring net profit (group share)	267	326	312
Simplified balance sheet			
Shareholders' equity (group share)	1'803	2'609	2'593
Net debt	840	861	1'443
Debt-equity ratio (%) (1)	31	24	35
Net debt/EBITDA (x)	1.4	1.2	1.9
Market data			
Current earnings per share (EUR/per share)	1.22	1.36	1.30
Dividend (EUR/per share)	0.70	0.75	0.375(2)

(1) Computed as the ratio between the net financial debt and the sum of the net financial debt and total equity.

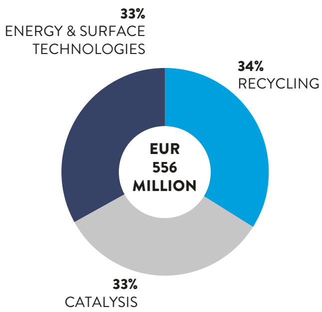
(2) Based on information disclosed as of 26 March 2020 9am CET and subject to the approval of the general shareholders' meeting.

SEGMENT SPLIT OF 2019 REVENUES EXCLUDING METALS (1)



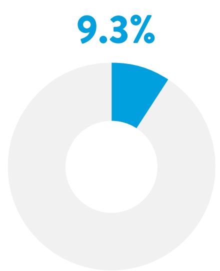
(1) CORPORATE NOT INCLUDED.

SEGMENT SPLIT OF 2019 RECURRING EBIT (1)



(1) CORPORATE NOT INCLUDED.

UMICORE'S CONTRIBUTION TO THE GROUP'S PORTFOLIO



PERFORMANCE IN 2019

- Revenues of EUR 3.4 billion (+3%);
- Recurring EBITDA of EUR 753 million (+5%);
- Recurring EBIT of EUR 509 million (-1%);
- ROCE of 12.6% (compared to 15.4% in 2018, reflecting the impact of growth investments);
- Recurring net profit (group's share) of EUR 312 million (-5%) and recurring EPS of EUR 1.30 (-5%);
- Higher cash flow from operations of EUR 549 million (EUR 92 million in 2018), including a EUR 78 million increase in working capital requirements from higher PGM prices; free cash flow from operations of EUR -39 million (EUR -406 million in 2018);
- Capital expenditures of EUR 553 million (EUR 478 million in 2018);
- Net financial debt at EUR 1'443 million, up from EUR 861 million, mainly due to growth investments and including the EUR 188 million cash out relating to the acquisition of the cobalt refinery and cathode precursor activities in Kokkola, Finland. This corresponds to a net financial debt/recurring EBITDA ratio of 1.9x;

Umicore posted a strong performance in 2019 against a backdrop of persisting headwinds in key markets, in particular the automotive sector. Revenues for the full year grew by 3% to EUR 3.4 billion and recurring EBITDA increased 5% to EUR 753 million, while recurring EBIT was EUR 509 million, close to the record levels of 2018. After a somewhat softer first half performance, revenues and recurring EBIT in the second half posted strong sequential growth and were up 6% and 12% respectively.

MARKET DATA AND INFORMATION ON THE GROUP'S INVESTMENT IN UMICORE	31.12.2017	31.12.2018	31.12.2019
Stock market data			
Market capitalization (EUR million)	8'838	8'590	10'684
Share price (EUR/per share)	39.46	34.86	43.36
Pargesa Group's investment			
Percentage of share capital (%)	17.0	17.7	18.0
Percentage of voting rights (%)	17.0	17.7	18.0
Market value of investment (EUR million)(1)	1'503	1'520	1'922

(1) At the level of GBL.

GROUP PORTFOLIO

Total is an integrated global oil and gas group with a presence in chemicals

TOTAL

www.total.com

N° 4

International major

130

Countries where Total is active

3'014

Kboe/d of hydrocarbon production

100'000

Employees

PROFIL

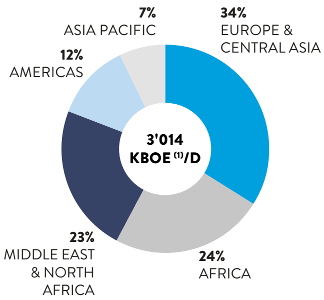
Total is one of the leading global oil and gas groups. The group operates in more than 130 countries and covers every oil industry segment, from Upstream to Downstream. Total is also a major player in chemicals and is committed to the development of renewable energy.

KEY FINANCIAL DATA USD MILLION	2017	2018	2019
Simplified income statement			
Sales	171'493	209'363	200'316
Adjusted net operating income from business segments	11'936	15'997	14'554
Adjusted net income (group share)	10'578	13'559	11'828
Net income (group share)	8'631	11'446	11'267
Simplified balance sheet			
Shareholders' equity (group share)	111'556	115'640	116'778
Net debt	15'424	21'657	31'124
Debt-equity ratio (%)(1)	12	15	21
Market data			
Adjusted fully-diluted net income (EUR/per share)	3.65	4.27	3.92
Dividend (EUR/per share)	2.48	2.56	2.68(2)

(1) Computed as the ratio between financial debt and the sum of the net financial debt and total equity.

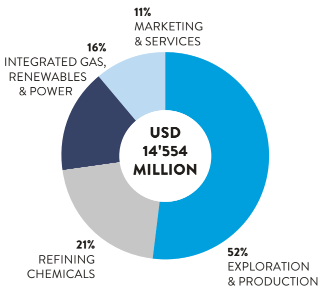
(2) Based on information disclosed as of 26 March 2020 9am CET and subject to the approval of the general shareholders' meeting.

HYDROCARBON PRODUCTION BY GEOGRAPHIC AREA

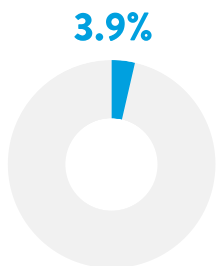


(1) BOE = BARREL OF OIL EQUIVALENT.

ADJUSTED NET OPERATING INCOME FROM BUSINESS SEGMENTS



TOTAL'S CONTRIBUTION TO THE GROUP'S PORTFOLIO



PERFORMANCE IN 2019

In 2019, the group reported solid adjusted net income of USD 11.8 billion, a decrease of 13%, and a return on equity above 10%. The group generated cash flow for the year of USD 28.5 billion, strong growth of USD 2.4 billion compared to 2018, thanks to a positive contribution from all segments. This performance was achieved despite the drop in oil prices of 10% and European gas prices of 38%, or a price environment down on average by about 20%.

The Exploration & Production segment increased cash flow to USD 18.0 billion, despite the deterioration of the environment. The integrated gas, renewables & power segment, with an increase in LNG sales by nearly 60%, generated cash flow of USD 3.7 billion, i.e. an increase by 80%.

The Downstream contributed stable cash flow of USD 6.6 billion, notably thanks to its non-cyclical activities and despite a decrease in refining and petrochemical margins on the order of 10%.

Net investments rose to USD 17.4 billion and reflect in particular the strategy to strengthen LNG and deep offshore, as shown by the acquisition of Mozambique LNG and the launching of Arctic LNG 2 in Russia and Mero 2 in Brazil.

Total maintains a solid financial position with gearing of 16.7% excluding capitalised leases (20.7% including). Including the interim dividends, the full-year 2019 dividend increased by 5% to EUR 2.68 per share. Finally, the group bought back USD 1.75 billion of its shares in 2019 and projects USD 2 billion of share buybacks in 2020 in a USD 60/b environment.

GBL has finalized its exit from the Total group through forward sales executed in March and April 2019 and having matured in January 2020.

MARKET DATA AND INFORMATION ON THE GROUP'S INVESTMENT IN TOTAL	31.12.2017	31.12.2018	31.12.2019
Stock market data			
Market capitalization (EUR million)	116'447	121'943	128'013
Share price (EUR/per share)	46.05	46.18	49.20
Pargesa Group's investment(2)			
Percentage of share capital (%)	0.6	0.6	0.6
Percentage of voting rights (%)	1.2	1.2	1.2
Market value of investment (EUR million)(2)	746	748	798

(2) The percentage of ownership and voting rights, as well as the stake value of the investment do not take into account yet the forward sales of Total shares which matured in January 2020.

GEA is one of the largest suppliers of process technology for the food industry

www.gea.com

N°1 or N°2
for 2/3 of their business

32%
of sales from service business

OVER 70%
Of sales from food and beverages end-markets

OVER 18'500
Employees worldwide

PROFILE

GEA is a world leader in the supply of equipment and project management for a wide range of processing industries. Its technology focuses on components and production processes for various markets, particularly in the Food & Beverage sectors. The company employs about 18'500 people worldwide.

KEY FINANCIAL DATA EUR MILLION	2017	2018	2019
Simplified income statement			
Revenue	4'605	4'828	4'880
EBITDA before restructuring measures (1)	n.a.	539	479
EBIT before restructuring measures (1)	n.a.	309	271
Consolidated profit(2)	243	113	(171)
Simplified balance sheet			
Shareholders' equity (group share)	2'502	2'449	2'090
(Net debt)/net cash	6	(72)	28
Debt equity ratio (%)	n.a.	3	n.a.
Market data			
Earnings(EUR/per share)(2)	1.30	0.63	(0.95)(3)
Dividend (EUR/per share)	0.85	0.85	0.85(4)

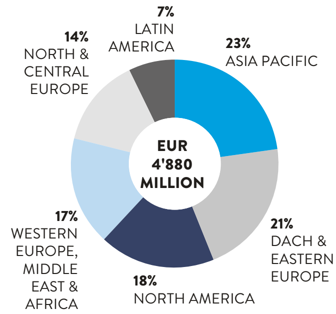
(1) Pro forma figures for 2018 including IFRS 16 effects from 2019.

(2) First half of 2019 includes interest income of EUR 32.7 million due to adjustment of the interest calculation method used to measure provisions for long-term liabilities.

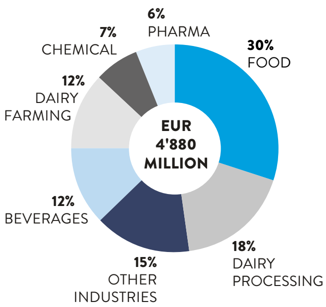
(3) Earnings per share computed based on the weighted average number of shares outstanding (180.5 million shares at year-end 2019).

(4) Based on information disclosed as of 26 March 2020 9am CET and subject to the approval of the general shareholders' meeting.

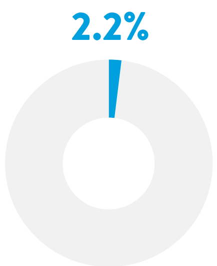
REVENUE SPLIT BY GEOGRAPHY



REVENUE SPLIT BY END MARKETS



GEA'S CONTRIBUTION TO THE GROUP'S PORTFOLIO



PERFORMANCE IN 2019

Revenue and order intake rose during the reporting period, in spite of weakened overall economic conditions for mechanical engineering. Compared with the previous year, order intake rose lightly by 0.3% to EUR 4'931 million. These orders include 17 major orders, primarily from the dairy and beverage industries (13 significant projects in 2018). Revenue rose by 1.1% to EUR 4'880 million. A large portion of this growth is attributable to the service business, which increased by a currency-adjusted 4.7%, amounting to 32% of the group's revenue on the reporting date.

EBITDA before restructuring expense dropped by 11.1% to EUR 479 million, however was at the upper end of the originally forecast and confirmed target corridor of EUR 450 million to 490 million.

Return on capital employed (ROCE) in fiscal year 2019 amounted to 10.6%. A major contributor to this was the reduction in working capital, which GEA reduced by more than EUR 75 million.

The strong free cash flow of EUR 342 million meant that the group's net financial position was improved by about EUR 100 million. At the end of 2019, GEA therefore had a net liquidity of EUR 28 million.

GEA was able to implement various restructuring measures in 2019 more quickly than anticipated. The required expense of EUR 47 million originally planned for 2020 was therefore brought forward to the end of 2019. Compared to the originally assumed amount of up to EUR 55 million, the expense for restructuring measures in 2019 amounted to a total of EUR 105 million. In addition to the restructuring expense brought forward, the goodwill impairment of GEA's Italian subsidiary Pavan, which did not have a cash effect, had a strong influence on consolidated profit.

Consolidated profit for the year amounted to EUR -171 million (EUR 113 million in previous year), almost all of which was again attributable to GEA Group Aktiengesellschaft shareholders in 2019. Since the average number of shares was unchanged year on year, this corresponds to earnings per share of EUR -0.95 (EUR 0.63 in previous year).

MARKET DATA AND INFORMATION ON THE GROUP'S INVESTMENT IN GEA	31.12.2017	31.12.2018	31.12.2019
Stock market data			
Market capitalization (EUR million)	7'702	4'061	5'321
Share price (EUR/per share)	40.01	22.50	29.48
Pargesa Group's investment			
Percentage of share capital (%)	4.3	8.5	8.5
Percentage of voting rights (%)	4.3	8.5	8.5
Market value of investment (EUR million)(1)	328	346	453

(1) At the level of GBL.

GROUP PORTFOLIO

Ontex is a leading international personal hygiene solutions provider

www.ontex.com

9
R&D centers

18
Production sites

OVER 30
brands

OVER 10'000
Employees

PROFILE

Ontex is a growing group specialized in hygienic products for baby, adult and feminine care. Ontex products are distributed in more than 110 countries under the company's own brands and retailer brands. The main sales channels are retail trade, medical institutions and pharmacies.

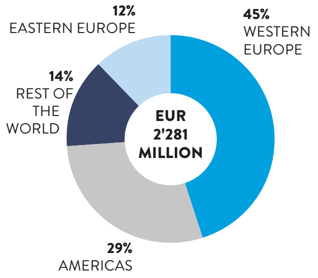
KEY FINANCIAL DATA EUR MILLION	2017	2018[(1)]	2019[(1)]
Simplified income statement			
Revenue	2'335[(2)]	2'292	2'281
Adjusted EBITDA	266	264	245
Adjusted EBIT	131	108	86
Profit/(loss)	128	97	37
Simplified balance sheet			
Shareholders' equity (group share)	1'178	1'184	1'198
Net debt	744	908	861
Debt-equity ratio (%)	63	77	72
Net debt/adjusted EBITDA (x)	2.8	3.4	3.5
Market data			
Adjusted EPS (EUR/per share)	1.65	1.33	1.07
Dividend (EUR/per share)	0.60	0.41	0.16[(3)]

(1) Including impact of IFRS 16.

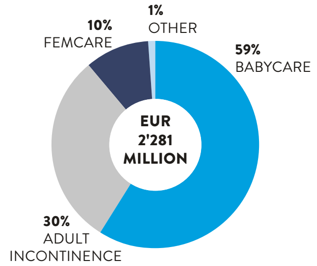
(2) Restated due to change in presentation following the entry into force of IFRS 15.

(3) Based on information disclosed as of 26 March 2020 9am CET and subject to the approval of the general shareholders' meeting.

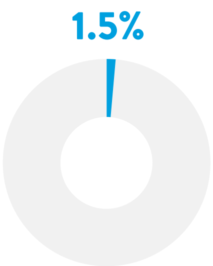
GEOGRAPHIC BREAKDOWN OF 2019 REPORTED REVENUE



BREAKDOWN OF 2019 REPORTED REVENUE PER CATEGORY



ONTEX'S CONTRIBUTION TO THE GROUP'S PORTFOLIO



PERFORMANCE IN 2019

Ontex reported total revenues of EUR 2'281 million, down by 1.0% on a like-for-like basis vs. 2018. The positive price/mix in all categories and divisions largely offset lower volumes.

In terms of categories:

- revenue in the Babycare category decreased by 0.9% in 2019, explained by lower volumes of retailer brands in Europe;
- Adult incontinence revenue was slightly up in 2019 versus a year ago (+0.1%);
- Feminine Care ("Femcare") category revenue was down by 5.0% in 2019 after a strong 2018, albeit with better trends in the second half of the year.

2019 adjusted EBITDA amounted to EUR 245 million (EUR 261 million at constant currencies), with acceleration in Q4, reflecting initial benefits of Transform to Grow ("T2G") program and raw material indices starting to ease. The adjusted EBITDA margin at constant currencies is stable at 11.5% (10.7% reported).

Adjusted EPS landed at EUR 1.07 vs. EUR 1.33 in 2018 mainly due to negative currency impacts.

Free cash flow (post tax) improved by a very strong +50.5% or EUR 36.8 million in 2019 to EUR 109.7 million, net of EUR 29.9 million in T2G-specific cash outflows (for one-off expenses and capital expenditures). Improved management of the working capital was the main driver for the strong cash generation.

Debt leverage was 3.5x at 31 December 2019, lower than the 3.7x reported at 30 June 2019 and only marginally higher than one year ago (pro forma for IFRS 16).

The gross dividend is proposed at EUR 0.16 per share, in line with Ontex's policy to pay out 35% of net profit.

The T2G program is on track to significantly step up competitiveness and profitability with more than 55% of the initiatives well underway.

MARKET DATA AND INFORMATION ON THE GROUP'S INVESTMENT IN ONTEX	31.12.2017	31.12.2018	31.12.2019
Stock market data			
Market capitalization (EUR million)	2'271	1'474	1'544
Share price (EUR/per share)	27.58	17.90	18.75
Pargesa Group's investment			
Percentage of share capital (%)	20.0	20.0	20.0
Percentage of voting rights (%)	20.0	20.0	20.0
Market value of investment (EUR million)[1]	454	295	309

[1] At the level of GBL.

Webhelp is the European leader in the CRM – BPO space

Webhelp

www.webhelp.com

N° 1

In Europe

Knowledge in

OVER 40

Languages

OVER 35

Countries covered in the world

OVER 50'000

Employees

PROFIL

Webhelp is a global business process outsourcer (BPO), specializing in customer experience, sales and marketing services and payment services. Services are delivered across all channels including voice, social media and digital channels.

From more than 150 sites in 36 countries with an approximately 50'000-strong team, Webhelp's focus is on engineering performance improvements and delivering a lasting transformation in its clients' operating models to further enhance customer experience and drive efficiency gains.

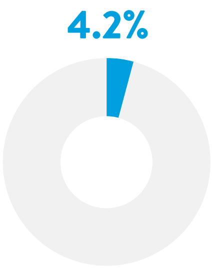
RECENT DEVELOPMENTS / KEY HIGHLIGHTS

Webhelp has generated 2019 pro forma revenues of EUR 1'456 million, up 6.6% compared to 2018.

This growth was mainly driven by:

- organic growth of 6.2% stemming from new client wins and the continued development of existing clients in key verticals (tech, e-commerce) and geographies (UK, France and The Netherlands);
- the growth of services rendered to international clients, and in particular large international digital firms that are served in an increasing number of geographies;
- the development of Webhelp regional hubs: multilingual platforms in Europe and in Asia and the opening in Jordan to serve the Middle East market;
- the acquisition as of 4 October 2019 of Pitech, a BPO player, founded and headquartered in Romania, focused on software development outsourcing.

WEBHELP'S CONTRIBUTION TO THE GROUP'S PORTFOLIO



INVESTMENT CASE

Webhelp operates in an attractive industry:

- long-term growth in customer engagement driven by a combination of overall volume growth as a result of the ongoing development of e-commerce and digital services, and increased penetration of outsourcing due to technology and scale requirements as well as the increasing complexity of the service (multichannel, etc.);
- high degree of fragmentation providing scope for further consolidation for scaled and international leaders. Webhelp is a European leader with a comprehensive product offering and affirmed strategy:

Webhelp is a European leader with a comprehensive product offering and affirmed strategy:

- strong market position in Europe, with potential for further international expansion;
- leadership position supported by a high-quality and well-diversified portfolio of client relationships, a strong and differentiated delivery platform and best in class capabilities and expertise (analytics, consulting, etc);
- robust management team, led by talented co-founders Olivier Duha and Frédéric Jousset;
- solid track record with a demonstrated success story of profitable growth creating a European champion over the past 20 years;
- unique entrepreneurial culture with a highly coordinated decentralized organization (structured by regions and activities);
- multiple opportunities for further growth in a still largely fragmented market and development in existing business, as well as in new services and geographies;
- shared strategic vision and ambition with the management and the co-founders.

GROUP PORTFOLIO

Parques Reunidos is a leading operator of leisure parks with a global presence

www.parquesreunidos.com

N° 2

European operator of leisure parks

OVER 10

Countries where Parques Reunidos is active

OVER 20

million visitors

OVER 60

parks

PROFILE

Since its inception in 1967 as a small-sized Spanish operator, Parques Reunidos has become one of the leading operators of leisure parks, through organic growth and multiple acquisitions, including Bobbejaanland (Belgium, 2004), Mirabilandia (Italy, 2006), Warner (Spain, 2007), Palace Entertainment (USA, 2007) and Tropical Island (Germany, 2018).

The company operates amusement, animal and water parks with a portfolio of regional and local parks, which have strong local brands.

KEY FINANCIAL DATA[1] EUR MILLION	30.09.2018	30.09.2019
Simplified income statement		
Revenue	514	596
Recurring EBITDA	179	201
Net income (group share)	43	(73)
Simplified balance sheet		
Shareholders' equity (group share)	1'055	968
Net debt[2]	584	865
Debt-equity ratio (%)	55	89

(1) Data for the first 9 months of the year.

(2) Defined as long-term and short-term borrowings with credit institutions less cash and other cash equivalents.

PARQUES REUNIDOS'S CONTRIBUTION TO THE GROUP'S PORTFOLIO

PERFORMANCE IN 2019

On 26 April 2019, EQT, Corporación Financiera Alba and GBL announced their intention to launch a take-private offer at EUR 14.0 per share. The offer represented a 29% premium vs. the undisturbed share price of EUR 10.8.

The CNMV (Spanish regulatory body) authorized the transaction on 24 July 2019 and the Board of Directors of Parques Reunidos issued a favorable opinion report on the transaction on 31 July 2019. The company was delisted in December 2019.

Parques Reunidos published 9M YTD 2019 revenue of EUR 596 million, up 15.9% compared to 9M YTD 2018. This growth was mainly driven by:

- the acquisition of the German park Tropical Islands announced in 2018 and finalized in 2019;
- organic growth achieved during the summer season, which in turn has been driven by an increase in both visitors and spend per visitor.

The operating profit has been negatively affected by an increase in non-recurring expenses (mainly due to the termination of indoor entertainment centers) and impairment of goodwill.

Under the new corporate structure, the main initiatives for 2020 include:

- focus on profitable growth and value creation for shareholders:
  - organic growth improvement of current portfolio;
  - expansion capex into second-gate parks;
  - active search for M&A opportunities;
- design and implementation of a long-term strategic plan aimed at improving the customer experience and the organization's efficiency.

In addition, as a result of the reorganization, Parques is expected to book a significant impairment for FY 2019, mostly related to some European parks.

MARKET DATA AND INFORMATION ON THE GROUP'S INVESTMENT IN PARQUES REUNIDOS	31.12.2017	31.12.2018	31.12.2019
Stock market data			
Market capitalization (EUR million)	1'199	872	n.a.
Share price (EUR/per share)	14.85	10.80	n.a.
Pargesa Group's investment			
Percentage of share capital (%)	21.2	21.2	23.0
Percentage of voting rights (%)	21.2	21.2	23.0
Value of investment (EUR million)(1)	254	185	235

(1) At the level of GBL.

Sienna Capital, a subsidiary of GBL, pursues the development of the Group's portfolio of alternative investments

SIENNA CAPITAL

www.sienna-capital.com

PROFILE

Sienna Capital aims at generating superior risk-adjusted returns by building a select portfolio of investment managers delivering a strong performance in their area of expertise (e.g. private equity, debt and specific thematic funds) as well as opportunistic direct investments and co-investments with managers on the Sienna Capital platform and first-in-class external managers.

Sienna Capital is an active and involved partner with the managers it selects. It supports them by helping to fundraise, attract talents and source investment opportunities as well as by providing advice on sound governance and best practices.

Sienna Capital offers a differentiated proposition to investment managers deploying long-term capital enabling to secure both attractive financial terms and play a role as an active, value-added partner.

Its development and diversification strategy consists of anchoring the launch of successive funds, as well as examining opportunities for direct commitments into additional investment managers providing exposure to new strategies and geographies. Sienna Capital is also actively seeking additional opportunities for direct investments and co-investments.

Sienna Capital generates revenue via capital gains, interest income, dividends and fees earned through revenue-sharing agreements.

PERFORMANCE OF SIENNA CAPITAL IN 2019
EUR MILLION

	9 INVESTMENT MANAGERS									DIRECT INVESTMENT/ CO-INVESTMENTS				TOTAL
	Ergon Capital Partners	**Sagard**	**Kartesia** Advisor	**Mérieux** Dévelop-pement	**Prime-stone**	**BDT** Capital Partners	**Backed**	**Marcho Partners**	**Carlyle** Interna-tional Energy Partners II	**Upfield**	**Pollen**	**Cepsa**	**Opseo**	
New commitment	-	-	-	-	-	-	50	150	49	-	9	100	45	**403**
Capital invested	51	39	26	6	-	35	16	150	-	-	9	88	38	**459**[(1)]
Distribution	185	-	46	9	0	6	-	-	-	-	-	-	-	**247**

(1) Difference between the capital invested for an amount of EUR 459 million and the investments in Sienna Capital as mentioned in the economic presentation of the financial position for an amount of EUR 465 million corresponding to the financing needs of the Sienna Capital entity.

2019 has been an active year for Sienna Capital with new commitments totalling EUR 403 million, additional invested capital of EUR 459 million and divestments of EUR 247 million, primarily from ECP III (EUR 185 million) and Kartesia (EUR 46 million), bringing the value creation to EUR 252 million.

In 2019, Sienna Capital's contribution to GBL's cash earnings amounted to EUR 11.9 million, the full amount being interest paid.

SIENNA CAPITAL'S PORTFOLIO AS AT 31 DECEMBER 2019

ERGON CAPITAL PARTNERS

Created in 2005, Ergon Capital Partners ("ECP") is a private equity fund operating in the mid-market segment. It makes equity investments from EUR 25 million up to EUR 75 million in leading companies with a sustainable competitive position in attractive niche markets located in the Benelux, Italy, Iberia, France, Germany and Switzerland.

In 2019, Ergon closed ECP IV, a EUR 581 million fund; the fund has already called capital for EUR 119 million to partially finance three acquisitions.

In 2019, ECP III completed the sales of Looping Group and opseo, distributing proceeds of EUR 185 million to Sienna Capital.

SAGARD

Created in 2002 on the initiative of Power Corporation of Canada, Sagard invests in companies valued at more than EUR 100 million that are leaders in their markets, primarily in French-speaking European countries. Sagard enables entrepreneurs to sustainably expand into new geographies or new markets.

In 2019, Sagard 3 called capital amounting to EUR 143 million, most notably for the acquisitions of a stake in Sabena Technics and the Sterimed Group.

KARTESIA ADVISOR

Kartesia offers liquidity and credit solutions to mid-sized European companies, while providing a higher stable return to its investors. More generally, Kartesia wishes to facilitate the participation of institutional investors and major individual investors in the European LBO debt market, by offering them exposure to highly rated, resilient and diversified credit through primary, secondary or rescue financing operations carried out with duly selected mid-sized companies. Kartesia had its final closing for its third and fourth fund.

Kartesia distributed EUR 46 million to Sienna Capital, thereof EUR 33 million from KCO III and EUR 13 million from KCO IV, and called capital from Sienna Capital for investments of KCO IV of EUR 26 million.

MERIEUX EQUITY PARTNERS

Mérieux Equity Partners is an AIFM management company owned by Mérieux Développement, an Affiliate of Institut Mérieux, and by the management team and it is dedicated to venture capital and growth equity investments within the healthcare and nutrition sectors. The companies in its portfolio benefit from privileged access to the industrial, commercial and scientific networks of Institut Mérieux's subsidiaries in France and worldwide in compliance with the regulatory authorities. Institut Mérieux is an establishment industrial holding with global network in the healthcare and nutrition sectors, it employs 15'000 people worldwide and generated revenues representing circa in excess of EUR 3 billion in 2018.

In 2019, Mérieux Participations 2 called capital totalling EUR 14 million for follow-on investments. Furthermore, Sienna Capital sold part of its stake in Mérieux Participations 2 to a third party limited partner, decreasing its stake from 37.8% to 34.3%.

PrimeStone

PrimeStone was established in 2014 by three former partners from The Carlyle Group, specialising in buy-outs, and who have worked and invested together across Europe for more than 20 years. PrimeStone has a strategy of constructive and active management in mid-sized, listed, European companies that have significant value creation potential through strategic, operational or financial improvement.

PrimeStone creates value by taking a long-term perspective, adopting an active approach and having a significant influence over its underlying investments through a constructive.

The portfolio's organic growth at constant currency was about 30%, with the fund's largest investments, JSG and Spirent, performing well in 2019.

BDT CAPITAL PARTNERS

Founded in 2009 by Byron Trott, BDT Capital Partners and its affiliates have offices in Chicago, New York, Los Angeles, London, and Frankfurt and provide solutions-based advice and capital to leading family and founder-led businesses around the world. BDT Capital Partners successfully raised USD 3 billion over 2 fundraisings in 2010 and 2012, and then a second fund in 2014, BDT Capital Partners Fund 2 ("BDTCP 2"), amounting to USD 5.2 billion. In 2015, BDTCP 2 was reopened to new investors, in order to raise USD 1 billion of new capital. In 2019 BDT launched BDTCP Fund 3. In 2018, BDTCP II completed 4 major transactions totalling USD 901 million.

In 2019, BDTCP 2 called capital amounting to USD 38 million for the acquisitions of a stake in Whataburger, Lew's, Cognita, Commercial Credit, Inc. and the Schaeffler Group. BDTCP 2 sold its 45% stake of Truck-Lite to Genstar Capital, an investment BDT Fund 2 has held since 2015.

BACKED

Backed LLP is a venture capital fund manager and has a unique investment proposition. The investment team of millennials is targeting investments in companies founded by millennial entrepreneurs who create products and offer services for millennials. Backed LLP currently manages three funds, with Backed 1 LP and Backed 2 LP investing in seed/series A deals whilst the Backed Encore 1 LP fund invests in follow-on rounds in more established companies already invested in via Backed 1 LP and/or Backed 2 LP.

Backed 1 LP is now almost fully invested. Further, Backed LLP launched Backed 2 LP following the same strategy as Backed 1 LP, and a second fund, Backed Encore 1 LP, which will focus on follow-on investments in later rounds of financing with a particular focus on the current portfolio.

Upfield™

Upfield is a global leader in plant-based nutrition with more than 100 brands, including Becel, Flora, Country Crock, Blue Band, I Can't Believe It's Not Butter, Rama and ProActiv. The company operates in 69 markets around the globe, holding the number 1 brand positions in 49 countries. Upfield's six business units cover Northwest Europe, Southwest Europe, Central/Eastern Europe, North America, Middle/Latin America and Asia/Africa. The company employs more than 3'500 Associates.

In 2019, Upfield continued to perform in-line with our expectations with encouraging sales growth in markets such as the U.S. and Indonesia. Upfield also purchased Arivia S.A., a leading producer of plant-based cheese.

MARCHO PARTNERS

Marcho Partners is a technology focused investment firm that targets companies outside the US and China. Launched in 2019, by a Silicon Valley entrepreneur with almost 20 years of investing experience, the fund takes both long and short positions on public technology equities over 2- to 5-year time horizons. Marcho Partners believes that technology companies in the "Rest of World" (non-US / non-China) has the potential to be the fastest growing part of the global public equity market over the next decade.

Marcho Partners launched its first fund in 2019 with a commitment by Sienna Capital of EUR 150 million. Over the first five and a half months, Marcho deployed capital with a gross exposure in the range of 120-160%.

pollen

Pollen was founded by two serial entrepreneurs and is an international online marketplace with a unique membership model and a vast portfolio of travel, music, sports and other live experiences across North America and Europe. The market place has over 35'000 active members globally, and is deemed to be the world leader in word-of-mouth sales and marketing. Pollen's members bring their friends to the best experiences and share rewards such as free tickets, backstage passes, meet and greets, and queue jumps.

In 2019, Pollen successfully closed a USD 60 million series B funding round. The latest fundraising round saw commitments of more than USD 42 million in primary and USD 17 million in convertible notes.

CEPSA is a privately owned Spanish, fully integrated energy company. The company operates in many European countries (headquartered and mainly operated in Spain) as well as globally. CEPSA is involved in activities across the full supply chain of energy production, from exploration and production to refining and selling the product through their petrol stations. The investment is one of The Carlyle Group's largest buyouts and is invested across multiple funds.

In October 2019, the acquisition of a 37% stake in CEPSA from Mubadala Investment Company was completed; Sienna Capital has exposure to this transaction through its commitment to CEPSA directly and indirectly through CIEP II.

Carlyle International Energy Partners II

Carlyle International Energy Partners ("CIEP") is part of Carlyle's Energy & Natural Resources group, which has USD 27 billion under management and 96 active portfolio companies across the globe. CIEP II is headed by Marcel Van Poecke, a distinguished and successful energy entrepreneur and investor, and has 18 dedicated investment professionals with 200+ years of combined experience. The primary aim of the fund is to invest in energy assets outside of North America (USA and Canada) at attractive entry multiples.

CIEP II is currently fundraising and have accepted total commitments of USD 1.8 billion as of 31 December 2019.

opseo is a leading German ambulant care provider offering intensive care services to more than 850 patients across Germany, both in individual one-to-one settings (34%) and in care communities (66%), operating at best-in-class quality standards. The Company consolidates the highly attractive German outpatient intensive care market.

In 2019, Sienna Capital invested EUR 38 million in Ergon opseo LTVF.

SIENNA CAPITAL'S CONTRIBUTION TO THE GROUP'S PORTFOLIO

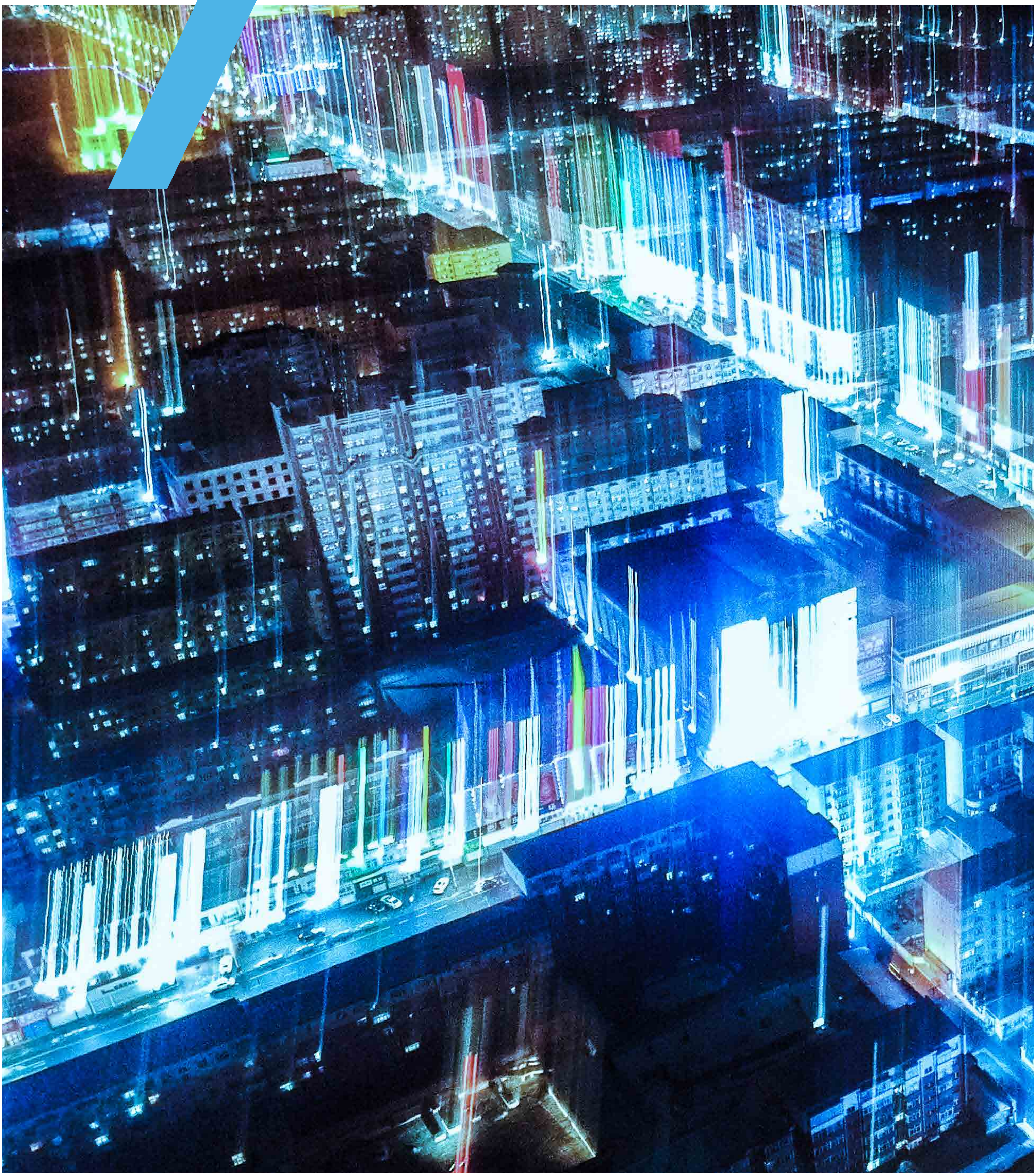
8.6%

SIENNA CAPITAL'S KEY FINANCIAL DATA[1]

FUND/YEAR INITIAL INVESTMENT EUR MILLION	COMMITMENTS	INVESTED CAPITAL	DISTRIBUTION RECEIVED TO DATE	SHAREHOLDING VALUE	IN % OF TOTAL
Ergon Capital Partners 2005	863	672	778	287	16
Sagard 2002	385	302	286	237	13
Kartesia 2013	300	237	122	221	12
Mérieux Développement 2014	75	61	10	59	3
PrimeStone 2015	150	150	-	199	11
BDT Capital Partners 2015	97	95	9	117	7
Backed 2017	75	36	-	47	3
Marcho Patners 2019	150	150	-	155	9
Carlyle International Energy Partners II 2019	49	-	-	(1)	-
Upfield 2018	250	250	-	325	18
Pollen 2019	9	9	-	9	1
Cepsa 2019	100	88	-	87	5
Opseo 2019	45	38	-	38	2
Total	**2'547**	**2'087**	**1'204**	**1'779[2]**	**100**

(1) At 31 December 2019.

(2) Difference between the value of Sienna Capital's stake of EUR 1'779 million and its net asset value of EUR 1'785 million primarily corresponding to Sienna Capital's cash position.



Corporate Governance

1. GROUP STRUCTURE AND SHAREHOLDERS

1.1. GROUP STRUCTURE

1.1.1. DESCRIPTION OF THE ISSUER'S OPERATIONAL GROUP STRUCTURE

For the purposes of this Corporate Governance Report, Pargesa Group companies include the Swiss parent company Pargesa Holding SA (the "Company"), and its subsidiaries and consolidated shareholdings. The simplified structure of the Group (including non-consolidated shareholdings) and the Company's internal organisation are described on pages 8 to 12 of this Annual Report and in sections 3.5 and 3.6 of this Corporate Governance Chapter.

1.1.2. LISTED COMPANIES WITHIN THE ISSUER'S SCOPE OF CONSOLIDATION

Listed companies within the scope of consolidation (full consolidation) are the following:

NAME AND REGISTERED OFFICE	PLACE OF LISTING	MARKET CAPITALIZATION AT 31.12.2019	% OF CAPITAL	% OF VOTING RIGHTS	ISIN
Pargesa Holding SA Grand-Rue 11 CH - 1204 Geneva	SIX Swiss Exchange Zürich	CHF 6.8 billion	parent company		CH0021783391
Groupe Bruxelles Lambert (GBL) Avenue Marnix 24 B - 1000 Brussels	Euronext Bruxelles	EUR 15.2 billion	50.0	51.7 (1)	BE0003797140
Imerys Quai de Grenelle 43 F - 75015 Paris	Euronext Paris	EUR 3.0 billion	54.0 (2)	67.6 (2)	FR0000120859

(1) Taking into account the suspended voting rights relating to GBL treasury shares.

(2) Owned through GBL.

1.1.3. UNLISTED COMPANIES WITHIN THE ISSUER'S SCOPE OF CONSOLIDATION

Pargesa Netherlands BV, the only direct subsidiary of Pargesa Holding SA, is wholly owned by the Company and owns Pargesa Holding SA's stake in GBL:

NAME AND REGISTERED OFFICE	SHARE CAPITAL	% OF CAPITAL/VOTING RIGHTS
Pargesa Netherlands BV Herengracht 540 NL - 1017 CG Amsterdam	CHF 109 million	100.0

The list of the main listed and unlisted fully consolidated or equity-accounted companies at 31 December 2019 is provided on pages 190 to 192 of this Annual Report.

In addition:

- GBL owns its holdings through subsidiaries; these subsidiaries are included in the list provided on page 116 and 117 of GBL's 2019 Annual Report (www.gbl.be then MEDIA CENTER /Reports-presentations);
- Imerys conducts its business operations through subsidiaries; the list of these subsidiaries at 31 December 2019 is provided on page 269 of Imerys' 2019 Annual Report (www.imerys.com then MEDIA/Publication/Registration Document).

1.1.4. SIGNIFICANT SHAREHOLDERS

The Company is controlled by Parjointco NV in the Netherlands, which in turn is jointly controlled by the ultimate shareholders mentioned in the diagram on the next page, under the terms of an agreement entered into in 1990. The agreement was first extended in 1996 until 2014, and then on 18 December 2012 until 2029, with the possibility of a further extension.

This agreement, which is not publicly disclosed, aims in particular to establish and maintain equal control between the two family groups in Pargesa Holding SA and GBL.

The simplified shareholder structure is provided here-below on this page of the Corporate Governance Report.

Pursuant to Article 120 al. 1 of the Financial Market Infrastructure Act (FMIA), anyone who directly or indirectly, or acting in concert with third parties, owns, acquires or disposes of shares or acquisition or sale rights relating to shares of a company with its registered office in Switzerland and thereby reaches, falls below or exceeds the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% of the voting rights, whether exercisable or not, must notify this to the company and to the stock exchanges on which the equity securities are listed.

SIGNIFICANT SHAREHOLDERS AT 31 DECEMBER 2019(1)	% OF CAPITAL(2)	% OF VOTING RIGHTS(3)
Stichting AK Frère-Bourgeois/Trust Desmarais	55.5	75.4
First Eagle Investment Management LLC (USA)	8.7	4.8

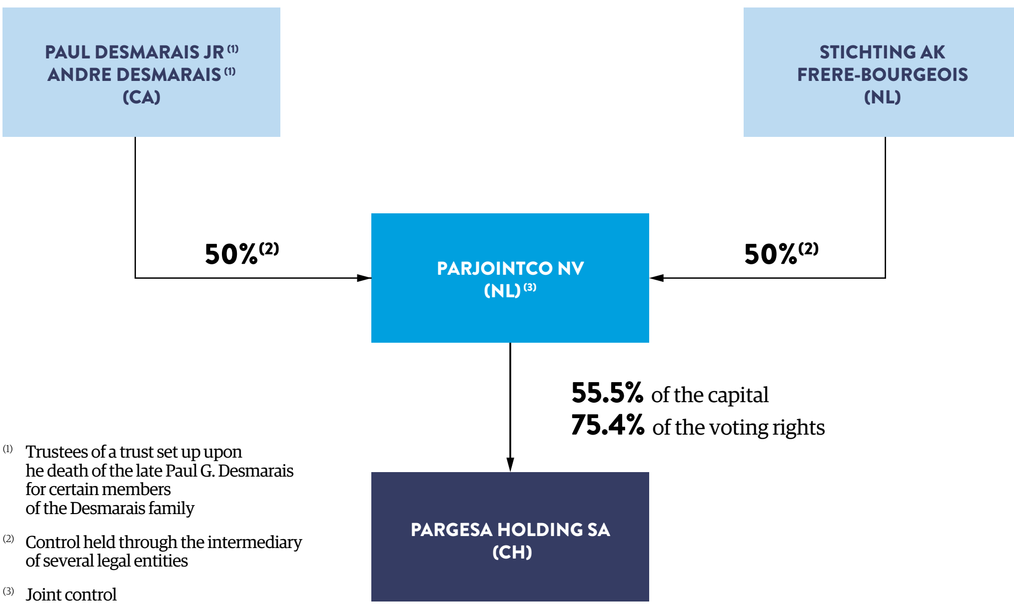
(1) 3% or more of the voting rights.

(2) Percentages of capital are calculated based on the total number of issued shares recorded in the commercial register (bearer equivalent) making up the capital, less treasury shares, i.e. a denominator of 84'701'370 at 31 December 2019.

(3) Percentages of voting rights are calculated based on the total number of voting rights attached to the shares issued, i.e. a denominator of 154'429'400 at 31 December 2019.

Announcements issued in keeping with the disclosure rules concerning disclosure of shareholdings are available on the SIX Swiss Exchange website under: www.six-exchange-regulation.com/fr/home/publications/significant-shareholders.html

SHAREHOLDER STRUCTURE OF PARGESA HOLDING SA AT 31 DECEMBER 2019



(1) Trustees of a trust set up upon he death of the late Paul G. Desmarais for certain members of the Desmarais family

(2) Control held through the intermediary of several legal entities

(3) Joint control

1.2. CAPITAL STRUCTURE

There are no cross-shareholdings within the Group.

2. CAPITAL STRUCTURE

2.1. CAPITAL

The total share capital of the Company amounts to CHF 1'698'723'400 and is fully paid in. It is composed of 77'214'700 registered shares with a par value of CHF 2 each, and 77'214'700 bearer shares with a par value of CHF 20 each, including 234'800 treasury shares (bearer shares) with a par value of CHF 20 each and no dividend rights. Only bearer shares are listed on the SIX Swiss Exchange.

Pursuant to Article 9 of the Company's Articles of Association, the ratio of registered shares to bearer shares must be maintained in the event of a capital increase. The Company's Articles of Association are available at the following address: https://www.pargesa.ch/fileadmin/documents/en/statutsen.pdf

2.2. AUTHORISED AND CONDITIONAL CAPITAL

Authorised capital

The Company's authorised capital is set forth in Article 5bis of the Articles of Association. Pursuant to that Article, the Board of Directors is authorised, until 3 May 2020, to increase the share capital by a maximum of CHF 253 million (which represents 15% of the par value of the existing share capital) by issuing up to 11'500'000 registered shares with a par value of CHF 2 each and 11'500'000 bearer shares with a par value of CHF 20 each. The renewal of the authorised capital will be proposed at the Annual General Meeting of 6 Mai 2020.

Shareholders benefit, in principle, from preemptive subscription rights on the newly issued shares. However, the Board of Directors is entitled to withdraw the shareholders' preemptive subscription rights for good cause, in particular if the shares are issued for the purpose of financing the acquisition or the merger of companies, company units or shareholdings, or to facilitate the opening of the Company's capital on the international market. The preemptive subscription rights that are not exercised must be sold by the Company at market conditions.

Conditional capital

The Company's conditional capital is set forth in Article 5ter of the Articles of Association. On 1 June 1994, the Company created conditional capital with a maximum par value of CHF 242 million (which represents 14% of the par value of the existing share capital) for the exercise of conversion rights or option rights, through the issuance of up to 11'000'000 registered shares with a par value of CHF 2 each and 11'000'000 bearer shares with a par value of CHF 20 each.

The right to subscribe newly issued shares may be given to the holders of convertible option rights resulting from convertible bonds or option rights issued by the Company or one of its affiliates. Shareholders' preemptive subscription rights are excluded for the newly issued shares.

When convertible bonds or options are issued, the Board of Directors may restrict or exclude shareholders' subscription right for good cause, in particular if the convertible bonds or options are issued for the purpose of financing the acquisition or the merger of companies, company units or shareholdings or to facilitate the opening of the Company's capital to the international market.

In case of restriction or exclusion of subscription rights, the following rules are applicable:

a) the convertible bonds or options must be issued at market conditions;

b) as from their issuance, conversion rights can be exercised during a maximum of 7 years and option rights during a maximum of 5 years.

At 31 December 2019, the Company had not issued any registered shares or bearer shares as conditional capital, nor had it issued any conversion rights or option rights within the meaning of Article 5ter of the Articles of Association.

2.3. CHANGES IN CAPITAL

No changes were made to the share capital during the past three financial years.

Changes were made to reserves in 2017, 2018 and 2019 after options were exercised and treasury shares were put into circulation. There were no changes in reserves in 2016. Changes in reserves during the periods appear in the consolidated statement of changes in equity in Chapter 5 "Consolidated Financial Statements" of the Annual Report (pages 130 and 131 of this Annual Report for 2019 and 2018; for 2017, this information is provided on page 88 of the 2018 Annual Report).

These Annual Reports are available on the Company's website under "Financial Reports":

www.pargesa.ch/en/financialreports/library

2.4. SHARES AND SHARE CERTIFICATES

The Company's share capital is made up of listed bearer shares and unlisted registered shares. Registered and bearer shares provide one vote per share, subject to the restrictions mentioned in section 6.1 below. Registered and bearer shares entitle the holder to a dividend proportional to their par value (see sections 2.1 and 2.2 above for more information on the par value of the Company's shares). See section 7.1 below for more information about the opting-out clause set forth in the Articles of Association.

The Company has not issued any share certificates.

2.5. PROFIT-SHARING CERTIFICATES

The Company has not issued any profit-sharing certificates.

2.6. LIMITATIONS ON TRANSFERS AND REGISTRATION OF NOMINEES

As mentioned in section 2.1 above, the Company's share capital is made up of registered and bearer shares. Only bearer shares are listed on the SIX Swiss Exchange; registered shares are not listed.

Bearer shares

Holders of bearer shares do not need to be recorded in the share register in order to exercise their rights. The Articles of Association therefore do not place any restrictions on the transfer of bearer shares or the exercise of shareholder rights via nominees.

Further to a legislative amendment which came into force on 1 November 2019, bearer shares are in principle no longer authorized in Switzerland. Companies that have equity securities listed on the stock market are not affected by this prohibition. However, they must have their quotation entered in the commercial register within 18 months. Pargesa Holding SA had its listed bearer shares entered in the commercial register in December 2019.

Registered shares

The transfer of registered shares is subject to the Company's approval. The Company may refuse its approval, provided it offers to buy the seller's registered shares for its own account, for the account of other shareholders or for the account of third parties, at their market value at the time of the request for approval. The Company may furthermore refuse to register the acquirer in the share register if, on request of the Company, the acquirer has not expressly declared that he is acquiring the shares in his own name and for his own account. A resolution of the General Meeting of shareholders may lift the restriction on the transfer of registered shares, subject to approval by a two-thirds majority of the votes represented and by an absolute majority of the par value represented (Article 19 of the Articles of Association). As registered shares are not listed, there are no restrictions concerning the registration of nominees.

2.7. CONVERTIBLE BONDS AND OPTIONS

The Company has no outstanding convertible bonds.

In 2007, Pargesa set up a plan for employees and certain members of Management (excluding Executive Directors), whereby options for the purchase of bearer shares are granted annually. These options have a term of ten years and a conversion ratio of one share per option. So far, all shares awarded after options were exercised have been taken from the reserve of bearer treasury shares. Since the plan's inception, the total number of options exercised is 63'000 (out of a total of 332'882 granted). The options which were awarded in 2009 were all exercised. At 31 December 2019, the total number of outstanding options was 231'165. The main features of the plan are as follows:

YEAR OF GRANT	NUMBER OF OPTIONS AWARDED	NUMBER OF OUTSTANDING OPTIONS	FINAL EXPIRATION DATE	VESTING CONDITIONS	STRIKE PRICE IN CHF	SHARE CAPITAL CONCERNED IN CHF[2]
2010	19'090	18'747	2020	2011 à 2013	87	374'940
2011	20'210	19'477	2021	2012 à 2014	87	389'540
2012	24'780	4'190	2022	2013 à 2015	65	83'800
2013	24'510	18'580	2023	2014 à 2016	67	371'600
2014	23'930	23'930	2024	2015 à 2017	79	478'600
2015	26'780	25'580	2025	2016 à 2018	72	511'600
2016	37'792 [1]	31'427	2026	2017 à 2019	60.60/63.75	628'540
2017	31'940	30'334	2027	2018 à 2020	70	606'680
2018	25'470	25'470	2028	2019 à 2021	84	509'400
2019	33'430	33'430	2029	2020 à 2022	80	668'600
Total	**267'932**	**231'165**				**4'623'300**

[1] Including 30'072 options awarded on 24 March 2016 at a strike price of CHF 60.60 and 7'720 options awarded on 10 May 2016 at a strike price of CHF 63.75.

[2] Par value of the shares corresponding to the number of outstanding options. The shares likely to be delivered if options are exercised are treasury shares and therefore result in no change in the share capital.

The total number of outstanding options at 31 December 2019 represented 98% of treasury shares and 0.27% of the par value of the Company's share capital.

3. BOARD OF DIRECTORS

3.1. MEMBERS OF THE BOARD OF DIRECTORS

The composition of the Board of directors of Pargesa Holding SA reflects the Company's controlling shareholding structure. As indicated in section 1.2 of this Corporate Governance chapter, the Company is controlled by Parjointco NV, which in turn is equally controlled by the two families of shareholders mentioned in the chart in section 1.2 of this Corporate Governance Report, under the terms of an agreement that aims, in particular, to establish and maintain equal control between the two family groups in Pargesa Holding SA. This explains the composition of the Board of directors, which at 31 December 2019 included 10 representatives put forward by Parjointco NV, out of a total of 14 members.

At 31 December 2019, none of the directors, was part of the Management of the Company or a Group company and none of them has close business relations with the Company or a Group company. In the 2016, 2017 and 2018 financial years, Paul Desmarais, Jr., Gérald Frère and Arnaud Vial were part of the Management Board of the Company.

Key events during the period under review

On 15 February 2019, Gilles Samyn announced his decision not to seek reappointment to the Board of Directors of Pargesa at the Annual General Meeting of 8 May 2019.

Gilles Samyn, Commercial Engineer and graduate of the École de Commerce Solvay, Université Libre de Bruxelles (ULB), was a Director of Pargesa Holding SA since 1992 and a member of the Audit Committee and the Compensation Committee of the Board of Directors until 8 May 2019, the date of the Company's Annual General Meeting. He was also member of the Supervisory Board of Parjointco NV (Netherlands) since 1990. Gilles Samyn joined the Frère-Bourgeois Group in 1983 and was a director of Frère-Bourgeois SA (Belgium), of which he was Executive Director until January 2018, and of several companies in the Frère-Bourgeois Group. Prior to that, he joined Groupe Bruxelles Lambert SA between 1974 and 1982, after having worked in the Belgian Cooperative Movement starting in 1972.

To replace him, the Annual General Meeting of 8 May 2019, at the proposal of the Board of Directors, elected Xavier Le Clef as a director of the Company. He is a member of the Compensation Committee. The Audit Committee also appointed Xavier Le Clef as a member of this Committee. His detailed biography is found on page 73 of this "Corporate Governance" chapter.

Arnaud Vial, who passed away on 24 November 2019, had been a Director of Pargesa Holding SA since 2010 and was the Managing Director from 2013 to October 2018. He was also a member of the Supervisory Board of Parjointco NV (Netherlands) and a member of the Board of Power Financial Europe until October 2018.

Arnaud Vial joined the Power group (Canada) in 1997 and was Senior Vice-President of Power Corporation of Canada and Power Financial Corporation until June 2018. Prior to that, he held the positions of Deputy Managing Director and Director of accounting and financial services of Parfinance (France) between 1988 and 1997 and as Secretary General of Pargesa Holding SA between 1993 and 1997. Arnaud Vial began his career in 1977 at Banque Paribas (France). He was a graduate of the Ecole supérieure d'Electricité (France). Arnaud Vial was also a Director of GBL (Belgium) and Chairman and CEO of PGB SA (France) until the end of 2018.

As a result of these changes during the financial year, the Board of Directors is composed of 14 members as of 31 December 2019.

Paul DESMARAIS, Jr.

Canadian

Paul Desmarais, Jr. has been a Director of Pargesa Holding SA since 1992. He was Executive Director from 2003 to 2018 and is Chairman of the Board of Directors since 2013. He has also been a member of the Supervisory Board of Parjointco NV (Netherlands) since 1990.

In 1981, Paul Desmarais, Jr. joined Power Corporation of Canada, where he has been Chairman of the Board and Co-Chief Executive Officer since 1996. Since 2008, he has been Executive Co-Chairman of Power Financial Corporation, which he helped to create in 1984 and where he was Vice President and then President and Chief Operating Officer from 1986 to 1989, Executive Vice Chairman from 1989 to 1990, Executive Chairman from 1990 to 2005, and Chairman of the Executive Committee from 2006 to 2008. He holds a Bachelor of Commerce from McGill University (Canada) and an MBA from INSEAD (France).

Other key activities and positions:

- **Within or at the request of Pargesa Group:** Vice Chairman of the Board of Directors and member of the Standing Committee of GBL SA (Belgium), Director of SGS SA (Switzerland), and Director of LafargeHolcim Ltd (Switzerland)
- **Within or at the request of Power Group:** Director of several companies within the Power Group in North America, including Great-West Lifeco Inc. (Canada) and its subsidiaries, and IGM Financial Inc. (Canada) and its subsidiaries, Chairman of the Advisory Board of Sagard Private Equity Partners (France)

Gérald FRERE

Belgian

Gérald Frère has been a Director of Pargesa Holding SA since 1992, Vice Chairman since 2002 and Deputy Chairman from 1 January 2019. He was Executive Director from 2015 to 2018. He has also been a member of the Supervisory Board of Parjointco NV (Netherlands) since 1990.

After studying in Switzerland and Belgium, Gérald Frère joined Frère-Bourgeois SA (Belgium) where he served as Chairman of the Board of Frère-Bourgeois SA. He was also an Executive Director of GBL from May 1993 to April 2011 and Chairman of the Board from January 2012 to April 2019.

Other key activities and positions:

- **Within or at the request of Pargesa Group:** Deputy Chairman of the Board of Directors and Chairman of the Standing Committee of GBL SA (Belgium) since April 2019
- **Other positions:** Director of Power Financial Corporation (Canada)

Bernard DANIEL

Swiss

Bernard Daniel has been a Director of Pargesa Holding SA since 2011 and is Chairman of the Compensation Committee and a member of the Audit Committee.

He has been a member of the International Committee of the Red Cross Geneva (Switzerland) since 2009 and an honorary member since 2017. He was Secretary General and Secretary of the Board of Directors of Nestlé SA (Switzerland) from 1987 to 2007 and an International Committee of the Red Cross delegate from 1967 to 1972. Bernard Daniel holds a law degree from the University of Geneva and is a graduate of IMD Lausanne.

Other key activities and positions:

Director of Holdigaz SA (Switzerland), Energiapro SA (Switzerland) and Compagnie Industrielle et Commerciale du Gaz SA (Switzerland)

Victor DELLOYE

Belgian

Victor Delloye has been a Director of Pargesa Holding SA since 2004. He has also been a member of the Supervisory Board of Parjointco NV (Netherlands) since 1996.

Victor Delloye joined Frère-Bourgeois Group in 1987; he is currently Director and Secretary General of Frère-Bourgeois SA. Victor Delloye worked for Coopers & Lybrand (PWC) from 1980 to 1987. He holds a law degree from the Université Catholique de Louvain, and a Master's of fiscal sciences from the Ecole Supérieure des Sciences Fiscales (ICHEC – Brussels) (Belgium).

Other key activities and positions:

- **Within or at the request of Pargesa Group:** Director and member of the Standing Committee of GBL SA (Belgium)
- **Within or at the request of Frère-Bourgeois Group:** Director of several companies in the Frère-Bourgeois Group including Compagnie Nationale à Portefeuille SA (Belgium)
- **Other positions:** Vice Chairman of the Association belge des sociétés cotées (ASBL), Lecturer for the Executive Master's in Tax Management at the Solvay Brussels School of Economics & Management (Université Libre de Bruxelles) until September 2019

André DESMARAIS

Canadian

André Desmarais has been a Director of Pargesa Holding SA since 1996 and Vice Chairman since 2013. He has also been a member of the Supervisory Board of Parjointco NV (Netherlands) since 1996.

In 1983, André Desmarais joined Power Corporation of Canada, where he has been Executive Chairman since 2008 and Chairman and Co-Chief Executive Officer since 1996. He has also been Deputy Chairman and Executive co-Chairman of Power Financial Corporation since 2008. Before joining Power Corporation, he worked as the special assistant to the Minister of Justice of Canada and an institutional investment advisor at Richardson Greenshields Securities Ltd. André Desmarais holds a Bachelor's degree in commerce from Concordia University (Canada).

Other key activities and positions:

- **Within or at the request of Power Group:** Director of several companies within the Power Group in North America, including Great-West Lifeco Inc. (Canada) and its subsidiaries, and IGM Financial Inc. (Canada) and its subsidiaries, Chairman of Square Victoria Communications Group Inc., Gesca Ltée and La Presse Ltée (Canada)

Paul DESMARAIS III

Canadian

Paul Desmarais III has been a Director of Pargesa Holding SA since 2014.

In 2014, Paul Desmarais III joined Power Corporation of Canada, where he has been Senior Vice President since 2017. He is also Senior Vice President of Power Financial Corporation. He was Deputy Vice President of Risk Management at Great-West Lifeco (Canada) from 2012 to 2014 and before that worked in project management and strategy at Imerys (France). Paul Desmarais III began his career in 2004 at Goldman Sachs in the USA. He holds a Bachelor's degree in economics from Harvard University and an MBA from INSEAD (France). Paul Desmarais III is Chairman of the Board and Managing Director of Sagard Holding ULC since May 2017.

Other key activities and positions:

- **Within or at the request of Pargesa Group**: Director and member of the Standing Committee of GBL SA (Belgium) and Director and member of the Strategic Board of Imerys (France)
- **Within or at the request of Power Group:** Director of several companies within the Power Group in North America, including Vice President of Corporation Financial Corp. (CDN) and Power Corporation of Canada (CDN), Sagard Holding ULC (CDN), Wealthsimple financial corp. (CDN) and Koho Financial. Inc.

Cedric FRERE

Belgian/French

Cedric Frère has been a Director of Pargesa Holding SA since 2012. In 2010, he joined Compagnie Nationale à Portefeuille in Belgium (Frère-Bourgeois Group) and is a Director there. In 2007, he began his career in the banking sector, holding several positions in Paris, London and Brussels. He holds a Bachelor of Arts in Business and Economics from Vesalius College (Vrije Universiteit Brussel – VUB).

Other key activities and positions:

- **Within or at the request of Pargesa Group:** Director and member of the Standing Committee of GBL SA (Belgium)
- **Within or at the request of Frère-Bourgeois Group:** Director of several companies, including Frère-Bourgeois SA (Belgium), Financière de la Sambre SA (Belgique), Société Civile du Château Cheval Blanc SA (France), and Regent of Banque Nationale de Belgique (Belgique) until May 2019

Ségolène GALLIENNE

Belgian

Ségolène Gallienne has been a Director of Pargesa Holding SA since 2004.

She has been a Director of Frère-Bourgeois SA (Belgium) since 1998. She was previously Head of Public Relations at Belgacom (which became Proximus – Belgium) and Director of Communications at Dior Fine Jewelry (France). She holds a Bachelor of Arts in Business and Economics from Vesalius College (Vrije Universiteit Brussel – VUB)

Other key activities and positions:

- **Within or at the request of Pargesa Group:** Director and member of the Standing Committee of GBL SA (Belgium)
- **Within or at the request of Frère-Bourgeois Group:** Director of several group entities, including Chair of the Board of Diane SA (Switzerland) and Director of Stichting Administratiekantoor Frère-Bourgeois (Netherlands) and Société Civile du Château Cheval Blanc (France)
- **Other positions:** Chair of the Board of Stichting Administratiekantoor Peupleraie (Netherlands), Director of Fonds Charles-Albert Frère ASBL (Belgium), Director of Christian Dior SA (Paris)

Jean-Luc HERBEZ

Swiss

Jean-Luc Herbez has been a Director of Pargesa Holding SA since 2016 and is Chairman of the Audit Committee and a member of the Compensation Committee.

He has been a partner at Swiss law firm Froriep Legal SA since 1987, prior to which he worked in Frankfurt and Washington DC. He is a member of the Ordre des avocats de Genève and the Swiss Bar Association. He holds degrees in economics (1970) and in law (1976) from the University of Geneva and an LLM from the University of Pennsylvania Law School, Centre for Study of Financial Institutions (1981).

Barbara KUX

Swiss

Barbara Kux has been a Director of Pargesa Holding SA since 2014 and is a member of the Audit Committee and the Compensation Committee. In 2016, she was appointed by the European Commission to the high-level expert panel aimed at drawing up a plan for the decarbonisation of Europe. She has been a member of the Advisory Board of INSEAD (France) since 2013 and Director in Residence for Corporate Governance since 2017. From 2008 to 2013, Barbara Kux was a member of the Managing Board of Siemens AG (Germany), and between 2003 and 2008, she was a member of the Management Committee of Philips Group (Netherlands). Prior to that, she held top management positions within multinational companies, with responsibility for developing and managing emerging markets. She began her career as a Management Consultant with McKinsey & Company. She holds an MBA with distinction from INSEAD (France).

Other key activities and position:

Vice Chair of the Board of Directors of Firmenich (Switzerland), Director of Grosvenor Group (United Kingdom) and Henkel (Germany)

Xavier LE CLEF

Belgian

Xavier Le Clef was elected Director of Pargesa Holding SA at the Annual General Meeting of May 2019. He has also been a Director of Parjointco NV (Netherlands) since 2011.

Xavier Le Clef graduated in Business Economics from Solvay Brussels School of Economics & Management (ULB) and holds an MBA from the Vlerick Business School. He started his career with the consultancy firm Arthur D. Little (Brussels) and joined CNP (Compagnie Nationale à Portefeuille) in 2006 and became a Director in 2012 and an Executive Director in 2015. He has been a Director of CNP since 2012 and CEO since February 2015. He has also been co-CEO of Frère-Bourgeois since early 2018

Other key activities and positions:

- **Within or at the request of Pargesa Group:** Director and member of the Standing Committee, the Audit Committee and the Compensation Committee of GBL SA (Belgium)
- **Within or at the request of Frère-Bourgeois Group:** Director of several companies, including Frère-Bourgeois SA (Belgium) where he is Executive Director, CNP, Financière de la Sambre and Investor, Chairman of Caffitaly System Spa

Jocelyn LEFEBVRE

Canadian/French

Jocelyn Lefebvre has been a Director of Pargesa Holding SA since 2017, Vice-Chairman since 31 October 2018 and is a member of the Audit Committee. He has also been a member of the Board of Parjointco NV (Netherlands) since 1995.

He has been Chairman of Sagard Private Equity Partners Partners since 2001. He joined Power Group in 1992 after holding various executive positions, including Chairman of Vickers Inc., one of the largest production units of Canadian manufacturing group M.I.L., which he joined in 1986. He began his career at Arthur Andersen in Montreal, before moving to Europe in 1982.

Jocelyn Lefebvre holds a degree from the Hautes Études Commerciales (HEC) Montreal and is a member of the Quebec Institute of Chartered Professional Accountants (CPA).

Other key activities and positions:

- **Within or at the request of Pargesa Group:** Director and member of the Standing Committee of GBL SA (Belgium)
- **Within or at the request of Power Group:** Member of the Board of Power Financial Europe BV

Michel PEBEREAU

French

Michel Pébereau has been a Director of Pargesa Holding SA since 2005.

He has been Honorary Chairman of BNP Paribas since December 2011; he was also Chairman of BNP Paribas' Board of Directors from 2003 to 2011, Chairman and CEO from 2000 to 2003 and Director until 13 May 2015. From 1993 to 2000, he was Chairman and CEO of Banque Nationale de Paris. Since 1993, he has been Honorary Chairman of Crédit Commercial de France, where he was Chairman and Managing Director from 1986 to 1993 and Managing Director from 1982 to 1986. Prior to that, he held various high-level civil service positions in France, including Cabinet Director and then Special Assistant to the French Minister for the Economy, as well as positions within the Treasury Division. Michel Pébereau began his career in the French General Finance Inspectorate.

He holds degrees from Ecole polytechnique (France) and from Ecole nationale d'administration (France).

Other key activities and positions:

Vice Chairman of the Supervisory Board of Banque Marocaine pour le Commerce et l'Industrie (BMCI) (Morocco), Chairman of the Supervisory Board of ESL Network, Manager of MJP Conseil and member of the Strategic Board of IBM France. He is also a member of several foundations and associations, and President of the Toulouse School of Economics

Amaury de SEZE

French

Amaury de Sèze has been a Director of Pargesa Holding SA since 2001 and is a member of the Compensation Committee.

He has also been a member of the Supervisory Board of Parjointco NV (Netherlands) since October 2018, and Vice Chairman of the Board of Power Financial Corporation since 2010. He was Chairman of the Supervisory Board of PAI Partners, where he was Chairman and CEO from 1998 to 2007. Until 2004, he was a member of the Executive Board of BNP Paribas, which he joined in 1993 as a member of the Management Board in charge of industrial matters. From 1978 to 1993, he worked at Volvo Group as Chairman of Volvo Europe and a member of the Executive Board, after starting his career at Bull General Electric. Amaury de Sèze holds degrees in business administration from the Centre de Perfectionnement des Affaires (Paris) and from the Stanford Graduate School of Business.

Other key activities and positions:

- **Within or at the request of Pargesa Group:** Director and member of the Standing Committee and Chairman of the Appointment and Compensation Committee of GBL SA (Belgium)
- **Other positions:** Director of BW Group (Singapore)

3.2. OTHER ACTIVITIES AND VESTED INTERESTS OF MEMBERS OF THE BOARD OF DIRECTORS

The other activities and vested interests of the members of the Board of Directors are provided in section 3.1 above.

3.3. ADDITIONAL INFORMATION FOR ISSUERS SUBJECT TO THE ORDINANCE AGAINST EXCESSIVE COMPENSATION WITH RESPECT TO LISTED COMPANIES (OAEC)

At the Annual General Meeting held on 5 May 2015, Pargesa Holding SA amended the Articles of Association as required by OaEC. Under these provisions, the Articles of Association now stipulate, in Article 31, the maximum number of mandates that may be held in the supreme management or supervisory bodies of entities outside the Pargesa Group. Members of the Board of Directors may not hold more than ten mandates in the supreme management or supervisory bodies of third party legal entities, of which no more than five may be in listed companies. Furthermore, they may hold up to ten mandates in the supreme management or supervisory bodies of third party legal entities having a non-profit or charitable purpose.

An entity is not deemed to be a third party legal entity under Article 31 of the Articles of Association, and is therefore not taken into consideration for the calculation of the abovementioned maximum number of mandates, if: (1) it directly or indirectly controls the Company or is controlled by the Company; or (2) it is not required to be registered in the commercial registry or in a similar foreign register (e.g. public corporations and institutions, non-profit associations, ecclesiastical foundations or family foundations); or (3) the mandate is held at the request of the Company or a company controlled by it.

Mandates held with legal entities under direct or indirect common control of a legal entity or person or at the request of such legal entity or person are counted as one single mandate for the purposes of this provision.

The Company's Articles of Association are available at the following address:

www.pargesa.ch/fileadmin/documents/en/statutsen.pdf

All members of the Board of Directors are in compliance with the provisions of Article 31 of the Articles of Association.

3.4. ELECTIONS AND TERMS OF OFFICE

Since the entry into force of OaEC on 1 January 2014, the Annual General Meeting must each year elect every member of the Board of Directors individually. As a result, all terms will expire at the next Annual General Meeting. At the Annual General Meeting on 5 May 2015, the Articles of Association were amended accordingly. Members of the Board of Directors may be re-elected for an unlimited number of successive terms of office.

The Company's Articles of Association do not contain any clauses that conflict with legal provisions concerning the appointment of the Chairman of the Board, the members of the Compensation Committee and the Independent Proxy.

The first year in which members were appointed to the Board of Directors is provided in section 3.1 above.

3.5. INTERNAL ORGANISATIONAL STRUCTURE

The organisational structure of the Company is defined by its organization regulations. The regulations set out the internal organisation, and the duties and responsibilities of the governing bodies, in accordance with the law and the Company's Articles of Association. In particular, these regulations set out the respective roles of the Chairman of the Board of Directors (the "Chairman"), the Vice-Chairman (or Vice-Chairmen), the Board of Directors, the Audit Committee, the Compensation Committee and Management.

The regulations were initially adopted in 1993. They were subsequently amended in 2015, 2016 and 2018. On 10 December 2018, the Board of Directors approved the removal of the function of Executive Director from the regulations as part of a simplification of the governance structure.

The new organization regulations of Pargesa Holding SA entered into force on 1 January 2019.

Distribution of responsibilities

The responsibilities of each member of the Board of Directors can be found on page 10 and 11 of this Annual Report. The composition of the Committees of the Board can be found on page 12 of this Annual Report. The duties and scope of responsibilities of the Committees are detailed below.

Composition, duties and scope of responsibilities, working method

The Company's Board of Directors appoints one or more Vice-Chairmen including a Deputy Chairman as well as the Secretary, who may or may not be a member of the Board of Directors. The Deputy Chairman shall assume the Chairman's role if the Chairman is prevented from doing so; in the event of the simultaneous incapacity of the Chairman and the Deputy Chairman, the oldest Vice-Chairman shall take on this interim role. In accordance with section 3.5 above, the function of Executive Director has been removed with effect from 31 December 2018, as reflected in the new organization regulations of Pargesa Holding SA which came into force on 1 January 2019. The breakdown of responsibilities within the Company is provided in section 3.6 below.

The Board of Directors meets as often as required by the business at hand, and meetings are convened by the Chairman. The Board of Directors takes decisions by majority, as provided for in the Articles of Association. In the event of a tie, the Chairman has the deciding vote.

At its meetings, the Board of Directors examines the business affairs of the Group and its shareholdings and the financial statements of the Group, and deliberates on all current or strategic matters as required by the circumstances. Except in specific cases where there is no financial item on the agenda, the documentation given to the Board members systematically includes analyses of the Group's net asset value, recent and projected financial results, and the outlook and strategic directions of the main shareholdings. Company Management is present at Board meetings. Any member of the Board of Directors may request information from Management outside of the meetings.

Committees of the Board of Directors

Since 1997, the Company has had an Audit Committee and a Compensation Committee, composed of non-executive members of the Board of Directors. The Committees report to the Board of Directors. With the exception of the Compensation Committee, the members of which are elected by shareholders at the Annual General Meeting, the Committees are set up by the Board of Directors, which appoints committee members and the chair.

Given that the Company has a controlling shareholder, representatives put forward by this shareholder sit on the Audit Committee and the Compensation Committee. Since 2017, the majority of the members of the Audit Committee and Compensation Committee have been independent within the meaning of the Swiss Code of Best Practice for Corporate Governance and with no relation to Parjointco NV, the Company's controlling shareholder.

Audit Committee

The responsibilities of the Audit Committee are set out in a charter. According to this charter, the Audit Committee:

- ensures that the Company's accounting methods are adequate and consistent and checks that internal procedures for the collection and control of information guarantee these aims;
- analyses the Company's consolidated and parent company financial statements and submits a recommendation to the Board concerning approval of the financial statements;
- analyses financial information provided to shareholders and third parties;
- ensures that the auditor is independent and makes recommendations regarding the appointment, re-election or firing of the auditor or amendments to the hiring terms;
- submits an opinion on whether to entrust the auditor with additional tasks not related to the audit;
- examines the scope and results of the audit and communicates with those in charge of the audit where necessary;
- examines the risk assessment and internal control system at least once a year;
- periodically reviews the Company's Code of Ethics and submits any recommended amendments to the Board of Directors;
- gathers information concerning any irregularities within the Company communicated by the internal body entrusted with this task; and
- takes, upon the proposal of the Board of Directors or on its own initiative, adequate measures to verify any allegations of irregularities that come to the Committee's attention, and submits recommendations on remedial measures to the Board of Directors.
- submits recommendations to the Board of Directors on the definition and development of the ESG strategy and policy and validates the ESG chapter of the Annual Report; and
- assesses ESG performance and submits its observations to the Board of Directors and the Managing Director.

Members of Management attend Audit Committee meetings. The auditors attend twice a year.

The Audit Committee met three times in 2019 (including two times in the presence of the auditors), and the average weighted rate of participation by members was 93%. The average length of Audit Committee meetings was between two and three hours. The individual participation rate of the members of the Audit Committee at these meetings was as follows:

MEMBERS	PARTICIPATION RATE
Jean-Luc HERBEZ, Chairman	100%
Bernard DANIEL	67%
Barbara KUX	100%
Xavier LE CLEF [1]	100%
Jocelyn LEFEBVRE	100%
Gilles SAMYN[2]	100%
Total	**93%**

(1) Xavier Le Clef was elected Director at the Annual General Meeting of 8 May 2019.

(2) On 15 February 2019, Gilles Samyn announced his decision not to request the renewal of his director mandate at Pargesa at the Annual General Meeting of 8 May 2019.

Compensation Committee

The responsibilities of the Compensation Committee are also set out in a charter. The Compensation Committee reports to the Board of Directors and assists it in all matters concerning the compensation of the Board of Directors and Management (including share option plans). More specifically, it draws up and periodically reviews the Company's compensation strategy, its guidelines and performance criteria, and drafts recommendations concerning the compensation of members of the Board of Directors and Management to be put to the Annual General Meeting. It also supervises the drawing up of the Compensation Report and makes recommendations to the Board of Directors concerning the compensation proposals to be submitted to the Annual General Meeting. The Committee also ensures that the type of compensation awarded to members of the Board of Directors and Management is in keeping with applicable regulations. Regarding the share option plan for Company employees and members of Management (excluding Executive Directors), the Compensation Committee submits a recommendation to the Board of Directors concerning the number of options to be awarded to members of Management.

The Board of Directors remains responsible for adopting decisions regarding compensation. It delegates to the Managing Director responsibility for awarding options to employees that are not part of Management, within the limits approved by the Board of Directors. Compensation is set and options awarded once a year.

Company Management is present at Compensation Committee meetings. The Committee may appoint and receive advice from experts in compensation or legal matters.

More information on the procedure for issuing compensation recommendations is provided in Chapter 4 "Compensation Report" of this Annual Report.

In 2019, the Compensation Committee met three times (including one in the presence of the auditor). The average length of Compensation Committee meetings was around 30 minutes, and the average weighted rate of participation by members was 93%. The third time, the Committee was consulted via email. The individual participation rate of the members of the Compensation Committee was as follows:

MEMBERS	PARTICIPATION RATE
Bernard DANIEL, Chairman	67%
Jean-Luc HERBEZ	100%
Barbara KUX	100%
Xavier LE CLEF[(1)]	100%
Gilles SAMYN[(2)]	100%
Amaury de SEZE	100%
Total	**93%**

[(1)] Xavier Le Clef was elected Director at the Annual General Meeting of 8 May 2019. His participation rate is calculated based on the meetings that occurred during his mandate as member of the Compensation Committee.

[(2)] Until the Annual General Meeting of 8 May 2019. His participation rate is calculated based on the meetings that occurred during his mandate as member of the Compensation Committee.

3.6. AREAS OF RESPONSABILITY

Board of Directors

The Board of Directors is responsible for the management and supervision of the Company. It determines the Company's organisation, accounting principles and financial controls. It appoints and dismisses the officers entrusted with the Company's management and representation, and supervises the officers entrusted with management tasks to ensure that they comply with the law, the Articles of Association, regulations and instructions received. The Board of Directors is also responsible for drawing up the Annual Report and the Compensation Report, as well as for preparing the Annual General Meeting and implementing its decisions.

The Board of Directors alone is responsible for:

- approving the overall objectives of the investment policy and the new strategic directions;
- determining the Company's financing policy and, as such, deciding to issue bonds and setting the maximum amount of security interests;
- approving the investments and divestments by the Company with a value exceeding 10% of shareholders' equity;
- ruling on recommendations by the Compensation Committee concerning the compensation of members of the Board of Directors and Management and submitting such recommendations to the Annual General Meeting for approval;
- taking adequate measures to ensure implementation and compliance with the Company's Code of Ethics and, more broadly speaking, Management's compliance with applicable legislation and the Company's internal regulations;
- periodically reviewing the Code of Ethics, upon the proposal of the Audit Committee; and
- ensuring that Management informs Company employees of any regulations applicable to their activities and of the principles governing the Company's Code of Ethics.

The Board of Directors met five times in 2019, and the average weighted rate of participation by members was 89%. The average length of Board meetings was between 30 minutes and two hours. The individual participation rate of the members of the Board of Directors at these meetings was as follows:

DIRECTORS	PARTICIPATION RATE
Paul DESMARAIS, Jr., Chairman	100%
Gérald FRERE	100%
André DESMARAIS	40%
Jocelyn LEFEBVRE	100%
Bernard DANIEL	100%
Victor DELLOYE	100%
Paul DESMARAIS III	80%
Cedric FRERE	100%
Ségolène GALLIENNE	80%
Jean-Luc HERBEZ	100%
Barbara KUX	100%
Xavier LE CLEF(1)	100%
Michel PEBEREAU	80%
Gilles SAMYN(2)	50%
Amaury de SEZE	100%
Arnaud VIAL(3)	80%
Total	**89%**

(1) Xavier Le Clef was elected Director at the Annual General Meeting of 8 May 2019. His participation rate is calculated based on the meetings that occurred during his mandate as member of the Board of Directors.

(2) Until the Annual General Meeting of 8 May 2019. His participation rate is calculated based on the meetings that occurred during his mandate as member of the Board of Directors.

(3) Arnaud Vial passed away on 24 November 2019.

Board of Directors and Management

In accordance with item 2.4 of the Pargesa's organization regulations approved by the Board of Directors on 10 December 2018 that took effect on 1 January 2019, the Board of Directors is responsible for Management and for oversight of the Company.

The Board of Directors delegates the management of the Company to Management, to the extent that the law, the Articles of Association or these Regulations do not provide otherwise.

Notwithstanding the preceding paragraph, the Board of Directors retain exclusive responsibility of the following areas:

- approving the general objectives of the investment policy and deciding on new orientations;
- determining the Company's financing policy and, within this framework;
  (i) approve the budgets proposed by Management;
  (ii) decide on the issuance of any bonds;
  (iii) annually, to set the maximum amount of security that may be pledged by Management;
- approve unbudgeted expenditure in excess of CHF 5 million;
- approve investments and divestments in excess of CHF 50 million; and
- decide on the proposals of the Remuneration Committee for the remuneration of the members of the Board of Directors and Management.

At the recommendation of the Audit Committee, the Board of Directors adopted a Code of ethics, whose contents it reviews periodically.

When the Board of Directors charges one of its members or a member of Management with the task of representing the Company in a third party company, this person shall take the measures that are within his or her power to take to ensure that the third party company in question ensures compliance with the applicable legal provisions as well as to the principles underlying the Company's by-laws, including the Code of ethics.

Within the limits of the delegation provided for in Article 2.4 of the organization regulations referred to above, and of the budget approved by the Board of Directors, Management is responsible for overseeing the Company's ongoing operations. Management may take decisions on all matters that the law, the Articles of Association or these regulations do not attribute to another governing body of the Company.

In financial matters, Management has the following powers:

- to proceed with the expenses and investments covered by the budget approved by the Board of Directors;
- approve unbudgeted expenditures not exceeding CHF one (1) million;
- with the agreement of the Chairman and the Deputy Chairman, approve unbudgeted expenses not exceeding CHF 5 million; and
- with the agreement of the Chairman and the Deputy Chairman, approve investments and divestments not exceeding 50 million.

Management takes adequate measures to ensure compliance with the legal and regulatory provisions to combat organised crime, financing of terrorism, money laundering, corruption and national or supranational sanctions or embargoes regimes and, in general, compliance with applicable laws and the Company's internal regulations. In particular, Management:

- ensures compliance with the applicable legal provisions and the Company's internal regulations, in particular of the Code of ethics;
- provides information to the Company's governing bodies and employees (and, if necessary, to legal entities controlled by the Company) on the relevant applicable legal provisions and the terms of the Code of Ethics; and
- designates a contact person to whom employees of the Company are invited to address themselves if they notice any irregularities in the course of performing their duties for the Company.

The Managing Director is responsible for the day-to-day running of Management matters. The Managing Director reports to the Chairman and periodically informs the Deputy Chairman about the Management matters.

3.7. INFORMATION AND CONTROL INSTRUMENTS REGARDING MANAGEMENT

The members of the Board of Directors have permanent access to all information concerning the business of the Company. They receive financial documentation on at least a quarterly basis. Members of Management attend the meetings of the Board of Directors. Before these meetings, full documentation is given to the Board members, including, and depending on the items on the agenda, a review of shareholdings, operating and financial information and outlook, and any other relevant information concerning the current affairs or future direction of the Group.

Within the Company, the Audit Committee examines the risk assessment and internal control system at least once a year. The internal control and risk management systems of GBL and Imerys are presented to the Audit Committee of Pargesa Holding SA.

The scope of the risk assessment is therefore limited to Pargesa Holding SA and its wholly owned subsidiaries and is determined by the Company's business activities, their complexity and the level of involvement of the Board of Directors in the management of the Company. In particular, it takes account of the nature of the Company's business, which is essentially limited to holding and managing investments in other companies.

Pargesa has adopted the risk classification model provided by COSO (Committee of Sponsoring Organisations). COSO breaks the risk universe down into four categories:

- strategy;
- operations;
- compliance;
- finance.

Within each category, a matrix of the risks that the Company could be exposed to is established. The inventory of risks at Pargesa Holding SA and its wholly owned subsidiaries is conducted using a matrix of all risks and determines the Company's risk universe.

The risk analysis is conducted in several stages:

- identifying risks to the Company (Not Identified as a risk / Identified risk);
- conducting a quantitative and/or qualitative assessment of the potential impact of risks (Minor/ Moderate/Major/Critical) before taking account of existing measures and controls;
- assessing the probability of a risk occurring (Rare/Unlikely/Possible/Likely);
- existing measures and controls in the event a risk occurs.

Management identifies risks using an assessment grid, classifying the risks identified, where necessary, according to the extent of their impact and the probability that they will occur before taking account of existing measures and controls. Potential risks are classified according to four levels:

Level 1: Identified risk with higher combined assessment of potential impact and occurrence.

Level 2: Identified risk with moderate combined assessment of potential impact and occurrence.

Level 3: Identified risk with lower combined assessment of potential impact and occurrence.

Level 4: Not identified as a risk for the Company.

In 2019, the list of Level 1 risks expanded slightly on the previous year to include the risk of unauthorised IT access under the Operations category. This change reflects the increased frequency of cybercrime attacks observed on international companies. These risks concern the following risk categories:

- Strategy: governance (control environment), and planning & resources (changes in tax legislation);
- Operations: human resources (recruitment and loyalty, succession planning and compensation), and information technology (IT security/access);
- Compliance: regulations (regulatory changes);
- Finance : markets (interest rates, exchange rates and equity prices), risk management (counterparty risk), accounting and reporting.

Market price risk was reported under the category Finance in 2019. The impact of changes in equity market prices are inherent to Pargesa's business and are now included to align the disclosure of all risks to the Company.

Given the nature of the Company's business, these risks are monitored and assessed continuously, and appropriate measures are implemented when necessary to minimise the probability of the risks occurring.

The Board of Directors is responsible for assessing risks, with validation taking place in two stages:

- Pargesa's Audit Committee assesses the draft risk assessment drawn up by Management;
- The Board of Directors approves the risk assessment based on the recommendations of the Audit Committee.

4. SENIOR MANAGEMENT

4.1. MEMBERS OF MANAGEMENT

Mariane LE BOURDIEC

French

Managing Director of Pargesa Holding SA since 2018.

Mariane Le Bourdiec is Managing Director and Partner of Sagard that she had joined as Chief Financial and Administrative Officer in 2002. She began her career with Andersen in Paris where, for 15 years, she held successively the position of Audit Director and Deputy Corporate Secretary for Andersen France.

Mariane Le Bourdiec graduated from ESCP Europe.

Other key activities and positions:

- **Within or at the request of Pargesa Group**: Member of the Supervisory Board of Pargesa Netherlands BV (Netherlands)

Mark KELLER

Swiss

Financial Director of Pargesa Holding SA since 2016.

From 1992 to 2016, Mark Keller was Head of Accounting at Pargesa Holding SA, which he joined in 1986 after working at Banque hypothécaire du canton de Genève from 1983 to 1985.

He holds a diploma and school-leaving certificate from the Malagnou Business School, Geneva.

Other key activities and positions:

- **Within or at the request of Pargesa Group:** Member of the Management Board of Pargesa Netherlands BV (Netherlands)

4.2. OTHER ACTIVITIES AND VESTED INTERESTS OF THE MEMBERS OF MANAGEMENT

The other activities of the members of Management are provided in section 4.1 above.

4.3. ADDITIONAL INFORMATION FOR ISSUERS SUBJECT TO OAEC

As indicated in section 3.3 above, at its Annual General Meeting on 5 May 2015, Pargesa Holding SA amended the Articles of Association as required under OaEC. In particular, the Articles of Association now stipulate the maximum number of mandates that may be held in the supreme management or supervisory bodies of entities outside the Pargesa Group.

Under these provisions, the Articles of Association now stipulate, in Article 31, that members of Management may not hold more than ten mandates in the supreme management or supervisory bodies of third party legal entities, of which no more than five may be in listed companies.

Furthermore, they may hold up to ten mandates in the supreme management or supervisory bodies of third party legal entities having a non-profit or charitable purpose.

An entity is not deemed to be a third party legal entity under Article 31 of the Articles of Association, and is therefore not taken into consideration for the calculation of the abovementioned maximum number of mandates, if: (1) it directly or indirectly controls the Company or is controlled by the Company; or (2) it is not required to be registered in the commercial registry or in a similar foreign register (e.g. public corporations and institutions, non-profit associations, ecclesiastical foundations or family foundations); or (3) the mandate is held at the request of the Company or a company controlled by it.

Mandates held with legal entities under direct or indirect common control of a legal entity or person or at the request of such legal entity or person are counted as one single mandate for the purposes of this provision.

The Company's Articles of Association are available at the following address:

www.pargesa.ch/fileadmin/documents/en/statutsen.pdf

All members of Management are in compliance with the provisions of Article 31 of the Articles of Association.

4.4. MANAGEMENT CONTRACTS

There are no management contracts between the Company and third parties.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

Information concerning the compensation of members of the Board of Directors and Management can be found in the Compensation Report (Chapter 4 of this Annual Report), pursuant to OaEC.

At the Annual General Meeting on 5 May 2015, Pargesa Holding SA amended the Articles of Association as required under OaEC. Under these provisions, the Articles of Association now set out, in Articles 32 to 38, the principles and components of compensation awarded to the Board of Directors and Management, and the method used to approve compensation at the Annual General Meeting.

www.pargesa.ch/fileadmin/documents/en/statutsen.pdf

6. SHAREHOLDERS' VOTING RIGHTS

6.1. LIMITS ON AND REPRESENTATION OF VOTING RIGHTS

Shareholders' voting rights are proportional to the number of shares they hold, regardless of their par value. Each shareholder is entitled to at least one vote, even with only one share.

In the following cases, shareholders exercise the right to vote in proportion to the par value of their shares and not in proportion to the number of shares they hold:

- the election of the auditors;
- the election of the experts to verify all or part of the management of the Company;
- the resolution to implement a special audit;
- the resolution to bring a liability claim.

At the Annual General Meeting, decisions can be taken regardless of the number of shares represented, unless a mandatory provision of law states otherwise.

The Company's Articles of Association do not include any specific provisions on instructions to be given to the Independent Proxy or on attending the Annual General Meeting using an electronic platform.

6.2. QUORUMS AS PER THE ARTICLES OF ASSOCIATION

No quorum is required for the Annual General Meeting to pass valid resolutions.

The Articles of Association do not require certain decisions taken at the Annual General Meeting to be made with larger majorities than required by law.

6.3. CONVENING THE ANNUAL GENERAL MEETING

The Articles of Association are in accordance with the law regarding the convening of the Annual General Meeting.

The Annual General Meeting is convened at least 20 days before the date of the Meeting, with the notice published in the Feuille Officielle Suisse du Commerce and sent by registered letter to holders of registered shares at the address listed in the share register.

6.4. ADDING AN ITEM TO THE AGENDA

Shareholders representing shares with a total par value of at least CHF 1 million who wish to place one or more items on the agenda of the Annual General Meeting must submit their request in writing to the Board of Directors at the latest 45 days before the date of the Meeting, indicating the subject matter and the proposals to be put on the agenda.

6.5. RECORDINGS IN THE SHARE REGISTER

Only the Company's bearer shares are listed. Holders of bearer shares do not need to be recorded in the shareholder register in order to exercise their rights.

For (unlisted) registered shares and in accordance with Company practice, only shareholders recorded in the share register ten days before the Annual General Meeting are authorised to exercise their voting rights.

7. CHANGES OF CONTROL AND DEFENCE MEASURES

7.1. OBLIGATION TO SUBMIT AN OFFER

Article 10 of the Company's Articles of Association contains an opting-out clause pursuant to Article 125 al. 3 and 125 al. 4 of the FMIA. According to this clause, an acquirer of shares in the Company is not required to present a public tender under Articles 135 and 163 of the FMIA if the thresholds provided under Articles 135 and 163 of FMIA have been exceeded.

www.pargesa.ch/fileadmin/documents/en/statutsen.pdf

7.2. CHANGES OF CONTROL

There are no clauses concerning changes of control in the agreements and programmes established in favour of the members of the Board of Directors and/or Management, with the following exception: under the stock option plan for employees and certain members of Management (see section 2.7 above), all rights are immediately vested to the beneficiary or his beneficiaries in the event of a change of control in Pargesa Holding SA.

8. AUDITOR

8.1. LENGTH OF MANDATE AND TERM AS LEAD AUDITOR

The length of the auditor's mandate is one year. The current auditor's mandate was first approved at the 1997 Annual General Meeting.

Fabien Bryois (Deloitte SA) is the current lead auditor since his appointment to this position in 2019. The maximum legal term of office for the lead auditor is seven years (i.e. the mandate can not be renewed more than seven times).

8.2. AUDIT FEES

Fees invoiced by the audit firm during the year under review totalled CHF 234'000. This amount included the total fees invoiced by the auditors appointed at the Annual General Meeting of Pargesa in 2019.

Member companies of the Deloitte organisation invoiced audit fees of CHF 0.8 million, CHF 4.5 million and CHF 1.2 million, respectively to GBL (and its non-operating subsidiaries), Imerys and Webhelp, which form part of the same Group (see section 1.1 above).

8.3. ADDITIONAL FEES

The audit firm or related third parties provided additional services to the Company for a total of CHF 4'000. These services included a review of the economic presentation of the consolidated results.

Member companies of the Deloitte organisation provided additional services amounting to a total of CHF 0.2 million and CHF 0.3 million, respectively to GBL (and its non-operating subsidiaries) and Imerys, which form part of the same Group (see section 1.1 above).

These additional fees include fees with respect to services required by law as well as to other non-audit services or in connection with contemplated transactions (with regards to Imerys: due diligence services for CHF 0.1 million, contractual audits for CHF 0.2 million).

More information on these additional services is available on page 161 of the GBL 2019 Annual Report and page 251 of the Imerys 2019 Annual Report.

8.4. INFORMATION INSTRUMENTS WITH RESPECT TO THE EXTERNAL AUDITOR

As indicated in section 3.5 above, the Audit Committee examines, together with the auditors, the scope and results of their audits and analyses the financial information intended for shareholders and third parties.

The auditors attend the meetings of the Audit Committee during which the annual and half-year accounts are examined, as well as any other meeting at which their attendance is desired, based on the circumstances.

The Audit Committee examines a report, prepared by Management, assessing the execution of the assignment given to the external auditor; this report contains details enabling the Audit Committee to assess the quality of the services provided. The Audit Committee assesses the auditor's performance, focussing on: (1) the composition, skills and experience of the team; (2) the scope and area of the auditor's mission; (3) a critical review of the invoiced fees; (4) whether adequate resources are available within the auditor's network; (5) planning and compliance with deadlines; (6) the extent to which the auditor coordinated and cooperated with the external auditors within the Group; and (7) compliance with delivery dates. Fees paid to the auditors for their work are negotiated annually and agreement is reached in particular in light of the scope of the auditing work. Any additional services are subject to separate negotiation.

The Audit Committee met twice in the presence of the auditors in 2019. At the meeting of the Audit Committee in March 2019, during which the 2018 financial statements were examined, the auditors provided a documented report on the execution of their assignment and the results of their audits. They issued an unqualified audit opinion. At the second meeting, held in July 2019, the auditors presented a report on their limited review of the consolidated financial statements (IFRS) for the first half of 2019, drawn up in accordance with IAS 34 (interim financial reporting). They issued an unqualified audit opinion.

In March 2020, the Audit Committee met in the presence of the auditors and examined the 2019 financial statements. The auditors gave a documented report on the execution of their assignment and the results of their audits. They issued an unqualified opinion.

9. INFORMATION POLICY

The following information is provided to investors and other members of the public and is accessible at: www.pargesa.ch/en/

- Press releases concerning important events that could affect the share price, as well as financial results:
  - quarterly results are published following the first and third quarters and include a simplified consolidated income statement and the economic analysis of results, as well as a summary of recent developments;
  - half-yearly results include the consolidated financial statements in accordance with IAS 34, which are subject to a limited review by the auditor;
  - annual results.

www.pargesa.ch/pressreleases/2018
www.pargesa.ch/en/press-releases/2019

People who wish to receive the Company's press releases can sign up for this service on the Company's website: www.pargesa.ch/en/contact/

- Share price and net asset value updated weekly on the website:

www.pargesa.ch/en/listed-securities/pargesa-shares/net-asset-value/adjusted-net-asset-value/

- Graph of the share price and net asset value updated weekly on the website :

www.pargesa.ch/en/listed-securities/pargesa-shares/net-asset-value/chart/

- Presentations made at the Annual General Meeting or to investors:

www.pargesa.ch/en/presentations/library

- Half-yearly and annual reports:

www.pargesa.ch/en/financial-reports/library

- Financial calendar:

www.pargesa.ch/en/shareholders/financialcalendar

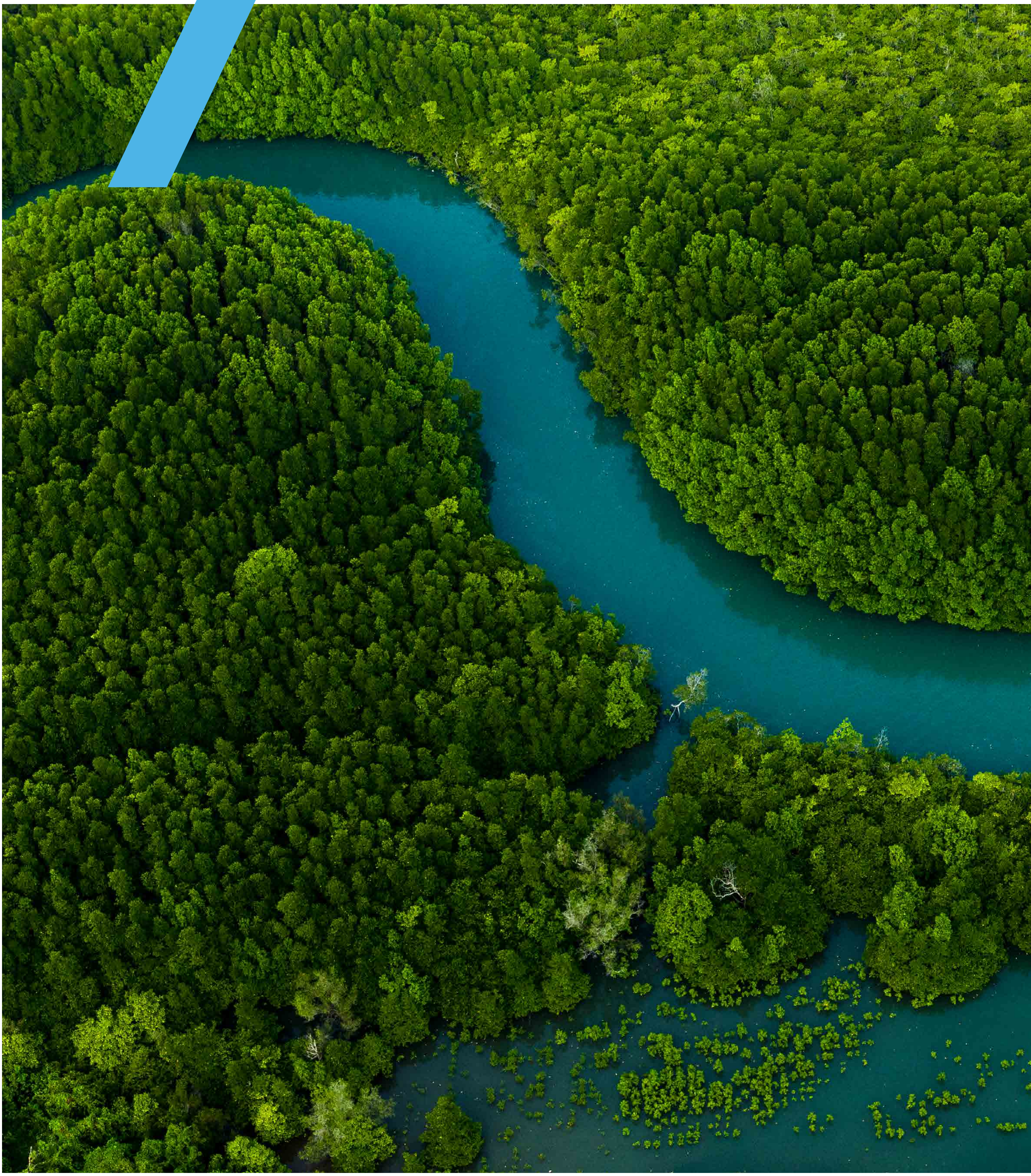
The Company's website also includes the email address for investor relations:

E-mail : info@pargesa.ch
Phone : +41 22 817 77 77
Head office: 11, Grand-Rue, 1204 Geneva

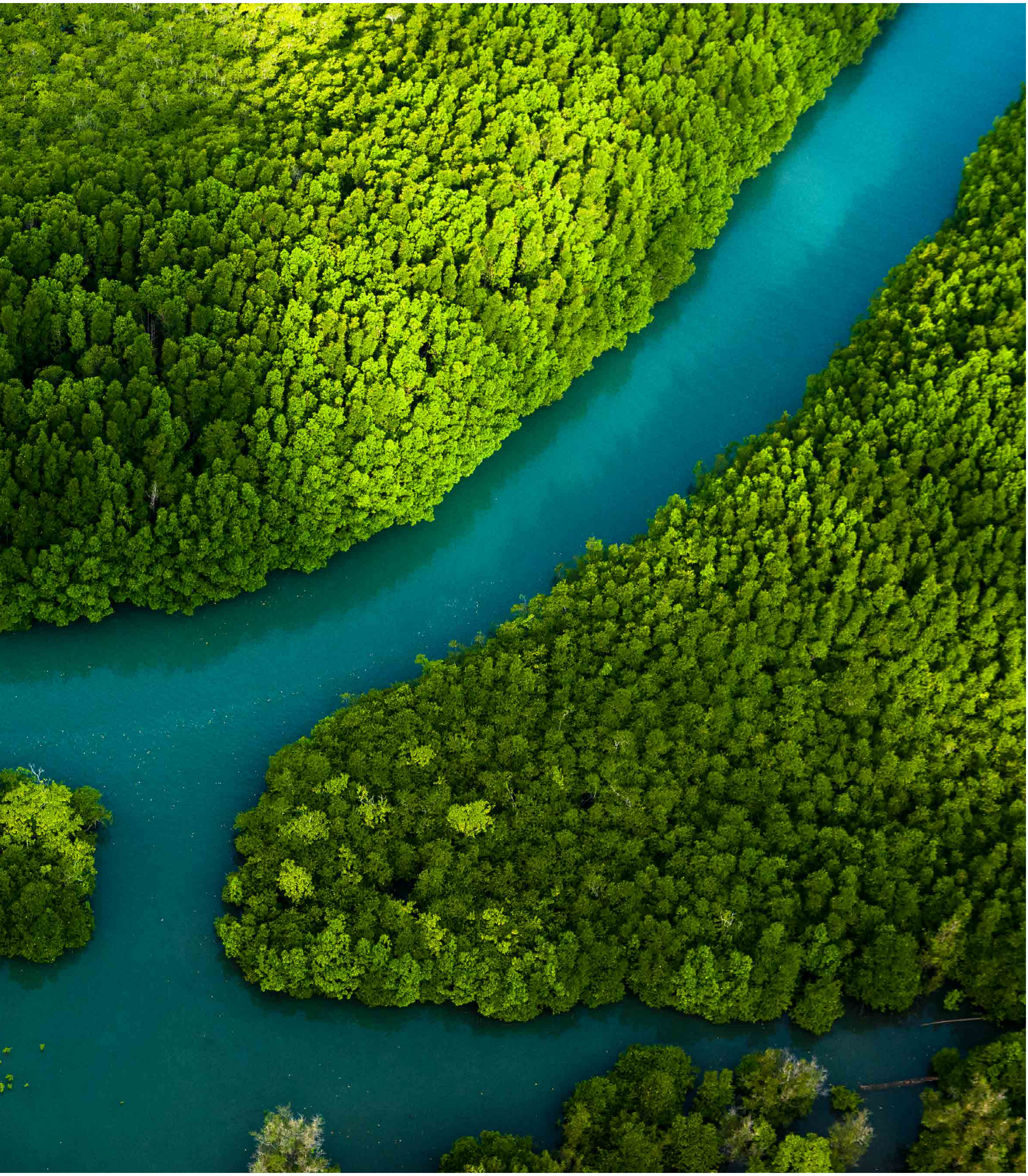
10. ESG POLICY

Responsible management has always been an intrinsic value of the Company, and a constant priority, considered essential by the Board of Directors in the context of its governance. To this end, it should be noted that a set of measures were undertaken and/or achieved in 2019 in accordance with Pargesa's ESG policy.

For more details on Pargesa's ESG policy and the governance of this policy, please refer to the ESG chapter described on pages 88 to 108 of this Annual Report.



ESG Policy



Content

Message from the Chairman of the Board of Directors

Responsible management has always been a key principle for Pargesa – one that guides our strategy and our behaviour. Our approach to responsible management is driven by our core values of integrity, trust and respect. These values are what ensure we deliver long-term value creation for the Company, our shareholders and our employees.

These same values drove the creation of this ESG policy as well as the transformation of our Code of Conduct and our Internal Regulations.

We believe it is our duty to set an example and meet the high standards of responsible behaviour that we have set ourselves. This we do in particular by being actively involved in the governing bodies of the companies within the Group's portfolio.

Paul Desmarais, Jr.

Chairman of the Board of Directors

The ESG statement of Pargesa

Background

Pargesa Holding SA ("Pargesa" or the "Company") holds a controlling share in the company Groupe Bruxelles Lambert SA ("GBL"), whose principal activities are investing, reinvesting, owning, holding, managing or trading in shareholdings in other companies, or proposing to do so, and/or engaging in treasury management activities.

Pargesa has a long-standing history of acting as a responsible company. It is one of its core values and a constant priority, critical to ensure long-term sustainable value creation and earnings.

Driven by its determination to conduct its activities in a responsible manner and work to create a more sustainable and inclusive future, Pargesa sets out its approach to responsible management in this Environmental, Social and Governance Statement (the "ESG Statement").

Commitments

Pargesa as a company

With a limited headcount and as a holding company without any production or distribution activities, the impact that Pargesa has in terms of social and more specifically environmental matters is limited.

However, in addition to complying with applicable laws and regulations and respecting the ethical standards to which it has decided to abide, Pargesa strives, as a company, to conduct its business with a responsible social and environmental approach.

- **Environmental aspects:**

  Pargesa expects all its staff members to adopt behaviours that reduce the Company's carbon footprint, in particular by limiting unnecessary electricity consumption, reducing heat loss and developing recycling habits.

- **Social aspects:**

  As Pargesa believes that its employees represent its core assets to drive performance and ensure the business continuity of the Company, human resources management is a crucial component of its ESG policy.

  To achieve this, Pargesa ensures the well-being of its employees by offering them a healthy and comfortable work environment, as well as an adapted compensation policy. Particular attention is paid to the mix of teams and the complementarity of professional experiences.

  Also, Pargesa encourages its employees to uphold, in both their personal and professional life, a code of conduct compatible with the responsible management approach adopted by the Company.

- **Governance aspects:**

  Pargesa has defined governance guidelines through its by-laws, Code of ethics and Internal rules, which are imposed in order to uphold strict legal, ethical and professional standards.

  In particular, Pargesa looks out for compliance with the internal rules that prohibit bribery and corruption, together with money laundering and financial crimes within the Company. Honesty and integrity are core values at Pargesa, where all racist, sexist or violent behaviour is prohibited. Consequently, the Company ensures that all councils, boards, committees and employees are kept up-to-date on the rules relevant to their role and function as well as the provisions of the Code of ethics.

  Backed by a robust internal control culture, Pargesa's Management is involved in all the processes in place within the Company. The mission, structure, roles and responsibilities of the existing Committees are described in their respective charters, which are approved by the Boards of Directors of the Company.

Pargesa as a majority shareholder

As a controlling shareholder, Pargesa encourages GBL in the implementation of its responsible investor policy in terms of ESG and is committed to monitoring its development within GBL.

The detailed annual report prepared by GBL, which includes its responsibility on ESG matters can be consulted on its website (https://www.gbl.be/en/esg).

Revision and approval

The ESG statement is frequently revised, on a needs basis, and subsequently approved by Pargesa's Board of Directors.

Core values

Pargesa's ESG policy is built around 3 fundamental ESG pillars, forming the cornerstone of Pargesa's values:

- A long-term corporate culture that is based on the values of two committed families: this culture, fostered by our controlling shareholders, draws on the principles of innovation, interdependence, growth and responsible business development.
- Proactive social responsibility: while this is a continuous process, the corporate societal and environmental responsibility of Pargesa is regarded as essential for long-term value creation.
- Solid governance: we ensure compliance with our organisational rules to promote ethical behaviour, honesty and integrity, in keeping with both local and international regulations

WE SUPPORT
UN GLOBAL COMPACT

We seek to be fully transparent with our third parties, which is why we will publish the updates to our ESG policy every year, together with information on the progress made in implementing the related action plan.

In 2019, Pargesa Holding SA became a signatory to the United Nations Global Compact (UN GC), one of the world's largest voluntary sustainability initiatives. The UN GC provides a universal framework for companies looking to improve their corporate social responsibility. It is built around ten principles in the areas of human rights, International Labour norms, the environment and anti-corruption.

By becoming a signatory to the UN GC, we have reaffirmed our commitment to adopting a management approach that is in line with these ten principles and to communicating every year on the progress we achieved.

Through our controlling shareholder approach, Pargesa encourages GBL, our subsidiary, to put in place a responsible ESG-related investment policy and will monitor that policy within GBL. Pargesa relies on GBL's active shareholder approach, which seeks to integrate ESG aspects from the investment decision to the monitoring of the portfolio.

Pargesa Holding SA also intends to become a signatory to the six UN Principles for Responsible Investment (UNPRI) in 2020, publicly demonstrating our commitment of responsible investment.

The Principles for Responsible Investment, supported by the United Nations (UN PRI) aim to address the sustainability challenges that investors face and to help them to better integrate ESG factors into their investment decision-making process and ownership policy development. Signatories are required to report annually on their responsible investment activities. In return, we will get feedback on our operations so that we can learn and continually improve our ESG management process as a controlling shareholder.

Pargesa set up a specific governance structure adapted to the management of ESG risks and opportunities with a view to adopt an appropriate management of ESG aspects within the Company and through its investments.

United Nations Global Compact

HUMAN RIGHTS

Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.

LABOUR

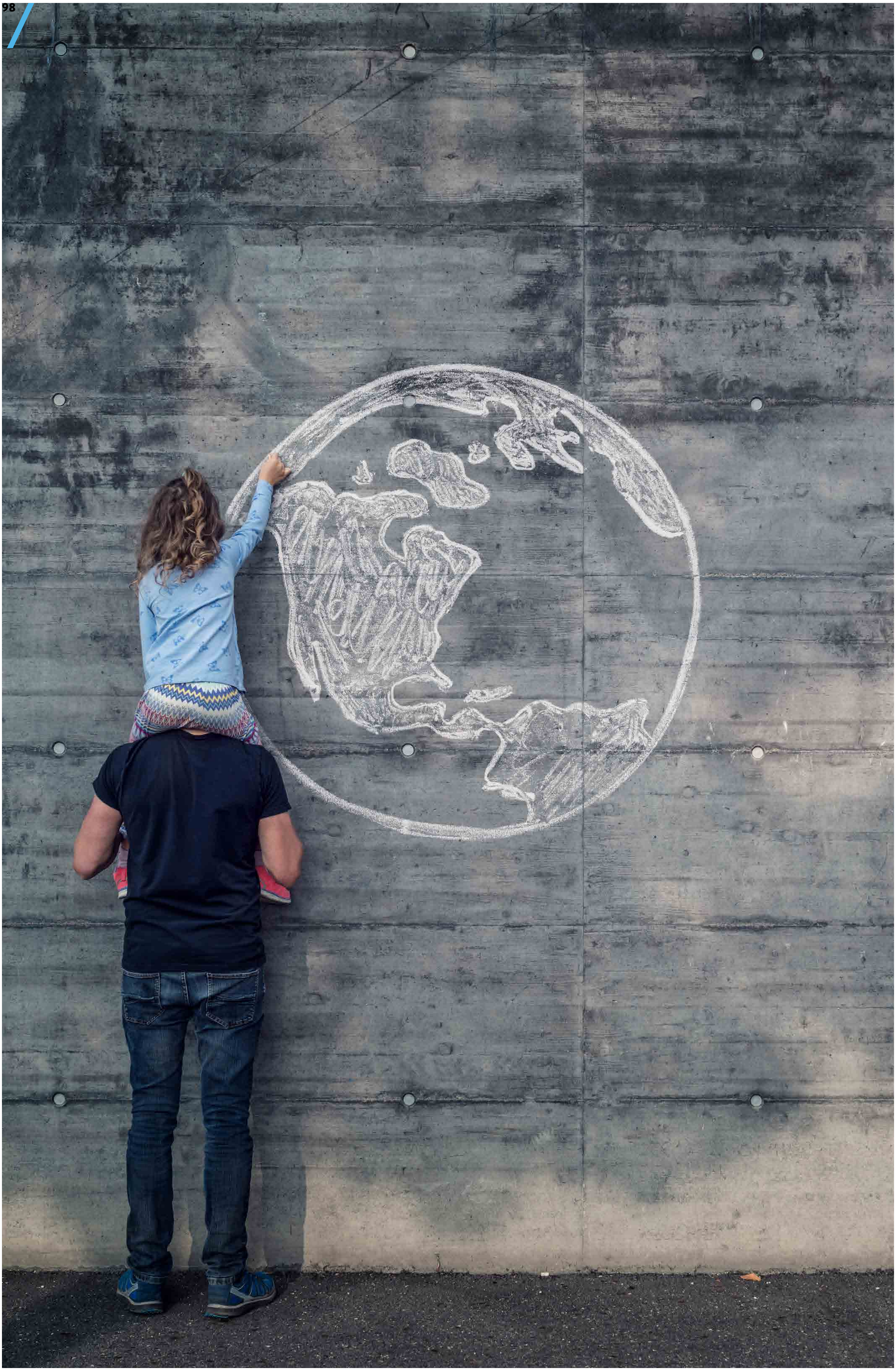
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.
Principle 5	Businesses should uphold the effective abolition of child labour.
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.

ENVIRONMENT

Principle 7	Businesses should support a precautionary approach to environmental challenges.
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.

ANTI-CORRUPTION

Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.



ESG policy governance

We conduct a review of our ESG policy each year, in accordance with applicable regulations and taking into account the expectations and goals set by the Board of Directors.

The Board of Directors approves Pargesa's ESG strategy and policy, and assesses the risks and opportunities arising from its implementation.

The Audit Committee makes recommendations to the Board of Directors concerning possible amendments to the ESG strategy and policy, and assesses the ESG performance, the risks and opportunities presented by the Managing Director and by the ESG lead at GBL, being the Group's portfolio.

The Managing Director submits ESG policy proposals to the Board of Directors, along with recommendations for its ongoing improvement, in coordination with the Audit Committee.

GOVERNANCE CONCERNING THE ESG POLICY

	ROLES
BOARD OF DIRECTORS	• Approves the ESG strategy and policy based on the risks and opportunities identified, and key performance indicators; • Ensures compliance with Pargesa's ESG policy; • Approves GBL's ESG statement; • Approves the ESG chapter in Pargesa's Annual Report.
AUDIT	• Submits recommendations to the Board of Directors concerning the drafting of and possible amendments to the ESG strategy and policy; • Assesses the Company's ESG performance, the risks and opportunities presented by the Managing Director and by the ESG lead at GBL being the Group's portfolio; • Reports to the Board of Directors, in coordination with the Managing Director; • Validates the ESG chapter in Pargesa's Annual Report for submission to the Board of Directors.
MANAGING DIRECTOR	• Monitors ESG regulations in Switzerland and the rest of Europe; • Ensures a dialogue with shareholders and other stakeholders; • Submits ESG policy proposals and amendments to the Board of Directors, along with recommendations for the policy's ongoing improvement, in coordination with the Audit Committee; • Monitors compliance with the ESG policy; • Monitors ESG risks and opportunities and reports to the Board of Directors, in coordination with the Audit Committee; • Coordinates with GBL on ESG matters; • Prepares the ESG chapter for the Annual Report.

Corporate commitments

UNITED NATIONS GLOBAL COMPACT

PRINCIPLE 7
Businesses should support a precautionary approach to environmental challenges.

PRINCIPLE 8
Businesses should undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9
Businesses should encourage the development and diffusion of environmentally friendly technologies.

1. ENVIRONMENTAL COMMITMENTS

WE ARE CONVINCED THAT INDIVIDUAL ACTION CAN HELP TO PROTECT THE ENVIRONMENT AND REDUCE THE IMPACTS OF CLIMATE CHANGE.

We take an environmentally responsible approach to our business activities. However, as we only have ten employees and do not conduct any production or distribution activities, our direct impact on the environment is limited. We nevertheless believe that each and every one of us can effectively contribute to our collective environmental action, which is why we do our utmost to play our part.

In line with the three environment-related principles of the UN GC, we focus our efforts on energy efficiency, the use of alternative energies, and reducing waste, particularly plastic waste.

BECOMING CARBON NEUTRAL IN 2020

We are committed to making Pargesa a carbon-neutral company in 2020 by reducing our greenhouse gas emissions (CO_{2eq}) and offsetting any unavoidable emissions. We are involved in the Gold Standard and CDM carbon-offsetting initiatives, which reward robust environmental strategies.

A carbon footprint assessment (scopes 1, 2 and partial 3) was conducted in 2019 in partnership with two independent institutes, Myclimate and ecoLive. This will enable us to identify the steps we can take to reduce our greenhouse gas emissions and waste and to determine how best to offset our emissions in order to achieve our goal of becoming carbon neutral.

Greenhouse gas emissions are calculated as CO_2 equivalents (CO2eq), which means that amounts of other gases covered by the Kyoto Protocol are converted, on the basis of their global warming potential, into equivalent amounts of carbon dioxide.

Implementation

We expect all of our staff members to contribute to reducing Pargesa's carbon footprint by keeping electricity use and heat loss to a minimum, adopting recycling habits (e.g. by recycling paper, toner, light bulbs, batteries, etc.), and by paying attention to how they travel and commute.
As part of these efforts, we conducted a carbon footprint assessment in 2019 based on 2018 data. The results are as follows:

KEY PERFORMANCE INDICATORS AT 31 DECEMBER 2018	
ENERGY CONSUMPTION (ELECTRICITY AND HEATING GAS)*	**93'205 kWh**
% OF RENEWABLE ENERGY*	**12.49%**
% OF RENEWABLE ELECTRICITY*	**100%**
USE OF CARBON-OFFSET HEATING GAS*	**100%**
CO_{2eq} EMISSIONS	**96.1t**
CO_{2eq} EMISSIONS (SCOPE 1)	**19.4%**
CO_{2eq} EMISSIONS (SCOPE 2)	**0%**
CO_{2eq} EMISSIONS (PARTIAL SCOPE 3)	**80.6%**
CO_{2eq} EMISSIONS PER FTE	**11.09t**

* As we rent our premises, we have very little control over the building's energy efficiency.

Monitoring these indicators over the years will allow us to assess and discus our performance relative to our environmental commitments.

The assessment of our greenhouse gas emissions was conducted in keeping with ISO 14'069:2013 and breaks emissions down into three scopes, which are defined as follows:

- Scope 1 (direct emissions): For Pargesa, scope 1 includes all our direct emissions, including fuel to heat our premises.
- Scope 2 (indirect emissions): For Pargesa, scope 2 includes the emissions generated by electricity production. As all of our electricity comes from renewal sources, we have no scope 2 greenhouse gas emissions.
- Scope 3 (broader emissions): For Pargesa, scope 3 includes other indirect emissions generated by, for example, business trips and commuter travel, the production and transport of the office supplies we purchase, and our waste.

We are aware that we have a role to play in adopting environmentally friendly practices in our everyday work. In order to limit our negative impact on the environment, we have taken or will take the following actions:

ACTION PLAN	
APPOINT A HEAD OF ENVIRONMENTALLY FRIENDLY PRACTICES	**ACHIEVED** ✓
SEPARATE AND RECYCLE OUR WASTE	**IN PROGRESS** >
KEEP ELECTRICITY USE AND HEAT LOSS TO A MINIMUM	**IN PROGRESS** >
USE HYDROPOWER ONLY	**ACHIEVED** ✓
IMPLEMENT A PLAN TO CURB SCOPE 3 EMISSIONS	**IN PROGRESS** >
VOLUNTARILY OFFSET OUR 2019 CARBON EMISSIONS	**2020** >

UNITED NATIONS GLOBAL COMPACT

PRINCIPLE 3
Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE 6
Businesses should contribute to the elimination of discrimination in respect of employment and occupation.

2. SOCIAL AND SOCIETAL COMMITMENTS

2.1. HUMAN RESOURCES MANAGEMENT - A KEY COMPONENT OF OUR ESG POLICY

Our staff are our greatest asset, and they are what drives our growth and our business continuity.

Effective human resources management is therefore a key component of our ESG policy. We look out for our staff's well-being by providing a healthy and comfortable work environment that fosters diversity and inclusion, and by offering an appropriate compensation policy. Particular attention is paid to the mix of teams and the complementarity of professional experiences.

We adhere to the following principles of the UN Global Compact:

PRINCIPLE 3

We comply with applicable legal provisions in the jurisdictions in which we operate and recognise freedom of association and the right to collective bargaining as fundamental principles of our HR policy.

The Swiss federal constitution recognises freedom of association as a fundamental right for all employees. Article 23 stipulates that: *"Freedom of association is guaranteed. Every person has the right to form, join or belong to an association and to participate in the activities of an association. No person may be compelled to join or to belong to an association."*

PRINCIPLE 6

We support diversity within the Company by ensuring a mix of complementary profiles among staff and Management.
In addition to the principles of the UN GC, we are committed to helping our employees to develop their skills and to looking after their well-being.
We have made the following key commitments to our employees:

- Promote a positive work environment for all and which is conducive to employee loyalty;
- Offer an appropriate and competitive compensation policy and benefits package;
- Provide employees having comparable skills with equal opportunities to develop their careers and realise their potential, free from all forms of discrimination.

Implementation

SUPPORTING TRAINING

In 2020, we will develop and formalise a training policy, drawing on employees' annual performance reviews, their objectives and individual ambitions. We want to make our employees responsible for their professional development and more actively support them in enhancing their skills and fulfilling their personal goals.

As our Company is quite small, our work environment is collegial and interactive. Human resources are managed directly by Management.

We seek to achieve a gender balance, as illustrated by our Management team, which comprises one woman (the Managing Director) and one man (the Financial Director).

We already comply with the principles of the UN Global Compact and with related domestic legislation and regulations, which we implement through our internal policies.

We seek to create a stimulating and rewarding work environment. Employees are supported and encouraged to take responsibility for their professional development.

- We offer an attractive retirement plan to help employees to prepare for the future and to retire early should they opt for that option. We have a share ownership plan that awards stock options and is applicable to all staff members;
- We actively support our employees' skills development and performance. To achieve this, Management conducts an annual performance review with each employee. We also encourage our employees to complete training courses that will add value to their work;
- Going forward, we intend to draw up an active human resources policy that will be based on ensuring favourable working conditions in order to retain and train our employees and help them to progress. This will include:
  - A framework for how to structure annual performance reviews (including for members of Management)
  - A training plan based on employees' annual objectives
  - Increased monitoring of staff training
  - Appointing a staff member responsible for monitoring staff training and employee development.

KEY PERFORMANCE INDICATORS AT 31 DECEMBER 2019

% OF FULL-TIME EMPLOYEES	**92%**
% OF FEMALE EMPLOYEES	**50%**
% OF PERMANENT CONTRACTS	**100%**
AGE STRUCTURE	**38–59 YEARS OLD**

Monitoring these indicators over the years will allow us to assess and discuss our performance relative to our social commitments.

ACTION PLAN

GENDER BALANCE	**ACHIEVED** √
ADEQUATE AND EQUAL COMPENSATION	**ACHIEVED** √
EMPLOYEE SHARE OWNERSHIP PLAN	**ACHIEVED** √
ATTRACTIVE BENEFITS PACKAGE	**ACHIEVED** √
ATTRACTIVE RETIREMENT PLAN	**ACHIEVED** √
INDIVIDUAL SUPPORT FOR TRAINING	**ACHIEVED** √
INDIVIDUAL AND GROUP ANNUAL PERFORMANCE REVIEWS	**ACHIEVED** √
FORMAL HR POLICY	**2020** >
GLOBAL TRAINING PLAN	**2020** >
APPOINT A HEAD OF TRAINING AND SKILLS DEVELOPMENT	**2020** >

UNITED NATIONS GLOBAL COMPACT

PRINCIPLE 1
Businesses should support and respect the protection of internationally proclaimed human rights.

PRINCIPLE 2
Businesses should make sure that they are not complicit in human rights abuses.

PRINCIPLE 4
Businesses should eliminate of all forms of forced and compulsory labour.

PRINCIPLE 5
Businesses should contribute to the effective abolition of child labour.

PRINCIPLE 10
Businesses should work against corruption in all its forms, including extortion and bribery.

2.2. ETHICAL AND UPSTANDING BEHAVIOUR TOWARDS OUR STAKEHOLDERS

To ensure our Company's continued success, we need to make sure that integrity and ethical behaviour remain at the cornerstone of everything we do. We conduct all our business operations in strict compliance with ethical rules and applicable legal provisions in all of the jurisdictions in which we operate. No illegal or corrupt activity is permitted, as explicitly stipulated in our Code of Conduct and our Internal Regulations.

In this regard, we are committed to upholding international principles, and particularly the UN GC principles mentioned in the margin:

PRINCIPLES 1, 2 AND 10 OF THE UN GLOBAL COMPACT

We respect human rights, as defined in our ESG policy, our Code of Conduct and our Internal Regulations. In keeping with this fundamental principle, we undertake to fight corruption in all its forms and ensure that we are not complicit in any human rights abuses.

We comply with the principle of Article 19 of the Universal Declaration of Human Rights, which states that: "*Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.*"

PRINCIPLES 4 AND 5

Under our Code of Conduct, we undertake to prohibit all forms of forced and compulsory labour and all forms of child labour.

Any external service provider identified as potentially sensitive due to their business area must sign a statement confirming that they have not violated these two fundamental principles.

Implementation

To promote respect for the Group's values, we encourage employees to adopt personal and professional behaviour that is compatible with the responsible management approach we have implemented through our Code of Conduct and Internal Regulations.

The Code of Conduct and Internal Regulations set out guidelines on how to perform our work in compliance with the strictest legal, ethical and professional standards. They cover compliance, responsible management, conflicts of interest, anti-corruption, relations with third parties, respect in the workplace and non-discrimination. The Internal Regulations are designed to provide more details on certain aspects of the Code of Conduct. These Regulations do not, however, replace the legislation and regulations applicable to Pargesa.

We ensure that our governing bodies and employees receive adequate training on our corporate values, the rules applicable to their function and the provisions of the Code of Conduct. We also hold training sessions for our governing bodies and employees when we deem them to be necessary or useful.

In addition, we ask each employee to sign the Code of Conduct and the Internal Regulations when they join the Company, as these documents are an integral part of their employment contract. Since 2019, employees have been required to renew their commitment to comply with the Code of Conduct and the Internal Regulations annually.

When GBL signed the UN Global Compact in 2019, it reaffirmed its commitment to protecting human rights. And Pargesa's recent signing of the Compact shows that the Group is moving forward in its efforts to promote and respect human rights.

KEY PERFORMANCE INDICATORS AT 31 DECEMBER 2019

REPORTED VIOLATIONS OF ANTI-FRAUD AND ANTI-CORRUPTION PRINCIPLES	**NONE**

Monitoring these indicators over the years will allow us to assess and discuss our performance relative to our ethical commitments.

ACTION PLAN

EMPLOYEES' RENEWED COMMITMENT IN WRITING TO THE CODE OF CONDUCT AND INTERNAL REGULATIONS	**ACHIEVED** ✓
TRAINING ON THE CODE OF CONDUCT AND INTERNAL REGULATIONS	**ACHIEVED** ✓
SELECTION OF EXTERNAL SERVICE PROVIDERS BASED ON THEIR CONFIRMATION THAT THEY RESPECT HUMAN RIGHTS PRINCIPLES	**2020** >

2.3. COMMITMENTS TO THE COMMUNITY

We are committed to creating a more open, inclusive and equitable world. This means that our Company needs to create value for the communities in which we work. As part of this approach, we organise a Kids Day so that children can come and learn about the business world.

SUPPORTING THE COMMUNITY

For many years, we have been supporting a foundation that aims to "help all those with a physical, mental or social disability and victims of poverty".

In 2020, we will also identify and support other projects could benefit from our support, either because they are local initiatives or because they are directly or indirectly linked to our work.

ACTION PLAN

DRAW UP A LIST OF COMMUNITY PROJECTS THAT COULD BENEFIT FROM OUR SUPPORT	**2020** >
SELECT A PROJECT TO SPONSOR OVER THE LONG TERM	**2020** >

3. GOVERNANCE-RELATED COMMITMENTS

3.1. CORPORATE GOVERNANCE

The guiding principles of our governance approach are set out in our By-Laws, our Code of Conduct and our Internal Regulations.

Four entities are involved in governance matters:

- The Board of Directors, which is responsible for the management and supervision of the Company;
- The Audit and Compensation Committees, whose respective roles are set out in a charter;
- The Management, who is responsible for the everyday running of the Company, as delegated by the By-Laws;

For more information on corporate governance, please see chapter 3 "Corporate Governance" on pages 63 to 87.

3.2. TRANSPARENCY CONCERNING OUR ESG POLICY

We seek to be fully transparent with third parties, which is why we will publish the updates to our ESG policy every year, together with information on the progress made in implementing the related action plan.

To strengthen our commitment, we have adhered to or intend to adhere to internationally recognised initiatives and standards, such as the UN Global Compact, the UN Principles of Responsible Investment and the Sustainable Development Goals (SDGs).

We became a signatory to the UN Global Compact in 2019 and are currently evaluating the requirements for becoming a signatory to the Principles of Responsible Investment as a controlling shareholder. We are also looking carefully at the SDGs, to determine which would be the most relevant for our Company.

This comprehensive approach will enable us to build our ESG strategy around measures that will help to create a more sustainable financial system.

ACTION PLAN

JOIN THE UNITED NATIONS GLOBAL COMPACT (UN GC)	**ACHIEVED** √
SIGN UP TO THE UN PRINCIPLES OF RESPONSIBLE INVESTMENT (UN PRI)	**2020** >
CONSIDER THE MOST RELEVANT SUSTAINABLE DEVELOPMENT GOALS (SDGS)	**IN PROGRESS** >

Commitments as a controlling shareholder

Our ESG policy was developed in coordination with the Group in which we are a shareholder, and especially our GBL subsidiary.

The ESG challenges we face mainly relate to the companies within the Group's portfolio, which are held directly by GBL. As a controlling shareholder, we encourage GBL to implement a responsible ESG investment policy and will monitor the progress of that policy within GBL, towards new responsible investment initiatives.

We foster dialogue and exchanges with GBL in order to promote and support new responsible investment initiatives. Communication is key when it comes to coordinating compliance with Group policies.

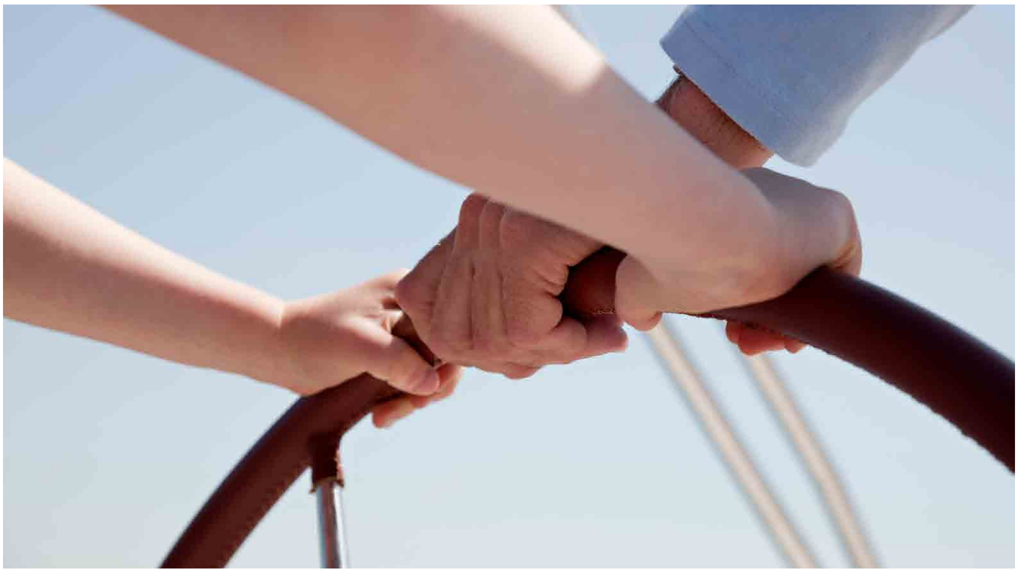
Implementation

We will coordinate efforts with GBL in two ways:

- Adopting a five-stage cyclical approach, starting with an ESG monitoring tool that:
  - Ensures coherence between GBL's ESG policy and Pargesa's ESG policy and action plan for the coming year;
  - Ensures that GBL implements its policy and processes so as to identify ESG risks and opportunities within its portfolio;
  - Reports on ESG risks that GBL identifies in its own operations and those of its subsidiaries and that could have an impact on Pargesa;
  - Encourages continuous improvement in the actions and processes implemented by GBL.
- Communicating on ESG matters annually through a special ESG meeting of Pargesa's Audit Committee:
  - GBL's Secretary General will give a presentation on GBL governance, due diligence and ESG risks and opportunities and objectives for the coming year;
  - The Committee will discuss setting new common objectives and an action plan for the coming year.

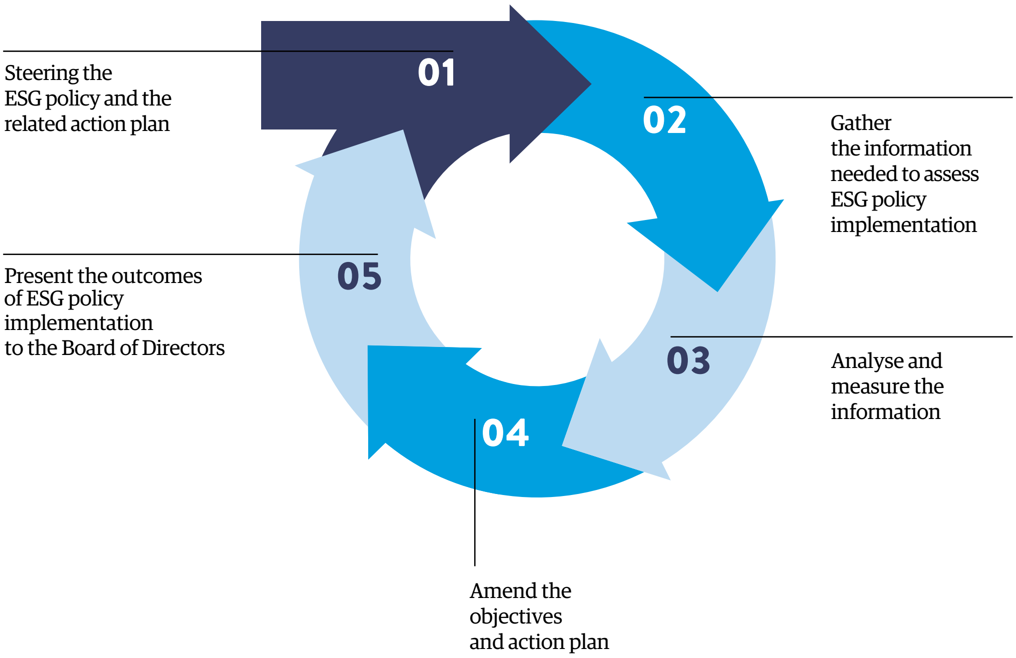
ACTION PLAN

COORDINATING ESG POLICIES	**IN PROGRESS** >
MONITORING ESG POLICIES, RISKS AND OPPORTUNITIES AT GBL'S LEVEL	**IN PROGRESS** >
HOLDING ANNUAL REVIEW MEETINGS WITH GBL	**FIRST MEETING TO BE HELD IN 2020** >



For a better understanding of the governance aspects of Pargesa's ESG policy as a controlling shareholder, please see our "annual ESG policy monitoring cycle" below.

PARGESA HOLDING SA ANNUAL ESG POLICY MONITORING CYCLE



Pargesa's approach to ESG aspects is consistent with the Company's ambition to continue our efforts over the years to come. We recognize the limited role as indirect shareholder limited role in the Group's operating companies, which are held by our subsidiary GBL. That is why we will also continue to rely on GBL's ESG policy. As a responsible investor, GBL takes a precautionary approach to risk and has incorporated ESG criteria into its investment decision-making process. It has also put in place measures to monitor the ESG policies of its subsidiaries.

For more information on GBL's ESG policies and on GBL's consolidated subsidiaries ESG policies, please consult their ESG analyses and reports on their websites:

GBL

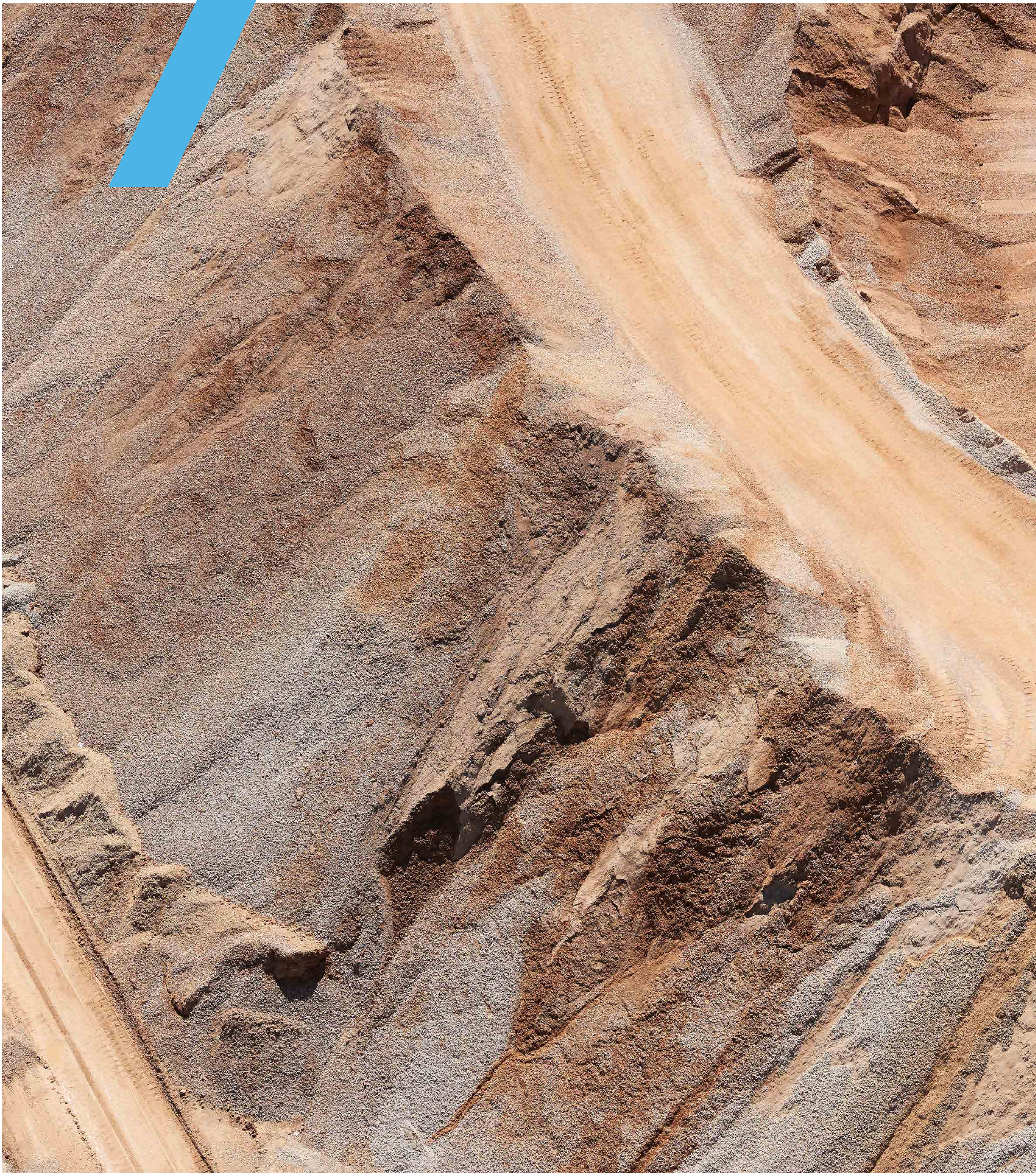
- ESG policy: https://www.gbl.be/en/esg
- ESG section in the 2019 Annual Report: https://www.gbl.be/en/media/3166/Annual_Report_2019.pdf.

Imerys

- ESG policy: https://www.imerys.com/group/our-group/our-commitments/building-future.

ECP III

- ESG policy: https://ergoncapital.com/responsibility/.



Compensation report

COMPENSATION REPORT

This report was prepared in accordance with the provisions of the Ordinance against excessive compensation in listed corporations (hereafter "OaEC"), which came into force on 1 January 2014, and the SIX Swiss Exchange's Directive on Information relating to Corporate Governance.

Compensation paid to the Board of Directors and Management

Members of the Board of Directors, the Board's Committees and Management receive compensation directly from Pargesa Holding SA ("Pargesa" or the "Company"). The total compensation awarded to certain members of the Board of Directors and Management, as indicated in the table on page 116, also includes the compensation for positions and mandates they hold in other companies within the Pargesa Group (particularly GBL and its shareholdings) at the Group's request (see Article 34 paragraph 4 of the Articles of Association), as well as, when relevant, any share options awarded under the incentive plans of these companies.

The compensation awarded directly by Pargesa Holding SA is set annually by the Board of Directors of the Company based on the recommendation of the Compensation Committee. The compensation awarded by other companies in the Group is set directly by the governing bodies of those companies.

In accordance with OaEC and Article 36 of the Articles of Association, the Annual General Meeting must approve the Board of Directors' recommendation each year for each of the following:

- the total compensation to be awarded to the Board of Directors (directly[1] or indirectly[2]) for the period up to the next Annual General Meeting;
- the total compensation to be awarded to Management for the next financial year.

At the Annual General Meeting, the Board of Directors may submit compensation proposals that cover different time periods and concerning either all members of the Board of Directors or Management or only certain members.

The vote at the General Meeting on the compensation proposals is binding. If the General Meeting does not approve a compensation proposal made by the Board of Directors, the Board of Directors makes an alternative proposal to the same General Meeting, or convenes an Extraordinary General Meeting.

The Company, or companies that it directly or indirectly controls, may pay compensation prior to approval by the General Meeting, subject to subsequent approval by the General Meeting and a restitution obligation from the relevant member of the governing body.

If a member of Management is appointed after the Annual General Meeting has approved Management's compensation, the Company or group companies may grant this new member, for the compensation period already approved, a supplementary amount as remuneration and/or compensation for benefits he renounced or was denied by leaving his previous position. The supplementary amount cannot exceed the most recently approved average remuneration the other members of Management by more than 40%. The limit is set at 50% for the CEO. The average remuneration is determined by dividing the aggregate remuneration of Management most recently approved by the General Meeting of shareholders by the number of current members.

(1) The compensation awarded directly by Pargesa Holding SA is set annually by the Board of Directors of the Company based on the recommendation of the Compensation Committee.

(2) Compensation of other companies in the Group is set directly by the governing bodies of those companies.

In accordance with these provisions, at the Annual General Meeting on 8 May 2019, shareholders approved the following total compensation amounts:

total compensation of CHF 6'500'000	for the Board of Directors for the period up to the Annual General Meeting on 6 May 2020 (compensation reduced by CHF 1'800'000 in comparison with the amount approved by last year's Annual General Meeting (2018) – see *Principles* section below),
total compensation of CHF 1'230'000	for Management for the 2020 financial year (unchanged compared to 2019).

Principles

The compensation awarded directly by the Company to members of the Board of Directors and Management, which is included in the aforementioned total compensation, is set annually by the Board of Directors based on the recommendation of the Compensation Committee (see page 78 of this Annual Report). Executive Directors of the Company (until 31 December 2018) who were also members of Management within the meaning of OaEC, did not receive any separate compensation in this regard.

The compensation awarded directly by the Company is determined based on similar positions observed in a selection of companies, supported by analyses carried out periodically by international consulting firms contracted specifically for this purpose by the Compensation Committee. The basis for comparison is the market median. In addition, the Company's Compensation Committee takes into account the level of operational responsibility when determining compensation, and for members of the Board of Directors, any positions on the Board's committees (Audit Committee or Compensation Committee) are also taken into account.

While, as a general rule, compensation does not include any long-term or short-term variable cash component, in exceptional circumstances bonuses may be awarded to members of Management, as was the case in 2016 (see page 62 of the 2016 Annual Report of the Company: www.pargesa.ch/fileadmin/documents/en/rapports/ra16en.pdf) and in 2019 as mentioned below.

- As part of a simplification of the Corporate Governance structure, the Chairman of the Board of Directors and one of the Vice-Chairmen have resigned as Executive Directors with effect from 1 January 2019.
- In relation to this change, the Board of Directors and the Compensation Committee hired an internationally renowned independent firm[3] at the end of 2018, to conduct an external study in order to reassess the amount of their compensation as of 2019.

  Two reference groups were examined as part of this review:

  - a sample of 22 Swiss companies listed on the SMIM[4], selected in particular on the basis of certain financial criteria[5],
  - a sample of 8 listed European holding companies[6], in order to take into account the specific nature of the Company.

(3) Study conducted by Mercer on the compensation of Chairmen and Vice-Chairmen of large Swiss companies and European holding companies. There were no other mandates carried out at Pargesa Holding SA by Mercer in 2018.

(4) Aryzta, Bâloise, Barry Callebaut, Basler Kantonalbank, Banque Cantonale Vaudoise, Clariant, DKSH, Dufry, EMS, Galenica, Georg Fischer, Helvetia, Kuehne+Nagel, Logitech, Lonza, Oerlikon, Sika, Sonova, Sulzer, Swiss Life, Zürcher Kantonalbank, Swiss Prime Site.

(5) Revenues, total assets, market capitalization, net income.

(6) Ackermans & van Haaren, Aberdeen, Eurazeo, FFP, Investor AB, Schroders, Sofina, Wendel.

Consequently, the fees were reduced by CHF 1'300'000 for the Chairman and by CHF 1'450'000 for the Vice-Chairman, who was appointed Deputy Chairman as part of the simplification, and was set at CHF 1'000'000 and CHF 400'000 respectively.

- Following the appointment of a director to the position of Vice-Chairman by the Board of Directors at its meeting of 31 October 2018, his annual remuneration was increased to CHF 175'000 in accordance with this new responsibility.
- The level of compensation awarded directly by the Company to members of the Board of Directors and Management was reviewed at the end of 2015 on the basis of a study conducted by Ernst & Young; the previous review had taken place in 2010. There were no other mandates held at Pargesa Holding SA by Ernst & Young in 2015.

  Two sets of benchmarks were used in the last review:

  - a selection of 21 listed Swiss companies included in the SMIM[7] index, which were selected based on certain financial criteria[8]. Among the companies selected, 13 had a significant shareholder (holding of more than 25%) or a controlling shareholder (holding of more than 50%).
  - a selection of 6 listed European holding companies[9].

  Following the compensation review conducted at the end of 2015, and upon the recommendation of the Compensation Committee, the Board of Directors decided to increase by 10%, as of 2016, the fees paid to the Company's Directors who do not represent Parjointco NV, the controlling shareholder (4 members out of a total of 15 in 2016).
- In addition, the Board of Directors, on the recommendation of the Compensation Committee, decided to grant an exceptional bonus to the Managing Director in 2019 of the CHF equivalent of EUR 100'000 (see note 12 of the compensation table hereafter) in addition to the fixed salary of 2019, in recognition of her role in the special circumstances following the resignation of Arnaud Vial in 2018, as Managing Director (see note 14 of the compensation table hereafter). The amount in EUR has been converted at the 2019 closing rate of 1.0854.
- The Compensation Committee hired Mercer/Kepler[10] to conduct an analysis in 2016 to validate the compensation level of the Financial Director, who was appointed to this position in July 2016. The Financial Director's compensation was increased in 2019 and 2018, in line with the increase of his responsibilities already initiated in 2016 (see page 62 of the Company's 2016 Annual Report): www.pargesa.ch/fileadmin/documents/fr/rapports/ra16fr.pdf).

There were no other changes to the compensation policy during 2019.

(7) Aryzta, Bâloise, Barry Callebaut, Basler Kantonalbank, Banque Cantonale Vaudoise, Clariant, DKSH, Dufry, EMS, Galenica, Georg Fischer, Helvetia, Kuehne+Nagel, Logitech, Lonza, Oerlikon, Sika, Sonova, Sulzer, Swiss Life, Zürcher Kantonalbank.

(8) Revenues, total assets, market capitalization, net income.

(9) Investor AB, Wendel, Eurazeo, Ackermans & Van Haaren, Sofina, FFP.

(10) Analysis conducted on the compensation of CFOs in large Swiss corporations and in European holding companies.

Details

Compensation awarded directly by the Company to members of the Board of Directors and Management is composed of fixed cash compensation. When, in exceptional circumstances, short-term variable compensation is awarded to a member of Management (as was the case in 2016 and in 2019 — see above), this compensation is also paid in cash.

Members of the Board of Directors and Management are not entitled to any severance payments from the Company for an early termination of their employment contract. Furthermore, the Company does not pay any compensation to members of Management or Directors who no longer hold positions or mandates within the Company.

Arnaud Vial, former Managing Director of Pargesa Holding SA, resigned from Management for health reasons on 31 October 2018. However, he remained an employee of the Company until 8 May 2019 and was remunerated as such in the amount of CHF 169'883 in 2019. This amount, which is not part of the remuneration of the members of Management is disclosed in note 13 of the compensation table.

Incentive plan:

In 2007, the Board of Directors decided to set up a share option plan for Pargesa's employees and members of Management (excluding Executive Directors).

The main features of this plan are as follows:

- The options are granted annually;
- The strike price is equal to the Pargesa share price four days after the granting of options is approved by the Board of Directors;
- The number of options to be awarded is calculated based on a percentage of the compensation paid by the Company to the beneficiary, divided by the strike price. This percentage which had been 125% since 2007, was increased to 180% for options awarded as of 2016. In 2019, the percentage applied to the compensation of the beneficiaries ranged from 90% to 180% based on their hierarchical position and their individual performance;
- The options have a term of ten years;
- A third of the options is vested each year over a three-year period;
- A three-year lock-up period applies from the grant date.

The aim of this long-term plan is to foster a sense of loyalty to Pargesa among employees and participating members of Management and to align their interests with those of our shareholders. In 2019 the total number of options granted to members of Management under this plan concerned 16'050 underlying Pargesa shares.

Option rights that are still subject to the lock-up period on the date of retirement, dismissal or death are vested on that date, unless the leaving event is due to serious misconduct or voluntary departure.

COMPENSATION OF THE BOARD OF DIRECTORS AND MANAGEMENT IN 2019

The compensation paid directly and indirectly to members of the Board of Directors and Management, pursuant to Article 14 of OaEC, for the 2019 financial year is provided below:

IN CHF			FEES AND SALARIES						
			Paid directly by Pargesa Holding SA(1)	Paid indirectly by other companies(2)	SUB-TOTAL	Value of options of Pargesa Holding SA shares awarded by Pargesa Holding SA(3)	Pension benefits, contributions to statutory pension schemes and others	2019 TOTAL	2018 TOTAL
Directors									
Paul Desmarais, Jr.	Chairman	(4)	1'000'000	602'087	1'602'087	-	58'579	**1'660'666**	2'971'261
Gérald Frère	Deputy Chairman	(4)	400'000	192'673	592'673	-	19'639	**612'312**	2'291'337
André Desmarais	Vice-Chairman		175'000	-	175'000	-	8'969	**183'969**	183'969
Jocelyn Lefebvre	Vice-Chairman	(5)	188'100	106'605	294'705	-	9'640	**304'345**	197'750
Bernard Daniel			121'500	-	121'500	-	5'366	**126'866**	120'558
Victor Delloye			59'000	220'811	279'811	-	2'163	**281'974**	248'342
Paul Desmarais III			59'000	199'490	258'490	-	26'793	**285'283**	315'121
Cedric Frère			59'000	104'705	163'705	-	3'024	**166'729**	156'157
Ségolène Gallienne			59'000	77'312	136'312	-	3'024	**139'336**	156'157
Jean-Luc Herbez			121'500	-	121'500	-	5'366	**126'866**	120'558
Barbara Kux			94'000	-	94'000	-	3'239	**97'239**	92'510
Xavier Le Clef		(6)	50'200	93'442	143'642	-	2'573	**146'214**	-
Michel Pébereau			65'000	-	65'000	-	2'470	**67'470**	67'470
Gilles Samyn		(7)	72'980	132'225(8)	205'205	-	9'108	**214'313**	568'048
Amaury de Sèze			72'100	159'908	232'008	-	2'834	**234'842**	238'127
The late Arnaud Vial		(9)	53'265	33'742	87'007	-	2'299	**89'307**	180'907
Total Directors			**2'649'645**	**1'923'000**	**4'572'645**		**165'086(10)**	**4'737'730**	**7'908'270**
Members of Management									
Mariane Le Bourdiec	Managing Director	(11)	362'311(12)	16'686	378'997	15'789	28'035	**422'821**	48'168
Mark Keller	Financial Director		460'000	16'686	476'686	28'670	148'104(13)	**653'460**	614'977
Former member of Management									
The late Arnaud Vial		(9) (14)	-	-	-	-	-	**-**	506'100
Total Members of Management			**822'311**	**33'372**	**855'683**	**44'459**	**176'139**	**1'076'281**	**1'169'246**

(1) The compensation awarded directly by Pargesa Holding SA is set annually by the Board of Directors of the Company based on the recommendation of the Compensation Committee.

(2) These amounts include compensation paid by companies belonging to the Pargesa Group (mainly GBL and Imerys) as well as compensation related to mandates carried out on behalf of the Pargesa Group (notably LafargeHolcim, Pernod Ricard and SGS);

this compensation is set directly by the governing bodies of those companies.

(3) The value of Pargesa Holding SA options granted by Pargesa Holding SA during the year was determined using the Black & Scholes valuation model. The unit values, charged to the 2019 financial year, amount to CHF 2.77.

(4) As part of a simplification of the corporate governance structure, Paul Desmarais, Jr. and Gérald Frère had announced in 2018 that they would resign as Managing Directors with effect from 1st January 2019. Nevertheless, Paul Desmarais, Jr. retained his position as Chairman of the Board of Directors and Gérald Frère was appointed Deputy Chairman (also effective 1st January 2019). In 2018, Paul Desmarais, Jr. and Gérald Frère were members of the Management within the meaning of the OaEC but did not receive any separate compensation for this.

(5) Jocelyn Lefebvre was appointed Vice-Chairman of the Board of Directors of Pargesa Holding SA on 31 October 2018.

(6) Xavier Le Clef was appointed a member of the Board of Directors at the Shareholders' Meeting of 8 May 2019.

(7) Gilles Samyn did not seek re-election at the Pargesa Holding SA Shareholders' Meeting of 8 May 2019.

(8) Including CHF 28'633 of Pernod Ricard compensation calculated on a pro rata basis corresponding to the end of his term of office in the Pargesa Group.

(9) Arnaud Vial died on 24 November 2019.

(10) This amount corresponds to state social security contributions paid by Pargesa Holding SA and/or indirectly by other companies within the Group to the Government.

(11) The Board of Directors appointed Mariane Le Bourdiec to succeed Arnaud Vial as Managing Director, effective 31 October 2018. Mariane Le Bourdiec also holds operational positions within the Power Corporation of Canada group.

(12) This amount includes an exceptional bonus of CHF 108'540 to be paid in 2020.

(13) Includes CHF 7'728 of benefits in kind.

(14) Arnaud Vial, former Managing Director of Pargesa Holding SA, decided to resign from his Management position for health reasons as on 31 October 2018. However, he remained an employee of the Company until 8 May 2019 and received compensation to this effect of CHF 169'883 in 2019 (and CHF 77'180 for the months of November and December 2018, included in the 2018 total).

The Company did not award any of the benefits that fall within the scope of Article 15 of OaEC (loans and advances to members of the Board of Directors and Management) or Article 16 of OaEC (allowances, loans and advances not granted at market conditions to related parties).

Deloitte.

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Report of the statutory auditor in relation to the compensation report in accordance with the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance)

To the General Meeting of
Pargesa Holding SA, Geneva

We have audited page 116 and 117 of the accompanying compensation report of Pargesa Holding SA for the year ended December 31, 2019.

Responsibility of the Board of Directors
The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility
Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

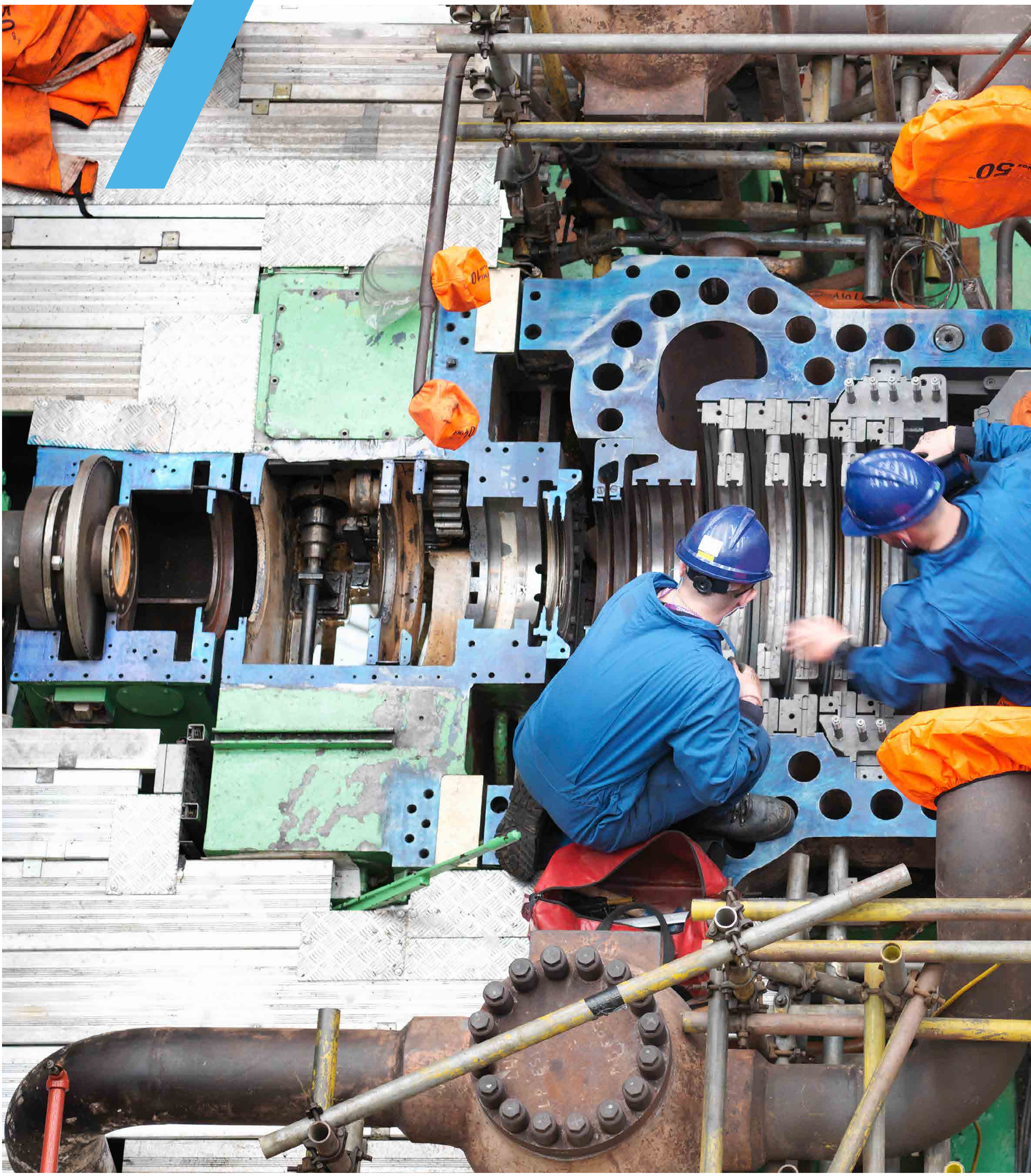
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion
In our opinion, the compensation report for the year ended December 31, 2019 of Pargesa Holding SA complies with Swiss law and articles 14 – 16 of the Ordinance.

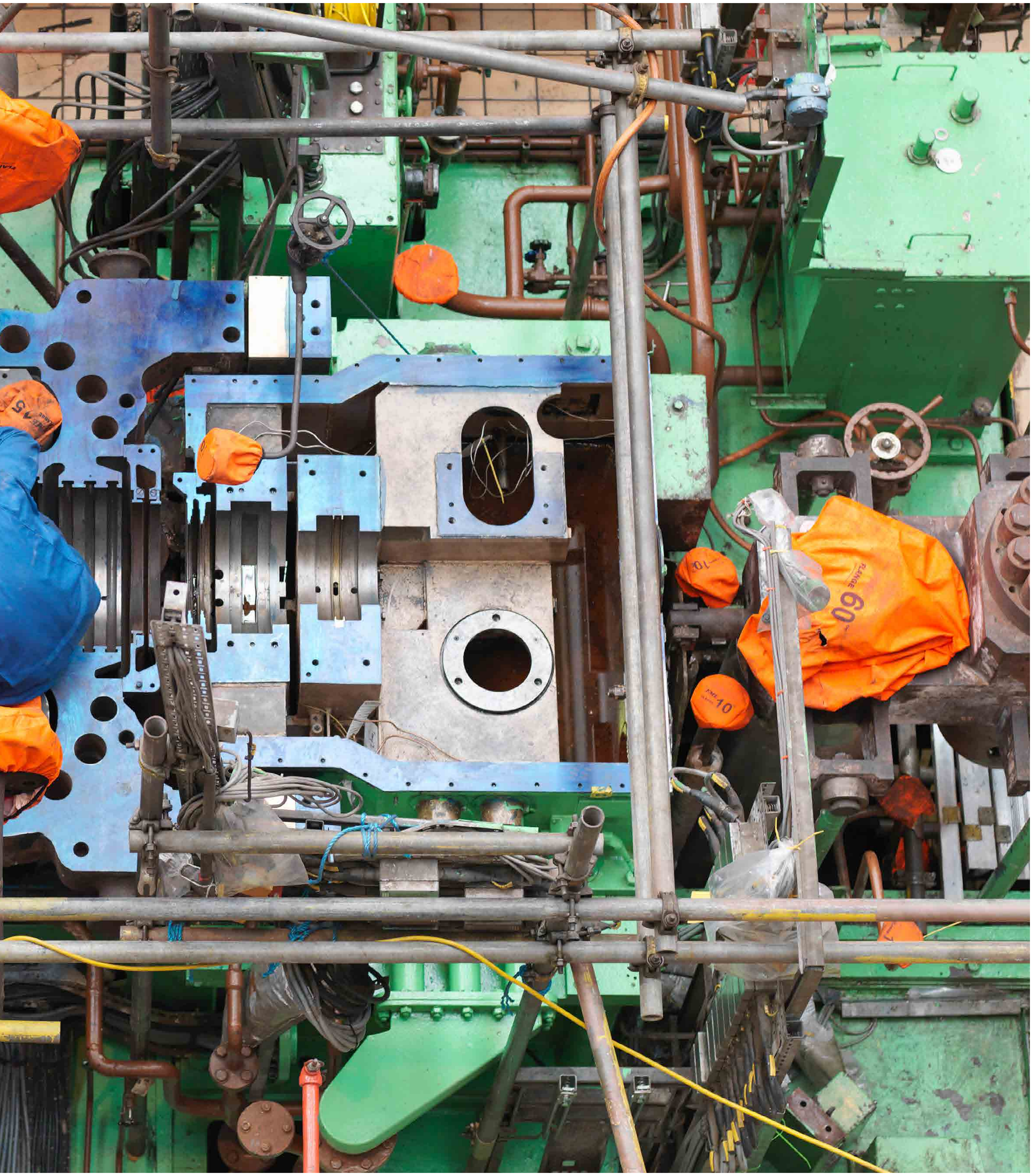
Deloitte SA

Fabien Bryois	Maxime Bouvier
Licensed audit expert	Licensed audit expert
Auditor in Charge	

Geneva, April 1st, 2020



Consolidated financial statements



Content

Consolidated income statement

MILLION CHF	NOTE	2019	2018
Revenue	2	5'604.2	6'007.5
Other operating income		85.9	102.3
Changes in inventory		(15.2)	63.9
Raw materials, goods intended for resale and consumables		(1'908.7)	(2'045.6)
Staff costs	6	(1'327.0)	(1'415.3)
Depreciation of tangible assets and amortisation of intangible assets	11, 13	(481.8)	(360.7)
Other operating expenses		(1'738.0)	(2'445.5)
Other operating income and expenses	4	128.7	(11.4)
Operating profit		**348.1**	**(104.8)**
Dividends and net interest from equity investments	5.3	565.4	404.7
Other financial income	5.4	233.9	61.5
Other financial expenses	5.4	(170.0)	(170.7)
Financial profit		**629.3**	**295.5**
Operating and financial profit		**977.4**	**190.7**
Income from associates and joint ventures	17	(63.5)	27.8
Net profit before tax		**913.9**	**218.5**
Income taxes	10	(72.4)	(109.8)
Net profit from continuing operations (including minority interests)		**841.5**	**108.7**
Net profit from discontinued operations		-	910.1
Net profit for the period (including minority interests)		**841.5**	**1'018.8**
- attributable to non-controlling interests		450.2	657.4
- **attributable to Pargesa shareholders** (Group share)		**391.3**	**361.4**
Basic net earnings per share in CHF (Group share)	22	**4.62**	**4.27**
- from continuing operations		4.62	1.32
- from discontinued operations		-	2.95
Diluted net earnings per share in CHF (Group share)	22	**4.62**	**4.22**
- from continuing operations		4.62	1.27
- from discontinued operations		-	2.95

Consolidated statement of comprehensive income

CHF MILLION	NOTE	2019	2018
Net profit for the period (including minority interests)		**841.5**	**1'018.8**
Other comprehensive income			
Items not subsequently reclassified to income statement			
Actuarial gains/losses[1]		(61.5)	20.9
Share of comprehensive income of associates and joint ventures		4'206.4	(1'175.4)
Total items not subsequently reclassified to income statement		**4'144.9**	**(1'154.5)**
Items that are or may be subsequently reclassified to income statement			
Change in hedging reserve[2]		(6.1)	(6.3)
Change in translation reserve[3]		(698.7)	(824.6)
Share of comprehensive income of associates and joint ventures		1.6	1.7
Total items that are or may be subsequently reclassified to income statement		**(703.2)**	**(829.2)**
Total other comprehensive income[4]		**3'441.7**	**(1'983.7)**
Total comprehensive income for the period (including minority interests)		**4'283.2**	**(964.9)**
– attributable to non-controlling interests		2'050.5	(367.5)
– **attributable to Pargesa shareholders** (Group share)		**2'232.7**	**(597.4)**

(1) This amount is presented net of tax of +14.5 million (CHF -7.0 million in 2018).

(2) Of which CHF -0.2 million in taxes in 2019 (CHF 2.9 million in 2018).

(3) These amounts represent, in particular, the impact of changes in the exchange rates on consolidated subsidiaries, net of taxes of CHF -2.3 million (CHF 0.3 million in 2018)

(4) Details of the reclassification adjustments carried through the income statement are shown in note 20.4.

Consolidated balance sheet

CHF MILLION	NOTE	31.12.2019	31.12.2018
ASSETS			
Long-term assets			
Intangible assets	11	681.0	627.3
Goodwill	12	5'164.1	3'189.0
Tangible assets	13	3'025.7	2'633.2
Investments in associates and joint ventures	17	483.7	776.7
Equity investments	5.5	19'030.6	15'832.9
Deferred tax assets	10.3	167.9	132.9
Other long-term financial assets	5.6	110.9	106.9
Other long-term non-financial assets	5.6	7.2	14.1
Total long-term assets		**28'671.1**	**23'313.0**
Short-term assets			
Inventories	18	918.4	1'016.4
Trade receivables	5.7	1'041.2	833.6
Trading financial assets	5	1'536.9	384.9
Other short-term financial assets	5.8	96.2	30.8
Other short-term non-financial assets	5.8	384.0	381.2
Cash and cash equivalents	5.9	1360.9	1'168.3
Total short-term assets		**5'337.6**	**3'815.2**
TOTAL ASSETS		**34'008.7**	**27'128.2**

CHF MILLION	NOTE	31.12.2019	31.12.2018
LIABILITIES AND EQUITY			
Shareholders' equity			
Share capital	20.1	1'698.7	1'698.7
Capital reserve		258.3	258.2
Treasury shares	20.2	(4.7)	(4.8)
Revaluation and hedging reserve	20.5	4'682.9	2'754.0
Translation reserve		(4'058.1)	(3'746.5)
Consolidated reserves		8'220.7	7'806.2
Equity attributable to the Group		**10'797.8**	**8'765.8**
Equity attributable to non-controlling interests		12'417.1	11'104.9
Total equity (including non-controling interests)		**23'214.9**	**19'870.7**
Long-term liabilities			
Provisions	19	492.3	762.7
Pension liabilities and similar benefits	23.3	434.2	339.6
Deferred tax liabilities	10.3	221.0	223.6
Financial debt	5.11	5'600.3	4'282.0
Other long-term financial liabilities(2)	5.10	959.0	10.4
Other long-term non-financial liabilities	5.10	26.7	27.8
Total long-term liabilities		**7'733.5**	**5'646.1**
Short-term liabilities			
Provisions	19	32.1	29.4
Trade payables		724.4	673.9
Income tax payable		104.2	145.4
Financial debt due within the year	5.11	1'294.7	222.8
Other short-term financial liabilities(2)	5.12	236.9	79.7
Other short-term non-financial liabilities	5.12	668.0	460.2
Total short-term liabilities		**3'060.3**	**1'611.4**
TOTAL LIABILITIES AND EQUITY		**34'008.7**	**27'128.2**

(1) In which CHF 494.4 million of right-of-use assets following the application of the standard IFRS 16 (see note 13).

(2) In which CHF 380.8 million of long-term lease liablities and CHF 133.3 million of short-term lease liabilities following the application of the standard IFRS 16 (see note 13).

Consolidated cash flow statement

CHF MILLION	NOTE	2019	2018
OPERATING ACTIVITIES			
Net profit before tax		**913.9**	**1'159.1**[(1)]
Adjusted for:			
Income from associates and joint ventures		63.4	(27.8)
Dividends recognised on equity investments		11.6	11.2
Dividends received from equity investments		(565.4)	(404.7)
Profit/loss on the sale of tangible and intangible assets		566.2	407.9
Profit/loss on the sale of tangible and intangible assets		13.5	(9.3)
Profit/loss on the sale of tangible and intangible assets		4.2	0.7
Profit/loss on the sale of subsidiaries		(172.1)	(892.5)
Profit/loss on the sale of associates and joint ventures		0.6	-
Depreciation, amortisation, impairment, impairment reversals and negative goodwill		562.0	1'017.2
Miscellaneous items of income statement not involving cash movements		(101.9)	(49.3)
Interest income	5.4	(28.9)	(6.2)
Interest expense	5.4	124.2	122.3
Operating cash flow before changes in working capital and taxes		**1'391.3**	**1'328.6**
Changes in working capital	3	14.4	(44.1)
Income taxes paid		(154.2)	(136.6)
Cash flows from operations		**1'251.5**	**1'147.9**
INVESTMENT ACTIVITIES			
Acquisitions of subsidiaries, net of cash acquired	16	(899.0)	(471.2)
Disposals of subsidiaries, net of cash transferred		198.9	858.2
Acquisitions of associates and joint ventures		(82.4)	(107.5)
Disposals of associates and joint ventures		41.0	30.1
Acquisitions of tangible and intangible assets		(447.9)	(451.0)
Disposals of tangible and intangible assets		23.3	41.5
Advances, repayments of long-term advances granted, and other		(6.9)	(8.2)
Acquisitions of equity investments		(425.9)	(1'051.3)
Disposals of equity investments		1'265.2	786.3
Acquisitions of other financial assets[(2)]		(1'337.0)	(126.2)
Disposals of other financial assets[(2)]		135.7	312.3
Cash flows from investments		**(1'535.0)**	**(187.0)**

CHF MILLION	NOTE	2019	2018
FINANCING ACTIVITIES			
Treasury shares put into circulation by the parent company		0.2	2.1
Share issue/capital reduction by subsidiaries (share of non-controlling interests)		(8.6)	120.8
Additional/partial acquisitions and disposals in existing subsidiaries		(246.5)	(69.2)
Dividend paid by parent company to shareholders	21	(216.8)	(211.7)
Dividends paid by subsidiaries to minority shareholders		(385.9)	(360.3)
Long-term financial debt proceeds	5.13	918.3	1'088.3
Repayment of long-term debts and finance leases	5.13	(256.6)	(573.3)
Short-term financial debt proceeds	5.13	827.5	13.7
Short-term financial debt repaid	5.13	(35.3)	(382.8)
Interest received		38.5	12.4
Interest paid		(122.0)	(113.4)
Cash flows from financing		**512.8**	**(473.4)**
Effect of exchange rate variation		(36.7)	(35.0)
Effect of changes in the scope of consolidation		-	(2.8)
Increase/decrease in cash and cash equivalents		**192.6**	**449.7**

Cash and cash equivalents at 1 January		**1'168.3**	**718.6**
Cash and cash equivalents at 31 December	5.9	**1'360.9**	**1'168.3**

(1) In 2018, Net profit before tax includes discontinued operations' net profit before tax (see note 16).

(2) Change linked to the evolution of money market fund, for which the balance amounts to CHF 1'522.1 million in 2019 and CHF 363.5 million in 2018.

Consolidated statement of changes in equity

CHF MILLION	SHARE CAPITAL	CAPITAL RESERVE	TREASURY SHARES	REVALUATION AND HEDGING RESERVE	TRANSLATION RESERVE	CONSOLIDATED RESERVES	GROUP SHARE OF EQUITY	NON-CONTROLLING INTERESTS	TOTAL EQUITY
1 January 2018 restated	**1'698.7**	**256.8**	**(5.5)**	**3'392.9**	**(3'381.6)**	**7'637.3**	**9'598.6**	**11'344.9**	**20'943.5**
2018 net profit	-	-	-	-	-	**361.4**	**361.4**	**657.4**	**1'018.8**
Change in fair value of equity investments	-	-	-	(637.2)	-	39.7	**(597.5)**	(577.9)	**(1'175.4)**
Change in hedging reserve	-	-	-	(1.7)	-	-	**(1.7)**	(4.6)	**(6.3)**
Change in translation reserve	-	-	-	-	(365.8)	-	**(365.8)**	(458.8)	**(824.6)**
Share of comprehensive income of associates and joint ventures	-	-	-	-	0.9	-	**0.9**	0.8	**1.7**
Actuarial gains/losses	-	-	-	-	-	5.3	**5.3**	15.6	**20.9**
Other comprehensive income	-	-	-	**(638.9)**	**(364.9)**	**45.0**	**(958.8)**	**(1'024.9)**	**(1'983.7)**
2018 total comprehensive income	-	-	-	**(638.9)**	**(364.9)**	**406.4**	**(597.4)**	**(367.5)**	**(964.9)**
Dividend paid by parent company	-	-	-	-	-	(211.7)	**(211.7)**	-	**(211.7)**
Dividends paid by subsidiaries	-	-	-	-	-	-	-	(360.3)	**(360.3)**
Treasury shares put into circulation	-	1.4	0.7	-	-	-	**2.1**	-	**2.1**
Other changes in equity[1]	-	-	-	-	-	3.4	**3.4**	17.7	**21.1**
Effects of changes in scope and capital increases on non-controlling interests[2]	-	-	-	-	-	(29.2)	**(29.2)**	470.1	**440.9**
Changes in items other than total comprehensive income	-	**1.4**	**0.7**	-	-	**(237.5)**	**(235.4)**	**127.5**	**(107.9)**
Total changes in 2018	-	**1.4**	**0.7**	**(638.9)**	**(364.9)**	**168.9**	**(832.8)**	**(240.0)**	**(1'072.8)**
31 December 2018	**1'698.7**	**258.2**	**(4.8)**	**2'754.0**	**(3'746.5)**	**7'806.2**	**8'765.8**	**11'104.9**	**19'870.7**

CHF MILLION	SHARE CAPITAL	CAPITAL RESERVE	TREASURY SHARES	REVALUA-TION AND HEDGING RESERVE	TRANS-LATION RESERVE	CONSO-LIDATED RESERVES	GROUP SHARE OF EQUITY	NON-CONTROL-LING INTERESTS	TOTAL EQUITY
31 December 2018	**1'698.7**	**258.2**	**(4.8)**	**2'754.0**	**(3'746.5)**	**7'806.2**	**8'765.8**	**11'104.9**	**19'870.7**
Effect of the application of the accounting standard IFRS 16 [*]	-	-	-	-	-	(0.8)	**(0.8)**	(2.0)	**(2.8)**
1 January 2019 restated	**1'698.7**	**258.2**	**(4.8)**	**2'754.0**	**(3'746.5)**	**7'805.4**	**8'765.0**	**11'102.9**	**19'867.9**
2019 net profit	-	-	-	-	-	391.3	**391.3**	450.2	**841.5**
Change in fair value of equity investments	-	-	-	1'391.9	-	241.7	**2'173.6**	2'032.8	**4'206.4**
Change in hedging reserve	-	-	-	(3.0)	-	-	**(3.0)**	(3.1)	**(6.1)**
Change in translation reserve	-	-	-	-	(312.4)	-	**(312.4)**	(386.3)	**(698.7)**
Share of comprehensive income of associates and joint ventures	-	-	-	-	0.8	-	**0.8**	0.8	**1.6**
Actuarial gains/losses	-	-	-	-	-	(17.6)	**(17.6)**	(43.9)	**(61.5)**
Other comprehensive income	**-**	**-**	**-**	**1'928.9**	**(311.6)**	**224.1**	**1'841.4**	**1'600.3**	**3'441.7**
2019 total comprehensive income	**-**	**-**	**-**	**1'928.9**	**(311.6)**	**615.4**	**2'232.7**	**2'050.5**	**4'283.2**
Dividend paid by parent company	-	-	-	-	-	(216.8)	**(216.8)**	-	**(216.8)**
Dividends paid by subsidiaries	-	-	-	-	-	-	**-**	(385.9)	**(385.9)**
Treasury shares put into circulation	-	0.1	0.1	-	-	-	**0.2**	-	**0.2**
Other changes in equity [1]	-	-	-	-	-	(6.9)	**(6.9)**	(23.9)	**(30.8)**
Effects of changes in scope and capital increases on non-controlling interests[2]	-	-	-	-	-	23.6	**23.6**	(326.5)	**(302.9)**
Changes in items other than total comprehensive income	**-**	**0.1**	**0.1**	**-**	**-**	**(200.1)**	**(199.9)**	**(736.3)**	**(936.2)**
Total changes in 2019	**-**	**0.1**	**0.1**	**1'928.9**	**(311.6)**	**415.3**	**2'032.8**	**1'314.2**	**3'347.0**
31 December 2019	**1'698.7**	**258.3**	**(4.7)**	**4'682.9**	**(4'058.1)**	**8'220.7**	**10'797.8**	**12'417.1**	**23'214.9**

[*] See note 1.1 for the description of the impacts of the application of the new standard IFRS 16.

[1] This line mainly represents various changes originating in subsidiaries, especially the cost of share-based payments at GBL and lmerys, as well as changes originating in GBL's equity-accounted shareholdings.

[2] In 2019 this item reflects the impact in the percentage of ownership of Pargesa in GBL, from 50.8% in 2018 to 51.7% in 2019 following the acquisition by GBL of treasury shares , while in 2018, the change in the percentage of ownership of Pargesa in GBL, from 51.8% at the end of 2017 to 50.8% on 31 December 2018, due to the partial conversion of the GBL convertible bond into GBL shares.

The reclassification adjustments carried through the income statement and details of changes in the revaluation and hedging reserve are provided in notes 20.4 and 20.5.

Notes to the consolidated financial statements

1. General information and accounting policies

Pargesa Holding SA ("the Company"), 11 Grand-Rue, 1204 Geneva, Switzerland, is recorded in the Commercial Register of the Canton of Geneva. Its main purpose is the purchase, sale, administration and management, in Switzerland and abroad, of investments of a financial, commercial and industrial nature.

The consolidated financial statements of the Company for the accounting periods ending 31 December 2019 and 31 December 2018 bring together the Company and the subsidiaries it controls ("the Group") and the Group's interests in associates and joint ventures. The Board of Directors authorised the publication of the 2019 consolidated accounts on 11 March 2020.

Pargesa Holding SA is majority owned by Parjointco, a Dutch corporation. On 31 December 2019, the end shareholders were Stichting Administratiekantoor Frère-Bourgeois in the Netherlands and the Desmarais family in Canada, specifically Paul Desmarais, Jr. and André Desmarais.

ACCOUNTING PRINCIPLES

The consolidated financial statements are prepared in accordance with "International Financial Reporting Standards" (IFRS) published by the "International Accounting Standards Board" (IASB) and in accordance with the interpretations published by the "International Financial Reporting Interpretations Committee" (IFRIC) of the IASB.

The following standards, amendments and annual improvements, which came into effect in 2019, apply to the accounting for, and the measurement and presentation of transactions, events and conditions existing in the Group, but were not applied in advance at 31 December 2018:

STANDARD		APPLICATION DATE
IFRS 16	Leases	01.01.19
Amendments to IAS 19	Plan amendment, curtailment or settlement	01.01.19
Amendments to IAS 28	Long-term interests in associates and joint ventures	01.01.19
Amendements to IFRS 9	Prepayment features with negative compensation	01.01.19
IFRIC 23	Uncertainty over the income tax treatment	01.01.19
Annual improvements	2015-2017 cycle	01.01.19

The Group applied the new standard **IFRS 16** in accordance with the modified retrospective approach without restatement of the comparative period of 2018, and recognised the cumulative effect of initial application as an adjustment to the opening balance of equity as of 1 January 2019. The impacts of the application of the new standard are also described in point 1.1.

Standard **IFRIC 23** Uncertainty over Income Tax Treatments: this interpretation clarifies the accounting for uncertainties in the measurement of income tax. Entities must assume that a tax authority will have full knowledge of all relevant information when examining any amounts reported to it. The interpretation sets out the criteria to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. It requires entities to consider whether it is probable that a given tax authority will accept an uncertain tax treatment and to draw their consequences. Finally, the interpretation requires entities to reassess their judgements and estimates if facts and circumstances change. The Group already integrated these criteria in its judgement process and therefore has not felt any impact from this interpretation coming into force. Furthermore, even though the IFRIC 23 interpretation does not clarify the uncertainty over income tax treatments in the balance sheet, the clarifications provided have led the Group to recognise these items in “Current income taxes” as soon as the interpretation comes into force.

Other interpretations, amendments and improvements, which came into effect in 2019, have no significant impact on the financial statements of the Group.

The Group has not adopted in advance any standards, interpretations, amendments or annual improvements with an application date after the 2019 financial year and no early adoption before the mandatory application date is currently planned.

STANDARD		APPLICATION DATE
Revised Conceptual Framework for Financial Reporting		01.01.20
Amendements to IAS 1 and IAS 8	Definition of Material	01.01.20
Amendements to IFRS 3	Business Combinations: definition of a Business	01.01.20
Amendements to IFRS 9 and IAS 39	Reference interest rate reform	01.01.20
Amendments to IFRS 10 et IAS 28	Sales or contributions of assets between an investor and its associate or joint venture	01.01.20
IFRS 17	Insurance contracts	01.01.21
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	01.01.22

The adoption of other new standards and amendments effective for years after 2019 is not expected to have a significant impact on the consolidated financial statements.

Framework for the preparation and presentation of the financial statements

The purpose of the annual financial statements is to present a true and fair view of the financial situation, financial performance and cash flows of the Group. They are prepared in accordance with the going-concern principle. The conventions for the presentation of the statements are exactly the same from one financial year to the next in order to ensure comparability, and are only altered if the change corresponds to the provisions of a standard, interpretation, amendment or annual improvement, or enables more reliable and/or more relevant information to be disclosed. When booked, assets and liabilities and income and expenses are only offset as a result of applying the provisions of a standard, interpretation, amendment or annual improvement. For assets and liabilities, a distinction is made between long-term and short-term items, depending on whether their realisation or due date is more or less than 12 months after the balance sheet date. The income and expenses recorded in the consolidated income statement are grouped by type.

The consolidated financial statements, which concern a period of 12 months, are presented in million of Swiss francs, which is the functional currency of Pargesa. Due to roundings, the sum of certain figures may not correspond exactly to the totals given in this report. The year-end financial statements are prepared on a historical cost basis, except for some non-current assets and financial instruments (derivatives, instruments held for trading, equty investments, etc.), which are measured at fair value. Financial assets and liabilities hedged at fair value are stated at fair value based on the risk hedged.

The accounting policies are applied consistently within the Group at all times.

BASIS OF CONSOLIDATION

The consolidated year-end financial statements include all the companies under Group control; companies over which the Group exercises significant influence or joint control are accounted for using the equity method. In accordance with the materiality principle, certain non-significant companies are not included in the scope of consolidation. These companies are classified under "equity investments" and recorded at fair value on 31 December. Intercompany transactions, balances and gains and losses between Group companies are eliminated in order to reflect the economic reality of the Group's transactions.

(1) Subsidiaries

Subsidiaries are companies under Group control. A company is under Group control when the Group:

- has power over the subsidiary;
- is exposed to, or is entitled to, variable returns as a result of its connection with the subsidiary;
- is able to exercise power over the subsidiary so as to influence the amount of the returns obtained.

The Group controls a subsidiary when and only when all of the above three criteria are met. The Group reassesses its control over a subsidiary when the facts and circumstances indicate that one or more of the above three criteria have changed.

The consolidated financial statements of the subsidiaries are integrated into those of the Group as of the date on which control is first exercised and until the date when control ceases. When a subsidiary is held for sale, its assets, liabilities and income are presented in accordance with IFRS.

A list of the main subsidiaries of the Group is given in note 14.

(2) Investments in associates and joint ventures

An associate is a company in which the Group exercises significant influence by participating in the financial and operating policy decisions of the investee, but which is neither a subsidiary nor a joint arrangement of the Group. Significant influence is presumed to exist when the Company owns, directly or indirectly through its subsidiaries, 20% or more, but less than 50%, of the voting power.

A joint venture is the result of a contractual arrangement whereby the Group and one or more parties agree to run a jointly controlled business operation and have rights to the net assets of that operation.

Investments in associates and joint ventures are included in the consolidated financial statements using the equity accounting method as of the date on which significant influence or joint control is first exercised and until the date when significant influence or joint control ceases. According to the equity accounting method, a shareholding is accounted for at cost, which is then adjusted according to the changes that occur with regard to the Group's share of the net assets of each associate or joint venture; this value is, where necessary, reduced by any impairments, which are determined individually for each associate or joint venture.

A list of the main associates of the Group is given in note 14.

CHANGES IN THE SCOPE OF CONSOLIDATION

On 12 February 2019, the Imerys Performance Minerals branch lost control of three of its North American entities specializing in talc. This loss of control, following their placement under judicial administration within the framework of the procedure of Chapter 11 of the bankruptcy law of the United States, resulted in a negative income effect of CHF -6.2 million recognised in income in "Other operating income and expenses" (note 3).

On 9 July 2019, GBL announced that it had entered exclusively to acquire a majority stake in the Webhelp group, one of the world leaders in customer experience and business process outsourcing (BPO). The legal documentation was signed in September 2019, and the acquisition, after having obtained the usual regulatory authorizations, took place on 19 November 2019 for a purchase price of EUR 867 million (CHF 964.1 million), generating provisional goodwill of CHF 5.5 million, which was added to the acquired goodwill of the Webhelp group of CHF 2'344.2 million (see details of these transactions in note 16).

FOREIGN CURRENCIES

In the financial statements of the Company and of each subsidiary, associate or joint venture, foreign currency transactions, when first recognised, are recorded in the functional currency of the company concerned using the exchange rate applicable on the transaction date. On the balance sheet date, monetary items denominated in foreign currencies are translated using the rate on the last day of the financial year (closing rate of exchange). Gains or losses from the realisation or translation of foreign currency monetary items are recognised as gains or losses by the entity concerned in the period during which they occur.

On consolidation, the assets and liabilities of the Group's foreign operations are translated using the closing rate of exchange. Income and expenses are translated using the average rate for the period. Resulting translation differences are recorded in equity under "Translation reserve". These translation differences are recognised as gains or losses when the company concerned is disposed of. Movements of funds in the consolidated cash flow statement are translated at the average rates of exchange

The following rates of exchange were used in the translation of the consolidated financial statements:

	CLOSING EXCHANGE RATE		AVERAGE EXCHANGE RATE	
	2019	2018	2019	2018
EUR/CHF	1.0854	1.1269	1.1124	1.1550

BUSINESS COMBINATIONS AND GOODWILL

When the Group acquires an operation or a business, the identifiable assets, liabilities and contingent liabilities of the investee are recognised at fair value. The excess cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. When this difference, after remeasurement of the values of a subsidiary, associate or joint venture, is negative (i.e. negative goodwill), it is immediately recognised in the income statement. Negative goodwill represents the excess of the Group share in the net fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary, associate or joint venture at the acquisition date, compared with the acquisition cost.

Costs directly connected with an acquisition are recognised in the income statement as and when they are incurred. If there is incomplete information about the fair value of assets and liabilities at the end of the period during which the business combination is effective, its accounting is determined provisionally. Where necessary, the amounts provisionally recognised are adjusted during the following year, in order to reflect the new information obtained about facts or circumstances prevailing at the time of the combination which, had they been known at that date, would have affected the amounts recognised.

Goodwill is considered to be an asset and is not amortised but tested annually for impairment on the balance sheet date (or an earlier date if there are indications of a goodwill impairment). For the purposes of the impairment test, goodwill is allocated to the cost-generating unit (CGU) or CGU group likely to benefit from the business combination synergies. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment is first allocated to the goodwill of that unit, then to the other assets in the unit. Impairments are recognised immediately in the income statement and are not subsequently reversed.

Goodwill arising from the acquisition of an associate or joint venture is included in the carrying amount of the associate or joint venture. Goodwill arising from the acquisition of subsidiaries is presented separately on the balance sheet.

When a subsidiary is sold, the non-amortised part of the goodwill is taken into account in order to determine the profit or loss from the sale.

For a business combination, a non-controlling ownership interest may be measured, on a case-by-case basis and at the Group's discretion, either at fair value or based on the proportionate share of the net identifiable assets of the acquiree. The increase or decrease in the percentage interest in a subsidiary, for transactions with third parties, constitutes a transaction with non-controlling interests and is recognised directly in equity without any adjustment to the carrying amount of the existing goodwill.

INTANGIBLE ASSETS

An intangible asset is recorded if, and only if, it is probable that the future economic benefit of the asset will accrue to the Group and if the cost of that asset can be estimated reliably. Intangible assets are recognised as assets over their useful life. They are recognised at acquisition cost less accumulated amortisation and any impairment. The amortisation of intangible assets with a defined useful life is determined using the straight-line method on the basis of the estimated useful life of the intangible asset in question.

Costs incurred by the Group's research teams in order to improve the quality and properties of products generally address specific requirements made by customers and are therefore immediately recognised as expenses in the income statement. They are capitalised only if they correspond to an industrial process that is new or improved, technically feasible and related to future economic benefits.

In the absence of an applicable standard or interpretation, lmerys considers greenhouse gas emission rights as intangible assets. lmerys holds these rights solely to justify its emissions volumes and performs no trading transactions, such as forward purchases or sales. Rights received free of charge are recognised at value of zero, while rights acquired on the market are recognised at acquisition cost. If on the closing date the rights held are inferior to actual emissions, a provision is recognised in the income statement for the value of rights to be acquired, measured at market value. Disposals only relate to excess rights and are recognised in the income statement as asset disposals.

Estimated useful lives:

Software	1-5 years
Patents, licences and concessions	5-40 years
Industrial procedures and other	Maximum of 10 years

Greenhouse gases emission rights of the Imerys group are not amortised. Intangible assets with an indefinite useful life are not amortised but tested annually for impairment on the balance sheet date (or at an earlier date if there is an indication of impairment). When the recoverable value of an asset is lower than its carrying amount, the carrying amount is reduced in order to reflect the impairment.

TANGIBLE ASSETS

Tangible assets are capitalised if they are controlled under a title deed or a finance lease that transfers the inherent risks and benefits of ownership. Tangible assets are initially measured at acquisition or production cost. The initial cost of tangible assets held under a finance lease is the lower of the fair value of the asset and the discounted value of minimum future payments. The cost of tangible assets includes the cost of the loans funding their construction or production when they require a prolonged period of development. Where appropriate, the cost of tangible assets is reduced by the amount of public subsidies used to fund their acquisition or construction. Maintenance and repair costs are immediately expensed. The cost of tangible assets includes, in particular for satellite industrial plants built on customer land, the discounted value of the obligation to restore or decommission, when a current obligation exists. Tangible assets are subsequently measured at cost less depreciation and any accumulated impairment. The methods used for tangible asset depreciation are estimates carried out by the Group.

Estimated useful lives:

Buildings	10-50 years
Industrial structures	10-30 years
Installations in and improvements to buildings and structures	5-15 years
Facilities, machinery, plant and equipment	3-20 years
Vehicles	2-5 years
Other tangible assets	10-20 years

Land is not depreciated.

RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

From the 1st January 2019, according to the new standard IFRS 16, the definition of a lease contract is based on the right of use model. Following the new standard, a contract, or part of a contract, is a lease contract if it conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To determine whether a lease contract give the right to control the use of an identified asset for a period of time, the customer must determine if , throughout the period of use, he has the following two rights:

a) the right to obtain substantially all the economic benefits from the identified asset; and

b) the right to decide on the use of the identified asset.

Any contract as defined above is recognised as a right-of-use asset against a lease liability. This treatment applies to all leases except mine land leases, which are recognised in the manner described in the following paragraph "mining assets", as well as immaterial leases (leases with terms of 12 months or less and low-value assets), which, according to the standard IFRS 16, are not greater than USD 5'000, for which payments are recognised in the income statement as expense,

The contracts of services agreement are not part of the scope of the standard.

On other hand, at Imerys level, easements, especially for pipelines used to connect mineral deposits, processing facilities and shipping facilities are analysed as non-mine land leases.

At the inception date, right-of-use assets are initially measured at the value of the lease liability, plus any initial direct costs and equipment dismantling costs where necessary. Lease liabilities are measured at the discounted value of future lease payments due in accordance with a contractual payment schedule, adjusted for rent-free periods. Payments are therefore scheduled through to the reasonably certain end date of the lease, reflecting the date beyond which the lease ceases to be legally enforceable. This date represents the end of the lease, adjusted for any options the lessee is able to exercise regarding early termination or extension and any restrictions the lessor is able to exercise. The lease payments taken into account in the calculation of the lease liabilities include the unconditional payments due in exchange for the right to use the asset, as well as the cost related to the early termination, extension or purchase clauses when it is reasonably certain they will be exercised. The liability calculation excludes any variable payment related to the use of the asset.

Lease liabilities are measured at the discounted value of future lease payments due in accordance with a contractual payment schedule, adjusted for rent-free periods. Payments are therefore scheduled through to the reasonably certain end date of the lease, reflecting the date beyond which the lease ceases to be legally enforceable. This date represents the end of the lease, adjusted for any options the lessee is able to exercise regarding early termination or extension and any restrictions the lessor is able to exercise. The lease payments taken into account in the calculation of the lease liabilities include the unconditional payments due in exchange for the right to use the asset, as well as the cost related to the early termination, extension or purchase clauses when it is reasonably certain they will be exercised. The liability calculation excludes any variable payment related to the use of the asset (at the level of Imerys, for example, a payment dependent on the actual number of hours a piece of mining equipment is used), as well as any payment for services rendered by the lessor (for example, at Imerys, rail car maintenance). In the absence of implicit interest rates, future payments determined in this way are discounted using the lessees' incremental borrowing rate. The first time deferred tax assets and liabilities are recognised, they are calculated separately for lease liabilities and right-of-use assets, respectively. In subsequent years, right-of-use assets are amortised under the headings "Other operating income (expenses) from investing activities" or "Depreciation/ amortisation of property, plant, equipment and intangible assets" of the consolidated income statement and lease liabilities are measured at amortised cost, which generates an interest expense that is recognised in financial income (loss). When an option is exercised, the lease must be reassessed to symmetrically adjust the carrying amounts of the lease liability and the right-of- use asset.

Any modification to leases gives rise to such a symmetrical adjustment, except when the scope of the lease is restricted to reduce the capacity of the asset leased or the duration of the lease. In this situation, the carrying amount of the lease liability and the right of use are reduced in proportion to the reduction of the scope, generating an impact recognised in current operating result.

MINING ASSETS

Imerys group applies the following methods of recognition and measurement for mining assets. Prospection expenditures, i.e. the costs of seeking new knowledge about the mining potential, technical feasibility and commercial viability of a geographical area are expensed immediately under current operating income. Mineral reserves are tangible assets and are initially measured at acquisition cost excluding the subsoil, plus expenses incurred in establishing the tonnage of ore in the deposit. Overburden works, i.e. removal of the topsoil to access the deposit, also qualify as a component of the mineral reserve asset. Their initial measurement includes the production cost and the discounted value of restoration obligations resulting from the damage caused by the construction of these assets. Mineral reserves and overburden assets form the "mining assets" item in note 13. Mining assets are subsequently valued at cost less depreciation and any accumulated impairment. The methods used for mining asset amortisation are estimates carried out by Imerys. A mineral reserve is amortised on a quantity equal to the geological inventory of the deposit less discounts relating to the uncertainty of resources. Overburden works, which form part of the mineral reserve asset, are depreciated based on the quantity of the reserve that they specifically give access to. The subsoil, which is the surface of the land outside the deposit, is not depreciated because it is not consumed by mineral operations. Mining assets are allocated to CGUs in the same way as the other assets of the Imerys group and are subject to the same impairment tests.

IMPAIRMENT OF ASSETS (EXCLUDING GOODWILL AND FINANCIAL ASSETS)

At each balance sheet date, the Group reviews the carrying amount of its investments in associates and joint ventures and of tangible and intangible assets with a finite useful life in order to determine whether there are any indications that the value of these assets is impaired.

For intangible and tangible assets, if there is any such indication, the recoverable amount of the asset is estimated in order to compare it with the carrying amount. The recoverable amount is the higher of the asset's net selling price or its value in use. The value in use is the discounted value of estimated future cash flows expected from the continued use of an asset. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. If the recoverable amount of the asset (or CGU) is considered to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. This impairment is immediately recognised as an expense.

When an impairment recognised during prior periods no longer exists, the impairment recognised on the asset or CGU is immediately recognised as income in order to adjust the value of the asset or CGU to an amount corresponding to the new measurement of its recoverable amount. However, after an impairment reversal, the carrying amount of an asset or CGU may not be greater than the carrying amount it would have had if no impairment had been recognised for that asset or CGU during prior periods.

When there is objective evidence of impairment of an associate or joint venture, it is subjected to an impairment test, in accordance with IAS 36 and IAS 28. The recoverable amount of the asset is estimated in order to compare it with the carrying amount and, where necessary, to recognise an impairment equal to the difference. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. The value in use is the discounted value of estimated expected future cash flows. When an impairment recognised in a prior period ceases to exist, the carrying amount is partly or wholly restored and the impairment reversal is immediately recognised as income.

FINANCIAL ASSETS

Financial assets are recorded on the transaction date and are initially recognised at fair value, which in most cases corresponds to their cost of acquisition. Their classification is determined at their initial recognition.

These classifications are as follows:

- **Financial instruments valued at fair value through comprehensive income:** these financial assets include investments in companies in which the Group exercises no significant influence and which the Group does not intend to sell quickly. The Group is deemed to have no significant influence if it does not directly or indirectly hold more than 20% of the voting rights. The Group has decided that its holdings in listed companies are part of this category. These investments are recognised at fair value, based on the market price on each balance sheet date. Changes in fair value are recognised in equity through "other comprehensive income", in the revaluation and hedging reserve, without ever being recycled in the income statement even after a partial or total disposal of the holdings. Exchange rate effects on valuation are also not recycled in the income statement even in case of disposal. The amount is transferred from the revaluation reserve to consolidation reserve and therefore remains in shareholders' equity.

  Additionally, the significant and prolonged losses in value do not lead to an impairment, through an amortisation charge, and are not reflected in the income statement. The dividends of the listed investments are generally accounted for in the income statement.

- **Financial instruments valued at fair value through the profit and loss:** this category includes different types of financial assets:
  - Equity investments in private equity and other investment funds. They are remeasured at fair value, which is determined by the fund managers based on the investment portfolio on each balance sheet date. The changes in fair value are recorded in the income statement.
  - Trading financial assets qualified as such on initial recognition. A financial asset is held for trading purpose if it is acquired with a view to being resold in the short-term. Additionally derivative instruments that do not qualify as a hedging instruments are included in this category. The financial assets in this category are subsequently measured at fair value and any change in value is recognised in the income statement.

- **Amortised cost financial instruments:** financial instruments are classified in this category when the objective of the Group is to hold them and to receive contractual flows, which generally correspond to the reimbursement of the principal and the payment of interests due on the outstanding principal. Additionally the impairment loss model provided by IFRS 9 is based upon expected losses, calculated based on probability and historical data updated for future events.

OTHER LONG-TERM FINANCIAL AND NON-FINANCIAL ASSETS

This item includes long-term advances, loans and deposits (i.e. those with a term of more than 12 months), long-term derivative financial instruments and any other long-term non-financial assets.

INVENTORIES

Inventories are capitalised on the date on which the risks, benefits and control are transferred to the Group. When sold, inventories are recognised as an expense in the income statement on the same date as the corresponding income. Inventories are measured at the lower of acquisition cost or net realisable value. When the production rate is less than normal capacity, the fixed costs that can be included specifically exclude the proportion corresponding to the under-activity. Inventories with similar features are measured using the same method. The methods used in the Group are First In First Out (FIFO) and weighted average cost per unit. When the production cost cannot be recovered, it is calculated as the net realisable value in accordance with the conditions on the balance sheet date.

TRADE RECEIVABLES

A receivable is recognised as a sale of goods when the risks, benefits and control are transferred. A receivable is recognised for the rendering of a service based on the percentage of the service rendered on the balance sheet date. Moreover, both for the sale of goods and the rendering of services, a receivable is only recognised if it is recoverable and the amount of the transaction and the costs necessary to complete it can be measured reliably. The sale of goods and the rendering of services are measured at the fair value of the transaction, less trade and volume rebates, and discounts for early settlement. When a receivable proves to be wholly or partly uncollectable, it is individually reduced to its recoverable amount based on the conditions on the balance sheet date.

CASH AND CASH EQUIVALENTS

This item comprises cash, demand deposits and short-term deposits with a maturity of three months or less, and highly liquid investments that are readily convertible into a known amount of cash and that are subject to an insignificant risk of changes in value.

CAPITAL

(1) Costs of equity issues

Issuing costs directly attributable to an equity transaction are recognised as a deduction from equity.

(2) Treasury shares

Treasury shares are presented as a deduction from equity and recorded as a change in equity. No gain or loss is recognised in the income statement on the sale, issue or cancellation of treasury shares.

(3) Dividends

Pargesa Holding SA dividends are recognised in the consolidated financial statements in the period in which they were approved by shareholders at the Annual General Meeting.

4) Reserves

The reserves included in Group equity include the following:

- **Capital reserve,** which corresponds to the premium paid by the shareholders at the time of a Company share issue.
- **Revaluation and hedging reserve,** which corresponds to the unrealised loss or gain on equity investments. The hedging reserve represents unrealised gains and losses on hedging operations.
- **Translation reserve,** which corresponds to the translation differences relating to subsidiaries, associates and joint ventures.
- **Consolidated reserves,** which represent accumulated net profit (this item includes retained earnings, which include mandatory retained earnings and any treasury reserve, which are required reserves under the Swiss Code of Obligations).

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the Group's net profit by the weighted average number of shares outstanding during the period, excluding treasury shares. Diluted earnings per share are calculated on the weighted average number of shares outstanding, adjusted for the presumption that the exercise of all share options has a potentially dilutive effect, and taking into account the impact of the conversion of convertible and exchangeable bonds.

FINANCIAL DEBT

Financial debt includes financial liabilities at fair value through profit or loss and other financial liabilities.

- **Financial liabilities at fair value through profit or loss:** financial liabilities in this category are those held for trading or designated as such on initial recognition. A financial liability is held for trading if it is entered into with a view to being acquired or redeemed in the short-term or if it is a derivative instrument that does not qualify as a hedging instrument. Financial liabilities in this category are subsequently measured at fair value and any change in value is recognised through profit or loss.

- **Other financial liabilities:** other financial liabilities, including borrowings, are initially measured at the fair value of the amount of cash obtained, less transaction costs. Trade payables and other financial liabilities are valued at amortised cost.

HYBRID INSTRUMENTS – CONVERTIBLE AND EXCHANGEABLE BONDS

Convertible bonds (redeemable for the issuer's shares) or exchangeable bonds (redeemable for shares other than the issuer's shares) are considered to be hybrid instruments comprising a bond component and an option component. On the date of issue, the fair value of the bond component is estimated on the basis of the prevailing market rates for similar non-convertible (or non-exchangeable) bonds. The interest expense on the bond component is calculated by applying the interest rate thus determined at issue. The difference between this expense and the interest effectively paid is added, during each period, to the carrying amount of the bond, so as to reconstitute, on maturity, the redemption value based on the amortised cost method. The difference between the income from the convertible or exchangeable bond issue and the fair value attributed to the bond component is representative of the option to convert the debt into (or to exchange it for) other financial instruments.

If these other financial instruments are:

- Equity instruments of consolidated entities: the optional component, which is measured at fair value at issue, is recognised in equity and is not subject to further revaluation;

- Other financial instruments: the option component, which is measured at fair value at issue, is remeasured at fair value at the end of each accounting period. The fluctuation in fair value is recorded in the income statement. (For bonds that are convertible into the issuer's shares with the possibility of cash redemption, the option component is treated as an exchangeable bond and the option component's fluctuation in fair value is recorded in the income statement).

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments and may conduct transactions using call and put options. The Group's operating companies use derivative financial instruments to reduce their exposure to various risks, in particular exchange rate, interest rate and energy price risks. Derivatives are recorded on the transaction date, i.e. when the hedging contract is entered into, and are booked as current or non-current assets or liabilities depending on their maturity and that of the underlying transactions. Derivatives are initially recognised at fair value and then revalued at each balance sheet date with reference to market conditions. Fair value, which includes the derivative's accrued coupons, is determined through a model that uses observable data, i.e. closing date prices provided by third parties active in the financial markets (level 2 fair value). These valuations are adjusted for the credit risks of counterparties and the credit risk of the Group companies concerned. When the market value of the derivative is positive (derivative asset), its fair value includes the counterparty's probability of default (i.e. credit value adjustment, CVA). When the market value of the derivative is negative (derivative liability), its fair value takes account of the probability of default of the Group companies concerned (i.e. a debit value adjustment, DVA). These adjustments are determined using the spreads of bonds on the secondary market, such as those issued by the Group companies concerned and the counterparties (level 2 fair value). Only those instruments that satisfy hedge accounting criteria are subject to the accounting treatment described below.

Each transaction that qualifies as a hedge is documented with reference to the hedging strategy by identifying the risk hedged, the item hedged, the hedging instrument, the hedging relationship and the method used to assess the effectiveness of the hedging relationship. The effectiveness of the hedge is assessed at each balance sheet date. Recognition of derivatives used for hedging varies according to whether they qualify as fair value hedges, cash flow hedges or hedges of a net investment in foreign operations.

Derivatives that do not qualify for hedge accounting are recognised in financial income and expenses.

(1) Fair value hedging

When variations in the fair value of a recognised asset or liability or in an unrecognised firm commitment are liable to affect the income statement, such variations may be hedged by a fair value hedge. The hedged item and the hedging instrument are remeasured symmetrically against income on each balance sheet date. The impact on the income statement is limited to the ineffective part of the hedge.

When the hedged item is an equity investment designated at fair value through Other comprehensive income (FVTOCI), the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

(2) Cash flow hedging

A cash flow hedge makes it possible to hedge the unfavourable variations in cash flow connected with a recognised asset or liability or a highly probable future transaction, when these variations are likely to affect the income statement. According to IFRS 9, at every reporting date, the effective share of the hedge and, if applicable, the change in the time value of the options and futures points of the futures contracts, are recognised in shareholders' equity. The ineffective portion is recognised in the income statement. When the transaction is recorded, the items previously recognised in equity are reclassified to the income statement simultaneously with the recognition of the hedged item.

(3) Hedging of net investments in foreign operations

The exchange rate variations generated by the net assets held in foreign currencies in the Group's consolidated operating companies may be hedged. At each balance sheet date, the effective part of the hedge is recognised in equity and the ineffective part in the income statement. The effective part in equity is recorded in the income statement only if control over a consolidated company is lost or the holding in a company under significant influence is reduced.

(4) Financial instruments not qualifying as hedging instruments

A derivative financial instrument that does not qualify as a hedging instrument is recognised as a trading instrument. Variations in fair value of financial instruments that do not qualify as hedging instruments are recognised immediately in the income statement.

The ineffective part of operational hedging instruments is booked as operating income or expense. The ineffective part of financial hedging instruments is booked as financial income or expense.

FAIR VALUE

Fair value is the price that would be obtained for the sale of an asset or would be paid for the transfer of a liability in an arm's length transaction on the valuation date.

When the Group records a financial instrument on the balance sheet for the first time, the instrument is measured at fair value. This value corresponds to the value at acquisition including transaction costs for the assets and liabilities that are not measured at fair value through profit and loss. After initial recognition, financial assets and liabilities (including derivatives) are measured at fair value, except for assets recorded at amortised cost.

The fair value of listed company equity instruments is measured on the basis of the stock market prices on the balance sheet date. When there is no active market for a financial instrument, the Group measures fair value using techniques involving existing market data.

PROVISIONS

Provisions are recognised as soon as the Group has a current (legal or constructive) obligation resulting from past events that will probably cause an outflow of funds representing economic benefits, the amount of which can be reliably estimated.

The amount provisioned corresponds to the best estimate of the amounts that must be spent in order to extinguish the current liability at the balance sheet date.

Provisions are recognised as an expense in the income statement, with the exception of Imerys' provisions for the decommissioning of assets and certain provisions for the restoration of mining locations for which the of the charge is included in the cost of the related assets, in particular for industrial building work and mining development work.

Provisions that are expected to be settled within 12 months following the end of the period or that may be settled at any time are not discounted. Provisions that are expected to be settled more than 12 months after the end of the period are discounted. This treatment applies mainly to provisions at Imerys that are accrued with respect to environmental obligations to rectify pollution, obligations to dismantle plants and obligations to restore mine sites once extraction is completed. Changes in discounted provisions due to a revision of the amount of the obligation, the timing of settlement or its discount rate are recognised in the income statement, or for provisions recognised against assets, as an adjustment of the cost of the latter. The unwinding is deducted from other financial income and expense.

Provisions for restructuring costs are recognised when the Group has established a detailed restructuring plan and as soon as this has been communicated to the parties concerned.

PENSION LIABILITIES AND SIMILAR BENEFITS

(1) Defined contribution plans

In accordance with regulatory requirements and business practices in each country, the Group contributes to building up retirement benefits for its employees by paying, on either a compulsory or optional basis, contributions to external entities such as pensions funds, insurance companies or financial institutions. These plans are known as defined contribution plans and offer no guarantee to beneficiaries concerning the amount of future benefits they will receive. Charges incurred under defined contribution pension plans are recognised in the income statement under "Staff costs" in the financial year during which they are due.

(2) Defined benefit plans

Some Group companies (mainly Imerys) guarantee that plan beneficiaries will receive a defined level of future benefits.

Defined benefit liabilities and the annual cost booked to the income statement are measured using the projected unit credit method and demographic and financial actuarial assumptions. These assumptions are used to establish the entitlements acquired by beneficiaries based on an estimated salary at the retirement date.

The provisions (or assets) recognised correspond to the discounted value of the liability, less the fair value of plan assets, which if necessary may be capped.

Pension costs and direct payments to beneficiaries are booked to the income statement as staff costs, with the exception of contributions and payments relating to restructurings, which are carried under other operating expenses, and contributions to under-funded closed plans with mandatory funding requirements, which are carried under other financial income and expenses.

The impact of these contributions on the income statements is eliminated by releases of provisions, each carried under one of the three income statement items. Other items relating to changes in post-employment benefits are booked to the income statement as staff costs, with the exception of plan amendments, curtailments and settlements relating to a restructuring, which are carried under other operating expenses, and the unwinding of liabilities and the normalised return of assets, which are carried under other financial income and expenses. Administrative fees are recognised under staff costs, with the exception of administrative fees relating to under-funded closed plans with mandatory funding requirements, which are booked under other financial income and expenses. Plan amendments, curtailments and settlements are recognised immediately in the income statement. The actuarial differences and asset limitations of post-employment plans are entirely recognised in equity, net of asset management fees, with no subsequent reclassification to income.

SHARE-BASED PAYMENTS

The fair value of services rendered against the granting of share options and free shares is measured using a commonly accepted pricing model (Black & Scholes, Monte Carlo) with reference to the fair value of instruments at the grant date. This measurement takes into consideration the exercise price and the term of instruments, the underlying share price, the turnover rate of beneficiaries and the volatility of the underlying share. In most cases, the acquisition of rights is subject to terms relating to length of service, and the fair value of services rendered is recognised under "Staff costs" over the vesting periods of rights, against an increase in equity, and on the basis of the best available estimate concerning the number of rights that will be acquired in the future. The turnover rates of beneficiaries are definitively adjusted as vesting periods are closed. The accounting treatment is the same if, in addition to terms relating to length of service, the acquisition of rights requires certain pre-determined economic performance conditions to be accomplished.

When the transaction is settled in cash, the Group incurs a liability, which is measured at fair value. Until the liability is settled, the fair value is measured on every balance sheet date, and then on the settlement date. Changes in fair value are recognised in the income statement for the period.

INCOME RECOGNITION

Sales of assets are recorded when the risks and benefits of ownership have been transferred to the buyer. In the case of the delivery of goods, this is generally when the goods have been delivered and ownership title transferred.

Revenue is made up of two elements: on the one hand sales of goods, and, on the other hand, services rendered, mainly invoicing customers the cost of shipping goods and providing industrial services. The contractual commitments made by the group to transfer these goods and services to customers are categorized as performance obligations. When control of goods or services defined in the contract is transferred to customers, the performance obligation is deemed to have been satisfied and the revenue is recognised. Material specialties are therefore transferred to customers at a given point in time, which coincides with the transfer of all the risks and rewards defined in the contractual incoterms. There are multiple incoterms due to the specificities provided for in contracts. However, while certain services, such as molding work, are rendered at a given point in time, most are transferred to customers over time. This is the case for shipping services, the revenue for which is recognised after the delivery has been made, and certain specialized services in the construction of industrial facilities, for which the degree of completion is measured based on the the actual level of production costs committed. Collateral requirements on the sale of goods and rendering of services offer customers guarantees about the specifications agreed in the contracts, rather than an additional service on top of these guarantees. Consequently, guarantees are not recognised as performance obligations but as provisions.

Sale of goods and rendering of services are measured at the fair value of the transaction, minus trade and volume rebates, as well as discounts for early payment.

Interest is recognised on a time proportion basis, taking into account the effective yield on the asset. Dividends and interim dividends are recognised as soon as the Group's right to receive them is established and it is probable that the Group will benefit from the resulting financial flows.

BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised and incorporated at the acquisition cost of the qualifying asset. A qualifying asset is understood to be an asset that necessarily takes a substantial period of time (more than a year) to be completed before it can be used or sold. Borrowing costs can include interest on sums due to banks at sight and on short-term or long-term borrowings, the amortisation of premiums or reimbursements relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, financial expenses in respect of finance leases and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest expenses.

INCOME TAXES

Taxes on profit for the financial year comprise current taxes and deferred taxes. They are recorded in the income statement except where they concern items recorded directly in equity, in which case they are also recognised in equity.

Current taxes are the taxes payable on the taxable profit for the financial year, calculated according to the rates of taxation that were adopted at the balance sheet date, as well as adjustments for the previous financial years.

Deferred taxes are calculated according to the liability method applied to the timing differences between the carrying amount of the assets and liabilities recorded in the balance sheet and their tax base. The following differences are not taken into account: non-tax-deductible goodwill and initial recognition of assets and liabilities having no impact on the book and fiscal results. Deferred taxes are calculated as a function of how the asset and liability items are expected to be realised or settled, on the basis of the rates of taxation that were adopted or virtually adopted at the balance sheet date. Furthermore, deferred tax liabilities relating to shareholdings in subsidiaries are not recognised when the Group is able to control the date on which the timing difference will be reversed and when it does not expect the timing difference to be reversed in the foreseeable future. Deferred tax assets are recognised only to the extent that taxable earnings are likely to be generated that allow use to be made of the deductible timing differences, tax losses and tax credits.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

When, at the balance sheet date, it is highly probable that non-current assets or directly connected groups of assets and liabilities will be disposed of, they are designated as non-current assets (or disposal groups) held for sale. Their disposal is considered highly probable if, at the balance sheet date, a plan for selling them at a reasonable price compared with their fair value has been made in order to find a buyer and realise their sale within a maximum period of one year. Non-current assets (or disposal groups) classed as being held for sale are valued at the lower of their carrying amount and their fair value less the cost of the sale. They are presented separately in the balance sheet.

A discontinued operation is a component of an operation that has been sold or is classified as held for sale. It represents a major and distinct line of business or geographical region, it is part of a single coordinated plan to dispose of a major and distinct line of business or geographical region, or it is a subsidiary exclusively acquired for the purposes of being resold. A component of an entity is understood to mean the operations and cash flows that, from an operating point of view and in terms of financial disclosure, can be clearly distinguished from the rest of the business operations. Discontinued operations are presented in a separate line item in the income statement and the cash flow statement.

SEGMENT REPORTING

Pargesa and GBL are holding companies with investments in companies that have little in common from a commercial or industrial point of view. These investments are acquired, managed and sold with a view to maximising shareholder value. Therefore, with regard to segment reporting, the business segments are based on the segregation of the various shareholdings and the absence of connections between them, each significant investment being regarded as a segment. The operations of the holding companies controlled by Pargesa are presented as a separate segment. Business segments are also shown by geographical location. The Group's segment reporting is consistent with the internal reports made to the Board of Directors. The segment reporting described above is presented in note 2.

RISK MANAGEMENT

(1) Exchange rate risk

Each subsidiary is responsible for managing its own exchange rate risk. Exchange rate risk may be hedged by forward foreign exchange contracts, foreign currency swaps and foreign exchange options. These instruments are used to hedge receivables, payables, firm commitments in foreign currencies and net investments in foreign entities.

(2) Interest rate risk

Interest rate risk management involves fully or partially hedging the fluctuation in debt interest rates either by a fixed rate of interest, by interest rate swaps or by options, depending on the individual policy laid down by the Board of Directors of each entity based on the needs of that entity.

(3) Credit risk

Credit risk concerns the risk that third party contractors will not fulfil their commitments towards the Group when they enter into transactions with it. Each shareholding is responsible for managing credit risk, using the specific arrangements most suited to the situation.

(4) Liquidity risk

Liquidity risk is the risk that an entity cannot fulfil its commitments to repay debts. Liquidity risk is managed at each level of the Group.

(5) Energy price risk

Imerys' energy price risk is hedged by forward contracts and by option instruments. In order to manage risks, the companies of the Group may conduct studies on particular situations. The analysis carried out by Imerys (the main Group company potentially concerned) since 2016 on the consequences of the British decision to leave the European Union (Brexit) concluded that the potential risks were immaterial.

ACCOUNTING CHANGES, ERRORS, MAIN ACCOUNTING JUDGEMENTS AND ESTIMATES

A change in accounting policy is only made if required by the provisions of a standard, interpretation or amendment to a standard, or if the change will result in more relevant and reliable information being disclosed. Changes in accounting policy are applied retrospectively, except in the case of transitional measures specific to the standard, or the interpretation or amendment of a standard. The financial statements affected by a change in accounting method are adjusted for all the accounting periods presented, as if the new accounting policy had always been in use. An error, when discovered, is also adjusted retrospectively.

The inherent uncertainties of business operations require estimates to be used when preparing the financial statements. Estimates are based on judgements intended to give a reasonable assessment of the latest reliable information. An estimate is revised to reflect changes in circumstances, new information and the effect of experience. Changes in estimates are accounted for prospectively: they affect the accounting period during which they occurred, and possibly the following periods.

The main judgements and estimates used in the preparation of the financial statements relate in particular to the following assumptions:

(1) Tangible and intangible assets

Tangible and intangible assets with a definite useful life are depreciated or amortised using the straight-line method based on the estimated useful life of the fixed asset in question. (See also the accounting principles on intangible assets, mining assets and tangible assets.)

(2) Impairment

Impairment tests (see also the accounting policies concerning business combinations and goodwill, and impairment of assets) check whether the carrying amount of assets will be recovered on the basis of the present value of future cash flows.

At Imerys, the CGU definitions and impairment indication, as well as the allocation of assets and goodwill to the CGU, are matters of judgement for Imerys senior management. The term and amount of future cash flows and the discount rates used in the calculation of the CGUs' value in use are estimates carried out by Imerys senior management. Events that trigger an impairment test are matters of judgement for Imerys senior management. Such events mainly include significant changes in business operations, interest rates, technology level, obsolescence and asset yield. An impairment test must be carried out immediately on a CGU or individual asset if there is an adverse change in one of these indicators.

An analysis of the impairment test conducted for the CGUs is provided in note 12 and an analysis of the impairment recorded for the year is given in note 8.

(3) Employee benefits

On 31 December 2019, the net provisions established for employee benefits primarily concerned Imerys (see the accounting policies concerning pension liabilities and similar benefits). The actuarial assumptions used to measure the value of defined benefits plans are estimates determined by Imerys senior management. The rates used to discount commitments and calculate the normalised return of the assets on the income statement are set by reference to the rates of the bonds issued by AA-rated (i.e. high-quality) companies in the main iBoxx GBP Corporate AA GBP and USD indices.

An analysis of employee benefits is given in note 23.

(4) Provisions

The sum recognised for provisions corresponds to the best estimate of the expenditure required in order to extinguish the current (legal or implicit) liability at the balance sheet date. The environmental and rehabilitation provisions set aside by Imerys for its mining and manufacturing operations require an estimate of the amounts the group will have to pay and assumptions about the repayment schedule and discount rates. Litigation claims involving the Imerys group are assessed by the Imerys Legal Department with the help of lawyers. Finally, provisions relating to restructurings within the Imerys group also require estimates to be made (see accounting policies relating to provisions as well).

An analysis of the provisions is presented in note 19.

(5) Lease liabilities

Critical judgements are often required in the following cases:

- determine whether or not a contract contains a lease contract;
- establish whether or not it is reasonably certain that an extension option will be exercised;
- find out whether it is reasonably certain or not to exercise the termination option;
- determine whether variable rental payments are genuinely variable or substantially fixed.

(6) Investments

On 31 December 2019, investments in adidas, Pernod Ricard, SGS, LafargeHolcim, Umicore, GEA and Ontex, which are equity investments measured at fair value on the basis of recently observed market prices (the measurement of which is not the result of assumptions or other sources of uncertainty), accounted for 51% of balance sheet assets.

In terms of judgement, the Group, through its subsidiary GBL, analysed the accounting treatment to be used for its investments in Ontex, Umicore and SGS and whether they should be booked (i) as an investment in an associate (IAS 28), with GBL's share in the profit or loss and shareholders' equity of Ontex, Umicore and SGS or (ii) as equity investments, with the recognition of the investment at its fair value and the recognition of the dividend though profit or loss.

Under IAS 28, a company is presumed not to exercise significant influence if it holds less than 20.00%, unless such influence can be clearly demonstrated. The significant influence is clearly demonstrated in the case of (i) representation on the board of directors; (ii) participation in the policy-making process; (iii) material transactions between the investor and the investee; (iv) interchange of managerial personnel; or (v) provision of essential technical information.

On 31 December 2019, the stakes in each of the three companies were 19.98%, 18.0% and 16.7% respectively.

GBL's representation on the boards of directors of Ontex, Umicore and SGS is not sufficient to demonstrate a significant influence. In addition, the representation on the boards is limited to those positions and is not the result of a contractual or legal right but of a resolution at the companies' annual general meetings. GBL therefore decided to recognise these investments as equity investments on 31 December 2019.

(7) Acquisition of consolidated subsidiaries

Following acquisitions of consolidated companies, the Group is required to make estimates on the value of the assets and liabilities of its acquired activities (section "Note 16. Acquisition and disposal of subsidiaries").

EVENTS AFTER THE BALANCE SHEET DATE

Events occurring between the balance sheet date and the date on which the financial statements were approved for publication by the Board of Directors only result in an adjustment if they reveal, specify or confirm conditions already existing on the balance sheet date.

1.1. Impact of the application of the new accounting standards IFRS 16

We recall that the Group has applied the modified retrospective approach, according to which the cumulative impact of initial adoption is recognised as an adjustment in equity as of 1 January 2019 and without restatement of comparative information for 2018.

The contracts of services agreement are not part of the scope of the standard.

The Group is mainly impacted through the three subsidiaries of GBL, Imerys, Webhelp following its acquisition on 19 November 2019, and Ergon. The scope of contracts has been systematically reviewed, reassessing the existence of leases in each contract according to the criteria of the standard and excluding leases with a term of 12 months or less and low-value assets (less than USD 5'000), for which lease fees are recognised in expenses. A single discount rate was used per portfolio of contracts with similar characteristics. In the Consolidated Cash Flow Statement, cash payments for the principal portion of the lease liability are presented under financing activities, as well as cash payments for the interest portion of the lease liability. Right-of-use assets were measured in relation to the amortised value at the date of transition. In the absence of available implicit interest rates, the leases were discounted using the lessees' incremental borrowing rate as of 1 January 2019. As of the transition date, the weighted average marginal borrowing rate was 3.08%.

The application of this standard has an impact mainly on the level of capital employed, the depreciation expense recognised in current operating charges, the interest expense recognised in financial expenses, the impairment tests and the level of the commitments given with respect to the current operating leases contracts.

Up until 31 December 2018, only finance leases were recognised as lease liabilities. Operating leases were presented in the income statement as "Other operating income (expenses)" and under "Operating lease" in the Group's 2018 Annual report (note 9 of the 2018 Annual report, page 129). The following table presents the reconciliation between the off-balance sheet commitments published as of 31 December 2018 and the lease liabilities recognised as of 1 January 2019:

CHF MILLION	1 JANUARY 2019
Operating lease(1)	410.3
Operating commitments(2)	271.8
Commitments given including leases	**682.1**
Identification of additional lease agreements	48.5
Elimination of operating commitments other than leases(2)	(159.0)
Discount using the incremental borrowing rate	(86.0)
Discounted value of the off-balance sheet lease commitment	**485.6**
Elimination of service concession arrangements	(21.2)
Elimination of leases of low-value assets and other immaterial leases	(9.4)
Elimination of leases with a term of 12 months or less	(6.4)
Elimination of leases of mine land leases	(5.2)
Elimination of leases starting after the transition date and agreed before 31 December 2018	(3.9)
Inclusion of consideration contingent on exercising option to extend the lease	27.9
Lease liabilities previously recognised as finance leases under IAS 17	10.8
Lease liabilities at 1 January 2019	**478.2**

(1) Note 9 Annual report 2018, page 129.

(2) Commitments to purchase raw materials, energy and other operating commitments given.

The following table presents the impact of the change in accounting policy on the consolidated balance sheet as of 1 January 2019:

CHF MILLION	1 JANUARY 2019
Long-term assets	
Tangible assets[(1)]	444.8
Deferred tax assets	84.3
Total Long-term assets	**529.1**
Short-term assets	
Other short-term non-financial assets	(1.1)
Total short-term assets	**(1.1)**
Total assets	**528.0**
Equity	
Consolidated reserves	(0.8)
Equity (attributable to the Group)	**(0.8)**
Equity attributable to non-controlling interests	(2.0)
Total equity (including non-controlling interests)	**(2.8)**
Long-term liabilities	
Provisions	(7.8)
Deferred tax liabilities	83.5
Financial debt	(14.3)
Other long-term financial liabilities[(2)]	379.2
Total long-term liabilities	**440.6**
Short-term liabilities	
Other short-term financial liabilities[(3)]	90.2
Total short-term liabilities	**90.2**
Total liabilities and equity	**528.0**

(1) The amount reported represent the set up of the right-of-use asset of CHF 460.9 million, net of reclassification of tangible assets already financed through a lease under IAS 17, for an amount of CHF 16.1 million.

(2) The amount reported include two effects, the set up of the lease liabilities of CHF 381.1 million, net of the reclassification of other long-term financial liabilities representing already lease liabilities under IAS 17, for an amount of CHF -1.9 million.

(3) The amount reported include two effects, the set up of the lease liabilities of CHF 99.1 million, net of the reclassification of other short-term financial liabilities representing already lease liabilities under IAS 17, for an amount of CHF -8.9 million.

On 1 January 2019, the introduction of the new standard had an insignificant impact of CHF -2.8 million, including non-controlling interests, on equity.

The impacts of the introduction of IFRS 16 in 2019 are described in Note 13 "Property, plant and equipment" under the section Right-of-use assets, as well as under note 9 "rental charges".

2. Segment reporting

The Group's business is subdivided into three segments: Holdings, Imerys and Webhelp.

The Holdings segment groups together Pargesa and GBL, a company listed on Euronext Brussels, and their wholly owned subsidiaries, together with private equity funds and other investment funds, mainly held by Sienna Capital, which, in turn, is wholly owned by GBL. The main purpose of the group of companies in the Holdings segment is the management of investments. This segment also includes operational subsidiaries consolidated by the funds.

On 19 November 2019, GBL acquired a majority of stake in Webhelp. The nature of the company's business and the direct management of the new acquisition by GBL, make the company a segment and is presented as such.

In 2019, Imerys implemented a new structure, organized around two segments – Performance Minerals (PM) and High Temperature Materials & Solutions (HTMS) .

The Imerys segment comprises the Imerys group, which is listed on Euronext Paris and holds leading positions in each of its two business groups (2018: 4 business):

- **The Performance Minerals (PM)** segment brings together three geographic business areas: Europe Middle East Africa (EMEA), Americas and Asia-Pacific (APAC) serving the plastics, paints & coatings, filtration, ceramics, renewable energy and paper & board markets. Performance Minerals includes the former Performance Additives, Filtration, Carbonates, Ceramics, Kaolin and Graphite & Carbons divisions as well as the Bentonite & Perlite Intermediate business unit (part of the former Metallurgy division);
- The **High Temperature Materials & Solutions (HTMS)** segment regroups two business areas: High Temperature Solutions and Refractory Abrasives & Construction serving the refractory, foundry, metal flow, abrasives and building chemistry markets. High Temperature Materials & Solutions includes the Monolithic Refractories, Aluminates, Fused Minerals divisions as well as the Metalcasting & Absorbents and Steel Casting Fluxes business units (part of the former Metallurgy division).

2.1. Segment analysis by business

2019 INCOME BY SEGMENT

CHF MILLION	HOLDINGS	IMERYS	WEBHELP	TOTAL
Revenue	760.2	4'844.0	-	**5'604.2**
Other operating income	12.2	74.0	(0.3)	**85.9**
Changes in inventory	(6.7)	(8.5)	-	**(15.2)**
Raw materials, goods intended for resale and consumables	(262.0)	(1'646.7)	-	**(1'908.7)**
Staff costs	(276.4)	(1'053.8)	3.2	**(1'327.0)**
Depreciation of tangible assets and amortisation of intangible assets	(79.9)	(397.1)	(4.8)	**(481.8)**
Other operating expenses	(160.3)	(1'535.6)	(42.1)	**(1'738.0)**
Other operating income and expenses	143.4	(14.7)	-	**128.7**
Operating profit	**130.5**	**261.6**	(44.0)	**348.1**
Dividends and net interest from equity investments	565.4	-	-	**565.4**
Other financial income	219.4	14.5	-	**233.9**
Other financial expenses	(105.8)	(64.2)	-	**(170.0)**
Financial profit	**679.0**	**(49.7)**	-	**629.3**
Operating and financial profit	**809.5**	**211.9**	(44.0)	**977.4**
Income from associates and joint ventures	(57.4)	(6.1)	-	**(63.5)**
Net profit before tax	**752.1**	**205.8**	(44.0)	**913.9**
Income taxes	(9.7)	(72.9)	10.2	**(72.4)**
Net profit from continuing operations (including non-controlling interests)	**742.4**	**132.9**	(33.8)	**841.5**
Other information:				
Impairment of tangible assets	-	(41.9)	-	**(41.9)**
Impairment (reversal) on investments, operations, goodwill, intangible assets and negative goodwill	-	(0.1)	-	**(0.1)**
Capital gains/losses on investments and operations	143.4	(14.6)	-	**128.8**
Interest income	22.0	6.9	-	**28.9**
Interest expenses	(61.2)	(63.1)	-	**(124.3)**

BALANCE SHEET AT 31 DECEMBER 2019

CHF MILLION	HOLDINGS	IMERYS	WEBHELP	TOTAL
Long-term assets	20'327.7	5'567.2	2'776.2	**28'671.1**
– of which investments in associates and joint ventures	*369.4*	*114.3*	-	*483.7*
Short-term assets	2'238.6	2'546.1	552.9	**5'337.6**
Total assets	**22'566.3**	**8'113.3**	**3'329.1**	**34'008.7**
Long-term liabilities	2'682.8	3'077.0	1'973.7	**7'733.5**
Short-term liabilities	1'015.4	1'604.0	440.9	**3'060.3**
Total liabilities	**3'698.2**	**4'681.0**	**2'414.6**	**10'793.8**

2018 INCOME BY SEGMENT

CHF MILLION	HOLDINGS	IMERYS	TOTAL
Revenue	706.0	5'301.5	**6'007.5**
Other operating income	25.1	77.2	**102.3**
Changes in inventory	9.6	54.3	**63.9**
Raw materials, goods intended for resale and consumables	(255.1)	(1'790.5)	**(2'045.6)**
Staff costs	(263.0)	(1'152.3)	**(1'415.3)**
Depreciation of tangible assets and amortisation of intangible assets	(52.0)	(308.7)	**(360.7)**
Other operating expenses	(182.9)	(2'262.6)	**(2'445.5)**
Other operating income and expenses	3.6	(15.0)	**(11.4)**
Operating profit	**(8.7)**	**(96.1)**	**(104.8)**
Dividends and net interest from equity investments	404.7	-	**404.7**
Other financial income	50.2	11.3	**61.5**
Other financial expenses	(89.6)	(81.1)	**(170.7)**
Financial profit	**365.3**	**(69.8)**	**295.5**
Operating and financial profit	**356.6**	**(165.9)**	**190.7**
Income from associates and joint ventures	34.6	(6.8)	**27.8**
Net profit before tax	**391.2**	**(172.7)**	**218.5**
Income taxes	(7.0)	(102.8)	**(109.8)**
Net profit from continuing operations (including non-controlling interests)	**384.2**	**(275.5)**	**108.7**
Net profit from discontinued operations	-	910.1	**910.1**
Net profit for the period (including non-controlling interests)	**384.2**	**634.6**	**1'018.8**
Other information:			
Impairment of tangible assets	-	(232.2)	**(232.2)**
Impairment (reversal) on investments, operations, goodwill, intangible assets and negative goodwill	(1.5)	(26.0)	**(27.5)**
Capital gains/losses on investments and operations	5.1	11.0	**16.1**
Interest income	0.5	6.0	**6.5**
Interest expenses	(67.4)	(54.6)	**(122.0)**

BALANCE SHEET AT 31 DECEMBER 2018

CHF MILLION	HOLDINGS	IMERYS	TOTAL
Long-term assets	17'055.5	6'257.5	**23'313.0**
- of which investments in associates and joint ventures	*649.6*	*127.1*	*776.7*
Short-term assets	788.8	3'026.4	**3'815.2**
Total assets	**17'844.3**	**9'283.9**	**27'128.2**
Long-term liabilities	2'157.8	3'488.3	**5'646.1**
Short-term liabilities	208.4	1'403.0	**1'611.4**
Total liabilities	**2'366.2**	**4'891.3**	**7'257.5**

The following table summarises the costs incurred during the year in acquiring both intangible and tangible segment assets, by business segment.

ACQUISITION COST OF SEGMENT ASSETS FOR THE PERIOD

CHF MILLION	2019		2018	
Imerys	324.4	72.4%	388.0	80.7%
Holdings	123.7	27.6%	92.6	19.3%
Total	**448.1**	**100.0%**	**480.6**	**100.0%**

2.2. Segment analysis by geographical location of customers

CHF MILLION	SWITZERLAND	EUROPE	NORTH AMERICA	ASIA, OCEANIA AND OTHERS	TOTAL
2019 - Revenue	36.5	2'912.8	1'206.6	1'448.3	**5'604.2**
2018 - Revenue	41.5	3'067.9	1'372.0	1'526.1	**6'007.5**

Revenue comes mainly from Imerys and can be broken down as follows:

CHF MILLION	2019	2018
Sale of goods	4'765.4	5'125.5
Rendering of services	838.8	882.0
Total	**5'604.2**	**6'007.5**

Revenue from ordinary operations resulting from transactions between Imerys and each of its external clients never exceeds 10% of the revenue from the ordinary operations of the Imerys group.

SPLIT BY CASH GENERATING UNITS:

CHF MILLION	2019	2018
Performance Minerals (PM)	2'649.0	2'911.1
High Temperature Materials & Solutions (HTMS)	2'195.0	2'390.3
Sienna Capital	760.2	706.1
Total	**5'604.2**	**6'007.5**

The following table presents a different breakdown of revenue by the time at which goods or services are transferred to customers, distinguishing between goods and services transferred to customers at a given point in time and services transferred to customers over time:

CHF MILLION	2019	2018
Goods and services transferred to customers at a specific time	4'767.1	5'134.4
Services progressively transferred to customers	837.1	873.1
Total	**5'604.2**	**6'007.5**

GEOGRAPHICAL DISTRIBUTION OF ASSETS BASED ON THE SEGMENT ANALYSIS BY BUSINESS SECTOR AT 31 DECEMBER

CHF MILLION	SWITZERLAND	EUROPE	NORTH AMERICA	ASIA, OCEANIA AND OTHERS	2019 TOTAL
Long-term assets	**5’943.6**	**20’146.5**	**1’406.1**	**1’174.9**	**28’671.1**
– tangible and intangible assets	*87.0*	*2’124.2*	*736.8*	*758.7*	*3’706.7*
– goodwill	*9.1*	*4’333.8*	*506.2*	*315.0*	*5’164.1*
– investments in associates and joint ventures	-	*437.7*	*24.6*	*21.4*	*483.7*
– equity investments	*5’837.5*	*13’193.1*	-	-	*19’030.6*
Short-term assets	**64.8**	**4’079.5**	**419.9**	**773.4**	**5’337.6**
Total assets	**6’008.4**	**24’226.0**	**1’826.0**	**1’948.3**	**34’008.7**
					2018 TOTAL
Long-term assets	**5'205.4**	**15'869.7**	**1'228.8**	**1'009.1**	**23'313.0**
– tangible and intangible assets	*74.1*	*1'790.2*	*769.4*	*626.8*	*3'260.5*
– goodwill	*9.1*	*2'533.3*	*354.6*	*292.0*	*3'189.0*
– investments in associates and joint ventures	–	*741.5*	*15.3*	*19.9*	*776.7*
– equity investments	*5'111.2*	*10'721.1*	–	*0.6*	*15'832.9*
Short-term assets	**60.4**	**2'431.2**	**543.5**	**780.1**	**3'815.2**
Total assets	**5'265.8**	**18'300.9**	**1'772.3**	**1'789.2**	**27'128.2**

3. Changes in working capital

CHF MILLION	2019	2018
(Increase)/decrease in long-term assets	4.8	(0.5)
(Increase)/decrease in inventories and trade receivables	61.0	(140.3)
(Increase)/decrease in other short-term assets	(79.0)	(15.9)
(Increase)/decrease in pension liabilities and similar benefits	2.1	1.3
(Increase)/decrease in provisions	(7.0)	1.8
(Increase)/decrease in trade payables and other short-term liabilities	32.5	109.5
Total	**14.4**	**(44.1)**

4. Other operating income and expenses

CAPITAL GAINS/LOSSES AND IMPAIRMENTS ON INVESTMENTS AND OPERATIONS

CHF MILLION	2019	2018
Capital gains realised by private equity funds (see note 16)	151.0	6.4
Gains on several disposals at Imerys	(19.2)	11.7
Impairment on intangible assets at Imerys (see note 11)	-	(26.0)
Miscellaneous	(3.1)	(3.5)
Total	**128.7**	**(11.4)**

2019

In 2019, GBL has sold two consolidated investments, the company looping, a leading company in Europe of leasure parks and, the company opseo, a leading German company in the furnitures of ambulatory care. These disposals generated a gain which amounted to CHF 151.0 million. The Net profit on Looping amounted to EUR 38 million (CHF 42.4 million), for a cash flow of EUR 58 million (CHF 64.5 million). For opseo, the capital gain amounted to EUR 98 million (CHF 108.6 million) and the net cash flow EUR 117 million (CHF 130.2 million).

2018

In 2018, Imerys recorded impairments on some of its intangible assets in the "Energy Solutions & Specialities" division for an amount of CHF 26.0 million.

5. Financial instruments

Financial instrument categories, hierarchy of fair value financial instruments and income from the financial instruments carried through the income statement

FINANCIAL ASSET AND LIABILITY CATEGORIES AT CARRYING AMOUNT – COMPARISON BETWEEN CARRYING AMOUNT AND FAIR VALUE

CHF MILLION	FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (EXCL. DERIVATIVES)	LOANS AND RECEIVABLES AND FINAN-CIAL INSTRU-MENTS AT AMORTISED COST	EQUITY INVESTMENTS THROUGH PROFIT AND LOST	EQUITY INVESTMENTS THROUGH OTHER COM-PREHENSIVE INCOME	DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING INSTRUMENTS AND OTHERS	2019 TOTAL CARRYING AMOUNT	2019 FAIR VALUE
Equity investments (see note 5.5)	-	-	1'529.9	17'500.7	-	**19'030.6**	19'030.6
Other long-term financial assets (see note 5.6)	-	102.5	-	-	8.4	**110.9**	110.9
Trade receivables (see note 5.7)	-	1'041.2	-	-	-	**1'041.2**	1'052.7
Trading financial assets*	1'536.9	-	-	-	-	**1'536.9**	1'536.9
Other short-term financial assets (see note 5.8)	-	79.9	-	-	16.3	**96.2**	96.2
Cash and cash equivalents (see note 5.9)	-	1'360.9	-	-	-	**1'360.9**	1'360.9
Total financial assets	**1'536.9**	**2'584.5**	**1'529.9**	**17'500.7**	**24.7**	**23'176.7**	**23'188.2**
Financial debt (see note 5.11)	-	(5'600.3)	-	-	-	**(5'600.3)**	(5'604.4)
Other long-term financial liabilities (see note 5.10)	(515.0)	(380.9)	-	-	(63.1)	**(959.0)**	(959.0)
Trade payables**	-	(724.4)	-	-	-	**(724.4)**	(724.4)
Financial debt due within the year (see note 5.11)	-	(1'294.7)	-	-	-	**(1'294.7)**	(1'294.7)
Other short-term financial liabilities (see note 5.12)	-	(161.9)	-	-	(75.0)	**(236.9)**	(236.9)
Total financial liabilities	**(515.0)**	**(8'162.2)**	**-**	**-**	**(138.1)**	**(8'815.3)**	**(8'819.4)**
Total	**1'021.9**	**(5'577.7)**	**1'529.9**	**17'500.7**	**(113.4)**	**14'361.4**	**14'368.8**

* Including CHF 1'522.1 million in investments in money market funds at GBL and an equity portfolio of CHF 14.8 million held by GBL.

** All trade payables fall due in 2020.

CHF MILLION	FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (EXCL. DERIVATIVES)	LOANS AND RECEIVABLES AND FINANCIAL INSTRUMENTS AT AMORTISED COST	EQUITY INVESTMENTS THROUGH PROFIT AND LOST	EQUITY INVESTMENTS THROUGH OTHER COMPREHENSIVE INCOME	DERIVATIVE FINANCIAL INSTRUMENTS (HEDGING INSTRUMENTS AND OTHERS	2018 TOTAL CARRYING AMOUNT	2018 FAIR VALUE
Equity investments (see note 5.5)	-	-	804.5	15'028.4	-	**15'832.9**	15'832.9
Other long-term financial assets (see note 5.6)	-	85.0	-	-	21.9	**106.9**	106.9
Trade receivables (see note 5.7)	-	833.6	-	-	-	**833.6**	833.6
Trading financial assets*	384.9	-	-	-	-	**384.9**	384.9
Other short-term financial assets (see note 5.8)	-	22.6	-	-	8.2	**30.8**	30.8
Cash and cash equivalents (see note 5.9)	-	1'168.3	-	-	-	**1'168.3**	1'168.3
Total financial assets	**384.9**	**2'109.5**	**804.5**	**15'028.4**	**30.1**	**18'357.4**	**18'357.4**
Financial debt (see note 5.11)	-	(4'282.0)			-	**(4'282.0)**	(4'317.4)
Other long-term financial liabilities (see note 5.10)	-	(9.9)			(0.5)	**(10.4)**	(10.4)
Trade payables**	-	(673.9)			-	**(673.9)**	(673.7)
Financial debt due within the year (see note 5.11)	-	(222.8)			-	**(222.8)**	(222.8)
Other short-term financial liabilities (see note 5.12)	-	(52.8)			(26.9)	**(79.7)**	(77.8)
Total financial liabilities	**-**	**(5'241.4)**			**(27.4)**	**(5'268.8)**	**(5'302.1)**
Total	**384.9**	**(3'131.9)**	**804.5**	**15'028.4**	**2.7**	**13'088.6**	**13'055.3**

* Including CHF 363.5 million in investments in money market funds at GBL and an equity portfolio of CHF 21.2 million held by GBL.

** All trade payables fall due in 2019.

VALUATION OF FINANCIAL ASSETS/LIABILITIES IN THE 3-LEVEL FAIR VALUE HIERARCHY

CHF MILLION	LEVEL 1	LEVEL 2	LEVEL 3	2019 TOTAL
Equity investments	17’500.7	-	1’529.9	19’030.6
Other long-term financial assets	-	8.4	-	8.4
Trading financial assets	1’536.9	-	-	1’536.9
Other short-term financial assets	-	16.3	-	16.3
Total financial assets carried at fair value	**19’037.6**	**24.7**	**1’529.9**	**20’592.2**
Other long-term financial liabilities	-	(63.1)	(515.0)	(578.1)
Other short-term financial liabilities	-	(75.0)	-	(75.0)
Total financial liabilities carried at fair value	**-**	**(138.1)**	**(515.0)**	**(653.1)**

CHF MILLION	LEVEL 1	LEVEL 2	LEVEL 3	2018 TOTAL
Equity investments	15'020.6	-	812.3	**15'832.9**
Other long-term financial assets	-	21.9	-	**21.9**
Trading financial assets	384.7	-	0.2	**384.9**
Other short-term financial assets	-	8.2		**8.2**
Total financial assets carried at fair value	**15'405.3**	**30.1**	**812.5**	**16'247.9**
Other long-term financial liabilities	-	(0.5)	-	**(0.5)**
Other short-term financial liabilities	-	(26.9)	-	**(26.9)**
Total financial liabilities carried at fair value	**-**	**(27.4)**	**-**	**(27.4)**

During 2019 and 2018, there were no significant transfers between the various levels.

The tables above present the valuation of the financial assets/liabilities in a fair value hierarchy that reflects the importance of the data used for the measurements. This fair value hierarchy is as follows:

Level 1: **Level 1** assets are generally publicly listed shares and bonds quoted prices (unadjusted) in active markets for identical assets or liabilities; inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 2: the assets generally classified as **Level 2** are time deposits and derivative products; liabilities classed at this level are generally derivatives; inputs for the asset or liability that are not based on observable market data (unobservable inputs);

Level 3: the assets classified at **Level 3** are generally investments in private equity funds and unlisted shares;

Group financial instruments recorded at fair value are for the large majority Level 1 assets.

There are not many financial assets carried at Level 2 fair value. They mainly include the derivative component of exchangeable or convertible bonds issued by GBL and other derivative instruments at Imerys and GBL.

Group financial instruments recorded at fair value are for the large majority **Level 1** assets.

There are not many financial assets carried at **Level 2** fair value. They mainly include the derivative component of exchangeable or convertible bonds issued by GBL and other derivative instruments at Imerys and GBL.

Group financial instruments recorded at **Level 3** are primarily GBL's investments in private equity and other investment funds. The following methods are used to assess the fair value of Level 3 financial instruments: holdings in private equity and other investment funds are remeasured at fair value, which is determined by the fund managers based on the investment portfolio. As at 31 December 2019, financial liabilities valued at level 3 are linked to debts on non-controlling interests of the Webhelp group. The valuation model used to measure the fair value is based on selected assumptions such as the expected future cash flows, the discount rate and the EBITDA level of the Webhelp group on exercise date of the options. The fair value as of 31 December 2019 is based on the price paid by minority shareholders, which corresponds to the best estimate of the debt as of 31 December 2019.

CHANGE IN LEVEL 3 OF EQUITY INVESTMENTS

CHF MILLION	2019	2018
Balance at 1 January	**812.3**	**627.6**
Acquisitions	400.5	357.2
Disposals	(25.7)	(170.2)
Gains and losses recognised in equity	-	(0.3)
Gains and losses recognised in the income statement	172.0	38.8
Translation and other differences	170.8	(40.8)
Balance at 31 December	**1'529.9**	**812.3**

In 2019 and 2018, the line item "acquisitions" mainly include additional investments in private equity and other investment funds (see note 5.5).

ANALYSIS OF FINANCIAL INSTRUMENTS BY CATGORIES - CONSOLIDATED INCOME STATEMENT

The table below discloses the income and expenses before income tax recognised in income statement by category of financial instruments. It analyses the income and expense lines containing financial instruments according to the categories presented in columns. These distinguish, on the one hand, the categories applied by default to any item excluding hedge accounting and, on the other hand, the categories applied to any item falling within the scope of hedge accounting. The IFRS 9 categories of amortised cost and fair value through profit or loss as previously defined, apply to the majority of non-hedge accounting items. Hedge accounting items are classified according to their nature - fair value or cash flow hedge -, distinguishing between the values of the hedged items and the hedging instruments in columns and the types of risks hedged, i.e. exchange rate risk - interest rate risk - and energy price risk. In addition, in order to reconcile IFRS 9 categories and financial statements, the column "Not IFRS 9" includes the following items and relates to the following standards: share-based payments (IFRS 2), mining assets (IFRS 6), inventories (IAS 2), income tax assets and liabilities (IAS 12), property, plant and equipment (IAS 16), finance lease liabilities (IAS 17 in 2018, and IFRS 16 in 2019), assets and liabilities relating to defined benefit and short-term employee benefits (IAS 19), government grants (IAS 20), provisions (IAS 37), intangible assets and prepaid expenses (IAS 38), stripping assets (IFRIC 20) and duties and taxes (IFRIC 21). The classification of financial instruments into assets (note 21.1) and liabilities (note 24.1) is applied in a cross-cutting manner to their variations in profit or loss (notes 11 and 12). For example, revenues are included in the amortised cost category because their counterparties in trade receivables or cash and cash equivalents fall into this category on the asset side.

	CATEGORIES UNDER IFRS 9			FAIR VALUE		CASH FLOW		2019
CHF MILLION	AMORTISED COST	FAIR VALUE THROUGH PROFIT AND LOSS	NOT IFRS 9	HEDGED ITEMS	HEDGED ITEMS	HEDGED ITEMS	HEDGING ITEMS	TOTAL
Revenue	5'153.9	-	-	-	-	453.7	(3.4)	**5'604.2**
Other operating income	(7.8)	-	93.7	-	-	-	-	**85.9**
Raw materials, goods intended for resale, consumables and change in inventory	(1'750.7)	(2.6)	-	-	-	(164.4)	(6.2)	**(1'923.9)**
Staff costs	(1'336.8)	-	9.8	-	-	-	-	**(1'327.0)**
Depreciation of tangible assets and amortisation of intangible assets	-	-	(481.8)	-	-	-	-	**(481.8)**
Other operating expenses	(1'736.8)	-	(1.2)	-	-	-	-	**(1'738.0)**
Other operating income and expenses	-	-	128.7	-	-	-	-	**128.7**
Operating profit	**321.8**	**(2.6)**	**(250.8)**	**-**	**-**	**289.3**	**(9.6)**	**348.1**
Dividends and net interest from equity investments	565.4	-	-	-	-	-	-	**565.4**
Other operating income and expenses	(47.2)	128.3	(17.2)	18.0	(18.0)	-	-	**63.9**
Operating and financial profit	**840.0**	**125.7**	**(268.0)**	**18.0**	**(18.0)**	**289.3**	**(9.6)**	**977.4**
Income from associates and joint ventures	-	-	(63.5)	-	-	-	-	**(63.5)**
Net profit before taxes from continuing operations	**840.0**	**125.7**	**(331.5)**	**18.0**	**(18.0)**	**289.3**	**(9.6)**	**913.9**

CHF MILLION	CATEGORIES UNDER IFRS 9 AMORTISED COST	FAIR VALUE THROUGH PROFIT AND LOSS	NOT IFRS 9	FAIR VALUE HEDGED ITEMS	HEDGED ITEMS	CASH FLOW HEDGED ITEMS	HEDGING ITEMS	2018 TOTAL
Revenue	5'588.9	-	-	-	-	426.2	(7.6)	**6'007.5**
Other operating income	102.3	-	-	-	-	-	-	**102.3**
Raw materials, goods intended for resale, consumables and change in inventory	(1'893.5)	-	-	-	-	(99.0)	10.8	**(1'981.7)**
Staff costs	(1'421.3)	-	6.0	-	-	-	-	**(1'415.3)**
Depreciation of tangible assets and amortisation of intangible assets	-	-	(360.7)	-	-	-	-	**(360.7)**
Other operating expenses	(2'450.4)	-	4.9	-	-	-	-	**(2'445.5)**
Other operating income and expenses	-	-	(11.4)	-	-	-	-	**(11.4)**
Operating profit	**(74.0)**	**-**	**(361.2)**	**-**	**-**	**327.2**	**3.2**	**(104.8)**
Dividends and net interest from equity investments	404.7	-	-	-	-	-	-	**404.7**
Other operating income and expenses	(137.9)	44.1	(15.4)	(1.5)	1.5	-	-	**(109.2)**
Operating and financial profit	**192.8**	**44.1**	**(376.6)**	**(1.5)**	**1.5**	**327.2**	**3.2**	**190.7**
Income from associates and joint ventures	-	-	27.8	-	-	-	-	**27.8**
Net profit before taxes from continuing operations	**192.8**	**44.1**	**(348.8)**	**(1.5)**	**1.5**	**327.2**	**3.2**	**218.5**

5.1. Nature and extent of risks arising from financial instruments

5.1.1. Credit risks

The Group could potentially be exposed to credit risks because of the nature of its operations. Group credit risks are associated with its cash deposits and with risks incurred by Imerys and Webhelp, whose accounts are consolidated into Pargesa.

At **Pargesa**, cash is generally deposited at sight and in time deposits with banking institutions that are very rigorously selected. At the end of 2019, cash is mainly deposited at sight.

At **GBL**, the risk of default by a counterparty derives for the most part from its deposits, drawdowns on credit lines, hedging transactions, stock market transactions, derivative financial instruments and other transactions conducted with banks or financial intermediaries, including pledging of collateral. GBL seeks to mitigate this risk by diversifying the types of investment and the counterparties and by constantly monitoring their financial situation. On 31 December 2019, cash and cash equivalents were for the most part placed in time deposits, commercial paper and current accounts at various financial institutions.

At **Imerys**, credit risk relates to the risk that a debtor will not repay its debt on the due date. This risk, which mainly affects the loans and receivables category, is monitored within each business entity. This monitoring is primarily based on the analysis of receivables that are past due and may be supplemented by a more in-depth investigation of solvency. Imerys group entities may hedge credit risk by taking out credit insurance policies or obtaining guarantees. At the balance sheet date, loans and receivables are reduced to their recoverable value through individually measured impairment. On 31 December 2019, the depreciation on loans and receivables amounted to CHF 101.2 million (CHF 92.9 million on 31 December 2018). Imerys' maximum exposure to credit risk before credit insurance and guarantees, i.e. the carrying amount of its receivables, was thus CHF 1'031.3 million on 31 December 2019 (CHF 1'158.7 million at 31 December 2018). Details of trade receivables and their ageing are given in note 5.7.

At **Webhelp** level, factoring agreements have been put in place for an unlimited period.

5.1.2. Liquidity risks

The financial liability repayment schedule groups the financial liabilities at every level of the companies consolidated into the financial statements of the Group, i.e. Pargesa, GBL, Imerys and Webhelp. The repayment schedule of the Group's financial debts is provided in note 5.11.

Liquidity risk is managed at each level of the Group.

On 31 December 2019, **Pargesa** has a positive cash position of CHF 35.3 million (CHF 26.1 million on 31 December 2018) and does not have any short-term bank deposits (CHF 0 million on 31 December 2018). Pargesa's financial liabilities are made up of a 0.875% bond maturing in April 2024 for CHF 150 million (see note 5.11) and Pargesa has reimbursed its bank debt of CHF 50.0 million on 25 May 2019. Redemption of the debts could require funding in the market.

On 31 December 2019, **GBL** had a positive cash position of CHF 476.6 million (CHF 185.6 million on 31 December 2018). Its financial liabilities comprised mainly: a 1.375% bond issued in May 2017 and maturing in 2024 for an amount of EUR 500 million (see note 5.11) and a 1.875% bond of EUR 500 million, issued in June 2018 with a seven-year term. GBL (excluding private equity) has in its balance sheet an exchangeable bond in LafargeHolcim shares of CHF 808.0 million and bank debts of CHF 803.0 million on 31 December 2019 (CHF 78.2 million on 31 December 2018). Bank debts relating to private equity amounted to CHF 327.9 million on 31 December 2019 (CHF 526.9 million on 31 December 2018).

On 31 December 2019, **Imerys** had a commercial paper programme capped at CHF 1'085.4 million (CHF 1'126.9 million on 31 December 2018), rated P-2 by Moody's (same rating on 31 December 2018). At year-end, notes had been issued for a total of CHF 108.5 million (CHF 135.2 million on 31 December 2018). On 31 December 2019, Imerys had banking facilities at its disposal in an amount of CHF 1'367.6 million (CHF 1'498.8 million on 31 December 2018). In 2019, Imerys updated its Euro Medium Term Notes (EMTN) programme. The programme represents a total of EUR 3.0 billion (CHF 3.3 billion) and authorises the issue of securities similar to ordinary bonds for terms of between one month and 30 years. At year-end, notes had been issued for a total of CHF 2'087.8 million (CHF 2'230.2 million on 31 December 2018).

For part of its funding, Imerys is required to respect a number of financial covenants. The main restrictive terms and conditions attached to some of its bilateral bank credit facilities and to certain bonds issued in the form of private placements are as follows:

- Assigned objectives: general financing requirements of Imerys.
- depending on the financing contracts concerned, the ratio of consolidated net financial debt to consolidated equity must be less than 1.50 or 1.60 at the end of each half-yearly or yearly consolidated reporting period. On 31 December 2019, the ratio was 0.44 (0.40 at 31 December 2018);
- Absence of any collateral in favour of the lenders.

Failure to comply with the above obligations in relation to any of the financing contracts concerned could lead to the cancellation of the available funds and a requirement, at the request of one or more of the lenders concerned, to repay the amount of the corresponding financial debt immediately. With the exception of two contracts, the Imerys financing contracts do not provide for cross default should a mandatory financial ratio applicable to one of these contracts not be complied with. At 31 December 2019, Imerys had a Moody's long-term rating of Baa2 rating under review (Baa2 outlook stable on 31 December 2018).

Financial resources are the main variable at Imerys' disposal for the adjustment of its financing capacity. This capacity is either financial debt in the form of securities or financing commitments granted by top-rated banking institutions. The medium-term financial resources furnished by the bilateral bank credit facilities can be used during very brief drawdown periods (one to 12 months) while remaining available over longer terms (five years). Imerys' financial resources stood at EUR 3.2 billion, or CHF 3.5 billion, on 31 December 2019 (EUR 3.3 billion, or CHF 3.7 billion, on 31 December 2018). Imerys manages its total financial resources by regularly calculating the difference between its total financial resources and the sums it has used in order to determine the available financial resources it has access to.

Regarding **Webhelp**, Webhelp's cash flow forecasts between the drawdown date and the date of repayment of its debts must allow Webhelp to honor its reimbursements when due. As of 31 December 2019, Webhelp's cash stood at CHF 132.2 million against bank debts of CHF 1'313.3 million.

5.1.3. Market risks

Risk management and hedging activities are described in note 5.2.

MARKET PRICE SENSITIVITY

The following sensitivity analysis is based on the exposure to the risks of stock market price fluctuation of the main equity investments which are valued through Other comprehensive income, i.e. LafargeHolcim, Total, SGS, Pernod Ricard, adidas, Umicore, GEA and Ontex, representing on 31 December 2019, 91% of total equity investments (94% on 31 December 2018), 75% (81% on 31 December 2018) of total financial assets and 51% (55% on 31 December 2018) of total balance sheet assets.

	2019		2018	
CHF MILLION	IMPACT OF A RISE IN STOCK MARKET PRICES	IMPACT OF A FALL IN STOCK MARKET PRICES	IMPACT OF A RISE IN STOCK MARKET PRICES	IMPACT OF A FALL IN STOCK MARKET PRICES
10% change in stock market prices				
Impact on equity (including minority interests)	+1'737.3	-1'737.3	+1'482.7	-1'482.7
Impact on the equity attributable to the Group	+897.8	-897.8	+753.7	–753.7

The sensitivity analysis essentially covers equity because changes in the value of the main equity investments are recorded directly in equity.

INTEREST RATE SENSITIVITY

The exposure of **Pargesa**'s financial liabilities to interest rate fluctuations is not relevant because Pargesa mainly has long-term, fixed-rate debt. The negative interest rate levied by the Swiss National Bank (SNB) on sight deposits that exceed a given exemption threshold has been set at -0.75% since 15 January 2015. A certain number of banks also introduced a negative interest rate on client assets held in Swiss francs. Pargesa has not, for the moment, been majorly affected by negative interest rates. Pargesa's cash position (cash and cash equivalents, together with short-term bank deposits) amounted to CHF 35.3 million on 31 December 2019 (CHF 26.1 million on 31 December 2018). The amount paid in negative interest in 2018 stood at CHF 0.3 million (CHF 1.2 million in 2018).

Owing to its financial situation, **GBL** is exposed to interest rate fluctuations, which impact both its debt and its cash flows. GBL's total debt is primarily at a fixed rate. Regarding its cash position, GBL has chosen, despite the negative interest rate environment imposed by the European Central Bank, to continue to favour liquidity while limiting counterparty risk. The cash is therefore placed over the very short term in order to remain available at any time so as to ensure flexibility and secure the group in case of investment or the materialisation of external risks. It is monitored closely based on changes in market parameters and in GBL's own constraints. GBL continues to pay close attention to the trend in interest rates and to their significance in the overall economic environment.

For **Imerys**, a 0.5% rise in the interest rates of net financial debt after interest rate derivatives would not change the 2019 financial result of the Pargesa Group (CHF +0.1 million in 2018) for the ineffective portion of derivative instruments qualified as cash flow hedges and derivative instruments not eligible for hedge accounting. A 0.5% fall in interest rates would not change the 2019 financial result of the Pargesa Group (same for 2018). A 0.5% rise in interest rates would have no impact on shareholders' equity (including minority interests) for the effective portion of derivative instruments qualified as cash flow hedges (no impact in 2018 either). A 0.5% fall in interest rates would have no impact on shareholders' equity (including minority interests) (no impact in 2018 either.

To hedge against the risk of changes in interest rates, **Webhelp** has subscribed to derivative instruments covering 40% of its debt denominated in EUR beyond a Euribor at 1% and 60% of its debt in GBP in the event of a rise in the Libor above 1.5%. These instruments have a maturity of January and July 2021 respectively. In terms of sensitivity:

- a 1% increase in Euribor generates an interest charge increase of around EUR 12 million per year (CHF 13.3 million); and
- a 1% increase in the Libor generates an increase in the financial expense of approximately EUR 2 million (CHF 2.2 million), excluding currency effects.

ENERGY PRICE SENSITIVITY

Imerys is exposed to risks relating to the price of the types of energy involved in the production cycle of its operations, mainly natural gas and electricity, and coal to a lesser extent. Energy price risk is hedged by forward contracts and by options-based instruments. These instruments qualify as cash flow hedges. According to Imerys' estimates, a 10% increase in the natural gas and Brent indices on 31 December 2019 would increase Pargesa Group shareholders' equity (including minority interests) by CHF 10.4 million (CHF 1.9 million in 2018), while a 10% decrease would increase the equity by CHF 1.6 million (CHF -1.9 million in 2018), in line with the change in the effective portion of the derivative instruments qualified as cash flow hedges. The change in the ineffective part recognised in the income statement would not be significant.

EXCHANGE RATE SENSITIVITY

At Group level, **Pargesa** has practically no operational exposure to transactional exchange rate risks impacting Group income, with the exception of those relating to the operations of Imerys.

Pargesa and **GBL** are exposed to exchange rate risks that could have an impact on the value of their portfolio, through the listed foreign currency investments and changes in the dividends received. Pargesa and GBL hedge against the risk relating to announced dividends but remain exposed to exchange rate fluctuations directly affecting their portfolio. Nevertheless, diversification across regions and sectors reduces the risk of exposure to one foreign currency in particular.

Imerys recommends that its operating entities carry out their transactions in their functional currencies as far as possible. A 10% increase in the exchange rates for all the foreign currencies of the derivative instruments in the Imerys portfolio on 31 December 2019 would increase Pargesa Group shareholders' equity (including minority interests) by CHF +3.6 million (CHF -9.9 million on 31 December 2018), while a 10% decrease would decrease equity by CHF -4.0 million (CHF +14.4 million on 31 December 2018), in line with the change in the effective part of the derivative instruments qualifying as cash flow hedges.

A 10% increase in the exchange rates for all the foreign currencies of the derivative instruments in the Imerys portfolio on 31 December 2019 would not have any effect on Pargesa Group income, including non-controlling interests (CHF 0 in 2018, either), while a 10% decrease would also not have any effect (in 2018, neither), in line with the change in the ineffective part of the derivative instruments qualifying as cash flow hedges and in the fair value of the derivative instruments not eligible for hedge accounting.

GBL, Imerys and **Webhelp**'s results, are expressed in euros and consolidated in Swiss francs at the average conversion rate for the financial year, which produces a translation risk. A 1% change in the EUR/CHF exchange rate would have an impact of CHF 8.6 million on the 2019 consolidated income of Pargesa Group (including non-controlling interests) (CHF 10.4 million in 2018).

As indicated in note 5.2, **Pargesa** is a company whose direct investments are essentially represented by its shareholdings in GBL, whose accounting currency is the euro, whereas the functional currency for the Pargesa financial statements is the Swiss franc. The impact on balance sheet items of fluctuations in the EUR/CHF exchange rate is recorded in the translation reserve in equity, and thus has no impact on the income statement. A 1% change in the EUR/CHF exchange rate would have an impact on equity (including minority interests) of approximately CHF 93 million in the 2019 financial statements of Pargesa Group (CHF 101 million in 2018).

The impact on **Imerys** of fluctuations between the euro and the currencies (such as the US dollar and British pound sterling) linked to the translation of the financial statements of the subsidiaries of Imerys, is also recorded in the "Translation reserve" in equity, in the Pargesa Group financial statements.

With regard to currency risk, transactions carried out by **Webhelp** are subscribed, as much as possible, in the same functional currency as the entity undertaking the transaction. The main exceptions to this principle relate to call center activities carried out from offshore centers, for which the billing currencies to end customers are different from those in which costs are incurred (in the offshore contact center). To cover this transactional currency risk, Webhelp uses hedging contracts via forward currency purchase and sale contracts.

5.2. Derivative financial instruments

5.2.1. Risk management and hedging

In view of the specific nature of each of the companies consolidated in the Group's financial statements, and their very different operations – Pargesa and GBL have financial businesses, while Imerys is industrial – risk is managed independently by each entity.

Pargesa is a company whose direct investments are essentially represented by its shareholding in GBL, a listed company whose accounting currency is the euro, whereas the functional currency for the Pargesa financial statements is the Swiss franc. Pargesa's exposure to currency fluctuations between the euro and the Swiss franc is not hedged on the balance sheet or the income statement. Pargesa does not have substantial exposure to interest rate risks. As at 31 December 2019 its financial debts comprise a bond issue for which the interest rate is fixed. In addition, Pargesa's cash position has not, for the moment, been majorly affected by the introduction of negative interest rates on the Swiss franc.

GBL is a holding company whose accounts are presented in euros, which is also the currency in which its assets and liabilities are denominated. The assets on GBL's balance sheet are primarily shareholdings with the euro as the reference currency (excluding SGS, which is in Swiss francs, and LafargeHolcim, since 2019), almost all of which are listed on the stock exchange, and the rest is cash. Assets are financed for the most part by equity, but also by debt. GBL uses financial instruments and derivatives. These operations are carried out within the framework of well-established documentation and pre-defined packages. They are subject to precise and appropriate prior analyses, systematic monitoring and active management when necessary. GBL has also put in place strict rules in terms of appropriate segregation of duties and internal approval processes. Every financial transaction requires two signatures and is systematically reviewed by the finance and legal departments.

Imerys manages its own risks relating to operational transactions (i.e. transactional exchange rate risks and energy price risks), foreign investments (i.e. risks relating to the translation of financial statements) and financing (i.e. transactional exchange rate risks and interest rate risks). Derivatives are only used to hedge certain risks. Imerys has no speculative positions. Derivatives are traded centrally by Imerys, on over-the-counter markets and with top-rated financial institutions. Imerys does not allow companies within the group to subscribe directly to derivative instruments outside the Imerys group.

Imerys hedges part of its net investments in its foreign operations by borrowings specifically allocated to their long-term financing and through the proportion of its financial debt denominated in currencies other than the euro. The translation gains or losses generated on these loans and borrowings, which qualify as hedges of net investments in foreign operations, are recognised in equity in order to eliminate, to a certain extent, the translation gains or losses on the net investments hedged. On that basis, Imerys carried out currency exchange swaps for a notional amount revalued on 31 December 2019 at EUR 347.3 million (CHF 377.0 million) and EUR 255.2 million (CHF 287.6 million) on 31 December 2018.

Where necessary, transactional exchange rate risk at Imerys may be hedged in isolated cases by forward foreign exchange contracts, foreign currency swaps and foreign exchange options. These instruments are used to hedge highly probable budgetary flows. The relevant hedges qualify as cash flow hedges.

Interest rate risk is managed, in relation to the Imerys group's consolidated net financial debt, with the aim of guaranteeing its cost in the medium term. Imerys group's policy is to obtain financing mainly in euros, at fixed rates. Fixed-rate medium-term bonds are changed into variable-rate bonds through interest-rate swaps.

Imerys holds a number of derivative instruments intended to hedge part of its variable-rate debt. Those instruments include interest rate swaps and options, including caps, floors, swaptions, and forward contracts.

In view of the trend in interest rates expected in 2019, Imerys established a fixed rate of interest for some of its future financial debt with a variety of maturities.

To deal with energy price risk, Imerys has diversified in terms of its geographical locations and sources of supply. Energy price risk is the risk that a payable cash flow for an energy purchase is likely to be decreased as a result of a rise in the market price. Imerys endeavours to pass on energy price rises in the selling prices of its products. In addition, management of natural gas price risk, both in Europe and in the United States, is centralised, with Imerys group's Treasury responsible for establishing the necessary framework and resources to apply a common management policy including, among other things, appropriate use of the financial instruments available on these markets. Energy price risk is hedged by forward contracts and options-based instruments. On 31 December 2019, Imerys had various hedging transactions for periods not exceeding one year in order to manage energy price risk.

As already mentioned, to hedge against the risk of changes in interest rates, **Webhelp** has subscribed to derivative instruments covering 40% of its debt denominated in EUR beyond a Euribor at 1% and 60% of its debt in GBP in the event of a rise in the Libor above 1.5%.

5.2.2. Derivative financial instruments

FAIR VALUE OF SHORT-TERM AND LONG-TERM DERIVATIVE FINANCIAL INSTRUMENTS

CHF MILLION	2019	2018	2019	2018	2019	2018
	ASSET POSITIONS		LIABILITY POSITIONS		NET POSITIONS	
Short-term instruments	16.3[1]	9.2[1]	(75.1)[3]	(26.9)[3]	**(58.8)**	**(17.7)**
Long-term instruments	8.4[2]	21.9[2]	(63.1)[4]	(0.5)[4]	**(54.7)**	**21.4**
Total	**24.7**	**31.1**	**(138.2)**	**(27.4)**	**(113.5)**	**3.7**

[1] see note 5.8
[2] see note 5.6
[3] see note 5.12
[4] see note 5.10

FAIR VALUE OF SHORT-TERM AND LONG-TERM DERIVATIVE FINANCIAL INSTRUMENTS BY NATURE OF THE DERIVATIVE FINANCIAL INSTRUMENTS

CHF MILLION	2019	2018	2019	2018	2019	2018
	ASSET POSITIONS		LIABILITY POSITIONS		NET POSITIONS	
Foreign exchange forward contracts and currency	22.6	10.2	(43.2)	(5.1)	(20.6)	5.1
Interest rate swap	-	18.5	-	(0.1)	-	18.4
Commodity forward contracts	2.1	2.4	(9.0)	(5.2)	(6.9)	(2.8)
Share options and other	-	-	(86.0)	(17.0)	(86.0)	(17.0)
Total	**24.7**	**31.1**	**(138.2)**	**(27.4)**	**(113.5)**	**3.7**

NOTIONAL AMOUNTS OF SHORT-TERM AND LONG-TERM DERIVATIVE FINANCIAL INSTRUMENTS

CHF MILLION	2019	2018	2019	2018
	ASSET POSITIONS		LIABILITY POSITIONS	
Foreign exchange forward contracts and currency swaps	957.3	1'433.6	1'234.9	1'856.2
Interest rate swap	-	207.3	49.9	207.3
Commodity forward contracts	49.9	24.2	49.9	24.2
Share options and other	-	–	2'476.8	323.2
Total	**1'007.2**	**1'665.1**	**3'811.5**	**2'410.9**

MATURITIES OF DERIVATIVE FINANCIAL INSTRUMENTS AT 31 DECEMBER 2019 BY NOTIONAL AMOUNT

CHF MILLION	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 3 AND 5 YEARS	> 5 YEARS
	3'184.0	1'486.0	61.1	-

CHANGE IN NET BALANCE SHEET POSITION OF DERIVATIVE FINANCIAL INSTRUMENTS

CHF MILLION	2019	2018
Net position at 1 January	**3.7**	**(4.9)**
Increase/decrease recognised in the income statement	(42.1)	18.0
Increase/decrease recognised in equity	(5.9)	(9.2)
Purchases, business combinations, sales, transfers and other	(69.2)	(0.2)
Net position at 31 December	**(113.5)**	**3.7**

MATURITIES OF DERIVATIVE FINANCIAL INSTRUMENTS

CHF MILLION	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 3 AND 5 YEARS	TOTAL
Maturities of derivative financial instruments associated with cash flow hedging at 31 December 2019	(29.1)	2.0	-	**(27.1)**
Maturities of other derivative financial instruments at 31 December 2019	(25.6)	(53.7)	(7.1)	**(86.4)**
Total	**(54.7)**	**(51.7)**	**(7.1)**	**(113.5)**

5.2.3. Hedging

Hedging operations are principally undertaken by GBL and the Imerys group.

FAIR VALUE HEDGING

As of 31 December 2019, Imerys group had no interest rate swaps intended to cover the exposure to changes in the fair value of the various loans. The nominal value of the instruments held as such on 31 December 2018 amounted to CHF 63 million. The fair value of the hedging instruments amounted to CHF 0 million as of 31 December 2018 for instruments on the asset side and CHF 18.3 million on the liabilities side.

CASH FLOW HEDGING

As part of its policy of managing exchange rate, interest rate and energy price risks, Imerys holds derivative instruments intended to hedge certain future purchases and sales in foreign currencies, part of its financing at variable rates and a part of its future energy consumption in the United States, the United Kingdom and France. The amount of Imerys cash flow hedges recognised by equity in 2019 amounted to EUR -9.2 million or CHF -10.0 million (EUR +8.1 million or CHF +9.1 million in 2018). Reversals through the income statement in 2019 amounted to EUR +8.7 million or CHF 9.7 million (EUR -2.9 million or CHF -3.4 million in 2018).

In 2019, the ineffective portion recognised in the income statement which results from cash flow hedges amounts to CHF 0 million (CHF +3.2 million in 2018). The effective portion amounted to CHF -9.4 million in 2019 (CHF -6.1 million in 2018)

As part of the forward sales of Total shares, GBL uses cash flow hedging contracts. As of 31 December 2019, the derivative amounted to EUR 34.2 million with an impact on equity of EUR +4.2 million (CHF 4.6 million).

HEDGING OF NET INVESTMENTS IN FOREIGN OPERATIONS

Imerys hedges part of its net investments in its foreign operations by borrowings specifically allocated to their long-term financing and through the proportion of its financial debt denominated in foreign currencies. The translation gains or losses generated on these loans and borrowings, which qualify as hedges of net investments in foreign operations, are recognised in equity in order to eliminate, to a certain extent, the translation gains or losses on the net investments hedged.

On 31 December 2019, the main borrowings and exchange rate swaps hedging net investments in foreign operations were as follows: USD 568.3 million (CHF 559.3 million), SGD 5.5 million (CHF 4.0 million), CHF 47.4 million, GBP 74.8 million (CHF 95.3 million) and ZAR 568.3 million (CHF 39.1 million).

On 31 December 2018, the main borrowings and exchange rate swaps hedging net investments in foreign operations were as follows: USD 679.0 million (CHF 668.3 million), SGD 5.5 million (CHF 4.0 million), CHF 47.5 million, GBP 34.5 million (CHF 43.5 million) and ZAR 503.6 million (CHF 40.7 million).

EXCHANGE RATE SWAP SENSITIVITY (USED TO HEDGE NET INVESTMENTS IN FOREIGN OPERATIONS) TO EXCHANGE RATE VARIATION

A 10% increase in the exchange rates for the foreign currencies of the currency swaps in the Imerys portfolio on 31 December 2019 would lead to a CHF +67.5 million increase (CHF +76.6 million in 2018) in Group equity (including minority interests), while a 10% decrease would lead to a CHF -79.9 million decrease (CHF -93.6 million in 2018). A 10% change would have no impact on Group income (including non-controlling interests).

The impact of these changes is measured on equity for the effective part of derivative instruments qualified as hedges of net investments in foreign operations and on income statement for the ineffective part of derivative instruments qualified as hedges of net investments in foreign operations and derivative instruments not eligible for hedge accounting.

5.3. Dividends and net interest from equity investments

CHF MILLION	2019	2018
LafargeHolcim dividend	123.0	112.1
SGS dividend	97.0	94.9
Pernod Ricard dividend	69.1	54.3
adidas dividend	47.6	40.1
Total dividend	40.5	40.4
Umicore dividend	38.2	34.9
GEA dividend	14.6	11.6
Ontex dividend	7.5	11.4
Other dividends (*)	127.9	5.0
Total	**565.4**	**404.7**

(*) In 2019, "Other dividend" include the reimbursement from the French Tax authorities of the withholding taxes, withheld from 2013 to 2016, on the dividends of Engie and Total for an amount of CHF 119.5 million.

5.4. Other financial income and expenses

OTHER FINANCIAL INCOME

CHF MILLION	2019	2018
Miscellaneous interest income	28.9	6.2
Gains (losses) on trading financial assets and derivatives	14.1	16.5
Net translation differences	16.5	-
Fair value variation of equity investments valued through the profit and loss	172.0	38.8
Other financial income	2.4	-
Total	**233.9**	**61.5**

OTHER FINANCIAL EXPENSES

CHF MILLION	2019	2018
Net translation differences	-	(20.4)
Derivatives result	(38.4)	-
Interest expense	(124.2)	(122.3)
Other financial expenses	(7.4)	(28.0)
Total	**(170.0)**	**(170.7)**

The income statement line items "Other financial income" and "Other financial expenses" mainly include interest income and expenses and results on trading financial assets and derivatives.

In 2019, miscellaneous interest income came mainly from default interest on the withholding taxes which had been unduly applied to ENGIE and Total dividends for CHF 21.1 million (CHF 0 million in 2018).

The changes in fair value of equity investments recognised at fair value through the profit and loss amounted to CHF 172.0 million (CHF 38.8 million in 2018) at GBL and CHF 1.9 million at Pargesa

In 2019, GBL also recognised an expense of CHF -36.2 million related to the market value of the derivative component associated with the LafargeHolcim exchangeable bonds.

Following the application of the standard IFRS 16, the interest charges related to the lease liabilities amounted to CHF 11.0 million.

5.5. Equity investments

CHF MILLION	FAIR VALUE AT 1 JANUARY 2019	ACQUISITIONS	DISPOSALS AT ACQUISITION PRICE	CHANGE IN FAIR VALUE	TRANSLATION DIFFERENCES	OTHER	FAIR VALUE AT 31 DECEMBER 2019
adidas	**3'225.9**	-	(184.4)	1'361.5	(114.3)	-	**4'288.7**
Pernod Ricard	**3'212.5**	-	-	347.7	(118.3)	-	**3'441.9**
SGS	**2'800.0**	-	-	661.9	(103.1)	-	**3'358.8**
LafargeHolcim	**2'311.2**	-	(436.8)	705.5	(74.5)	-	**2'505.4**
Umicore	**1'712.4**	28.5	-	410.6	(63.7)	(1.7)	**2'086.1**
Total	**843.2**	0.1	-	42.7	(31.3)	10.7	**865.4**
GEA	**389.4**	-	-	116.4	(14.3)	-	**491.5**
Ontex	**331.8**	-	-	15.2	(12.2)	-	**334.8**
Private equity funds	**789.6**	400.0	(8.2)	164.8(*)	(47.5)	228.3	**1'527.0**
Other	**216.9**	0.4	(154.6)	82.2	(4.0)	(9.9)	**131.0**
Total	**15'832.9**	**429.0**	**(784.0)**	**3'908.5**	**(583.2)**	**227.4**	**19'030.6**

(*) Of which CHF 172 million were recorded in the income statement following the application of IFRS 9 (see note 5.4).

	FAIR VALUE AT 1 JANUARY 2018	ACQUISITIONS	DISPOSALS AT ACQUISITION PRICE	CHANGE IN FAIR VALUE	TRANSLATION DIFFERENCES	OTHER	FAIR VALUE AT 31 DECEMBER 2018
adidas	**3'069.9**	-	-	269.7	(113.7)	-	**3'225.9**
Pernod Ricard	**3'071.9**	-	-	254.5	(113.9)	-	**3'212.5**
SGS	**3'219.3**	-	-	(300.2)	(119.1)	-	**2'800.0**
LafargeHolcim	**3'150.8**	-	-	(723.0)	(116.6)	-	**2'311.2**
Umicore	**1'758.9**	247.6	-	(223.0)	(71.1)	-	**1'712.4**
Total	**872.8**	0.3	-	2.1	(32.3)	0.3	**843.2**
GEA	**383.3**	263.9	-	(237.2)	(20.6)	-	**389.4**
Ontex	**530.8**	-	-	(179.4)	(19.6)	-	**331.8**
Burberry	**652.0**	-	(575.9)	(65.9)	(10.2)	-	**-**
Private equity funds	**603.9**	343.3	(169.3)	38.6(*)	(26.8)	(0.1)	**789.6**
Other	**25.3**	260.7	(1.3)	(48.6)	(6.3)	(12.9)	**216.9**
Total	**17'338.9**	**1'115.8**	**(746.5)**	**(1'212.4)**	**(650.2)**	**(12.7)**	**15'832.9**

(*) Of which CHF 38.8 million were recorded in the income statement following the application of IFRS 9 (see note 5.4).

adidas, Pernod Ricard, SGS, LafargeHolcim, Umicore, Total, GEA, Ontex and ENGIE are all held by GBL. These shares, which are all listed in euros (with the exception of SGS, which is listed in Swiss francs, LafargeHolcim, which is listed in Swiss francs and euros), are shown in the financial statements at fair value, which corresponds to the value in Swiss francs of their market price on the reference date. For LafargeHolcim, the fair value is based, in 2019, on the market price in Swiss francs, while in 2018, the fair value was based on the market price in EUR then converted into Swiss francs.

In 2019, private equity funds include the Group's investments in the Sagard, Sagard II and Sagard 3, PrimeStone, BDT Capital Partners Fund II, Kartesia, KKR Sigma Co-Invest II, Mérieux Participations I, Marcho Partners, Ergon opseo Long Term Value Fund, Matador Coinvestment, StreetTeam Software and Carlyle International Energy Partners II. These funds are recorded in the accounts at their fair value on the reference date.

2019

During the first half of 2019, GBL, a subsidiary of Pargesa, sold part of its stake in adidas, i.e. 1.0% of the capital, generating a capital gain of EUR 333 million, which was reclassified in the consolidated reserves according to IFRS 9. As of 31 December 2019, GBL's stake in adidas amounted to 6.8% representing an amount of EUR 3'951.3 million. GBL also sold 1.7% of the capital of LafargeHolcim, generating a profit of EUR 107 million (CHF 119.2 million) which was also reclassified in the consolidation reserves. As of 31 December 2019, this participation amounted to EUR 2'308.2 million.

On 16 July 2019, Sienna Capital invested EUR 150.0 million (CHF 166.9 million) in Marcho Partners LLP, a London-based fund specializing in innovation and technology and on 13 September 2019, GBL, through its subsidiary Sienna Capital, co-invested approximately EUR 100 million (CHF 111.2 million) in Compagnie Espanola de Petroleos, based in Spain. These acquisitions appear in the "Acquisitions" column on the "Private equity funds" line in the table.

GBL carried out prepayment forward sales (May 2019) of 15.9 million Total shares in March and April 2019 for a total amount of EUR 771 million, executed at an average spot price of EUR 50.52 per share (forward price , January 2020, of EUR 48.37 per share). This sale is not yet reflected in the table above and generated a capital gain of EUR 411 million in 2020 at GBL level. GBL continues to receive dividends on the shares sold until the maturity of the forward sales contracts. In application of IFRS 9, there will be no impact on the income statement, the capital gain remaining in equity. As of 31 December 2019, a debt of EUR 740 million (CHF 803.0 million and an attached derivative of EUR 34 million (CHF 37.2 million) are present in the consolidated balance sheet (see also note 5.1).

During 2019, GBL increased its stake to 18.0% in Umicore's capital.

The "Other" column for private equity funds represents the deconsolidation of Kartesia entities, previously consolidated as associated companies (see also note 17) and reclassified in "Equity investments".

2018

On 8 February 2018, Umicore raised EUR 892 million through a capital increase subscribed by institutional investors and other investors. The new shares represented 10% of the number of outstanding shares prior to the transaction. GBL participated in the capital increase by investing EUR 144 million. GBL went on acquiring shares of the company for an amount of EUR 70 million, increasing its holdings to 17.7% in the company.

During the first half of 2018, GBL crossed the 5.0% threshold in the capital of GEA. As at 31 December 2018, GBL owns 8.5% of GEA's share capital.

On 9 May 2018, GBL announced the disposal of its entire stake in Burberry, amounting to 6.6% of Burberry's share capital. The proceeds from the transaction amounted to EUR 566 million, generating a capital gain of EUR 67 million, which, as a result of the application of IFRS 9, was not recorded in the income statement, but remained in the Group equity, transferred to the consolidated reserves.

5.6. Other long-term financial and non-financial assets

CHF MILLION	2019 CARRYING AMOUNT	2018 CARRYING AMOUNT
Other long-term financial assets		
Derivative financial instruments	8.4	21.9
Long-term advances, loans and deposits	43.5	37.1
Other long-term financial assets	59.0	47.9
Total other long-term financial assets	110.9	**106.9**
Other long-term non-financial assets		
Other long-term non-financial assets	7.2	14.1
Total other long-term non-financial assets	**7.2**	**14.1**
Total other long-term assets	**118.1**	**121.0**

Other long-term assets are shown net of an impairment on Imerys assets of CHF 58.5 million on 31 December 2019 (CHF 59.3 million on 31 December 2018). The charge for 2019 was CHF 6.5 million (CHF 11.1 million in 2018).

REPAYMENT SCHEDULE OF OTHER LONG-TERM FINANCIAL ASSETS AT THE END OF 2019

CHF MILLION	BETWEEN 1 AND 2 YEARS	BETWEEN 3 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Other long-term financial assets	14.2	59.7	37.0	**110.9**

5.7. Trade receivables

CHF MILLION	2019 CARRYING AMOUNT	2018 CARRYING AMOUNT
Trade receivables	1'088.1	872.0
Impairment on trade receivables	(46.9)	(38.4)
Total	**1'041.2**	**833.6**

Trade receivables essentially relate to Imerys and to Webhelp.

A non-recourse factoring agreement for an indeterminate period and with an authorised limit of EUR 21 million was signed by Imerys in 2009. Consequently, on 31 December 2019, CHF 9.1 million (CHF 10.1 million on 31 December 2018) of receivables had been sold and deconsolidated, the risks and benefits associated with the receivables having been transferred to the factoring bank.

Regarding Webhhelp factoring contracts have been implemented for an indetermined period within the limit of an authorized total outstanding of EUR 165 million (CHF 179.1 million), all taxes included. As of 31 December 2019, receivables amounted to CHF 141 million have been deconsolidated.

DETAILS OF IMPAIRMENT ON TRADE RECEIVABLES

CHF MILLION	2019	2018
Impairment at 1 January	**(38.4)**	**(39.8)**
Impairment for the year	(9.2)	(9.6)
Impairment reversals	7.4	9.9
Change	(7.9)	-
Translation and other differences	1.2	1.1
Impairment at 31 December	**(46.9)**	**(38.4)**

Subsequently to their initial recognition, receivables are measured at amortised cost. At the balance sheet date, an impairment loss is recognised, measured at an amount equal to the expected credit losses. These correspond to the estimate of the weighted probability of credit losses, i.e. expected cash losses on the life of the customer's receivable, less any cash to be received from a garantor or credit insurer.

Trade receivables are not interest bearing and generally have a due date of between 30 and 90 days. On the balance sheet date, certain trade receivables (detailed below) may have reached the due date without having been depreciated, for example where they are hedged by a credit insurance agreement or by a guarantee.

AGE OF TRADE RECEIVABLES DUE AND NOT DEPRECIATED

CHF MILLION	2019	2018
Late by no more than 1 month	65.0	149.2
Late by 1 to 3 months	49.3	88.1
Late by more than 3 months	313.0	26.0
Total trade receivables due and not depreciated	**427.3**	**263.3**
Trade receivables not yet due and trade receivables due and depreciated	613.9	570.3
Total trade receivables	**1'041.2**	**833.6**

5.8. Other short-term financial and non-financial assets

CHF MILLION	2019 CARRYING AMOUNT	2018 CARRYING AMOUNT
Other short-term financial assets		
Derivative financial instruments	16.3	9.2
Bank deposits with a maturity of between 3 months and 1 year	54.3	–
Other short-term financial assets	25.6	21.6
Total other short-term financial assets	**96.2**	**30.8**
Other short-term non-financial assets		
Recoverable income tax	101.9	168.6
Other recoverable taxes and VAT	160.6	96.9
Deferred and prepaid expenses	45.1	29.0
Other short-term non-financial assets	76.4	86.7
Total other short-term non-financial assets	**384.0**	**381.2**
Total other short-term assets	**480.2**	**412.0**

Other short-term assets are shown net of an impairment on Imerys assets of CHF 6.4 million on 31 December 2019 (CHF 6.8 million on 31 December 2018). The charge for 2019 was CHF 8.2 million (CHF 0.5 million in 2018). The difference represents the use of the provisions, change in scope and others.

5.9. Cash and cash equivalents

CHF MILLION	2019 CARRYING AMOUNT	2018 CARRYING AMOUNT
Cash in bank	1'000.9	762.8
Short-term bank deposits and other cash equivalents with a term of less than 3 months	360.0	405.5
Total	**1'360.9**	**1'168.3**

5.10. Other long-term financial and non-financial liabilities

CHF MILLION	2019 CARRYING AMOUNT	2018 CARRYING AMOUNT
Other long-term financial liabilities		
Derivative financial instruments	63.1	0.5
Lease liabilities	380.9	1.9
Other long-term financial liabilities	515.0	8.0
Total other long-term financial liabilities	**959.0**	**10.4**
Other long-term non-financial liabilities		
Other long-term non-financial liabilities	26.7	27.8
Total other long-term non-financial liabilities	**26.7**	**27.8**
Total other long-term liabilities	**985.7**	**38.2**

Lease liabilities in 2019 reflect the introduction of IFRS 16, according to the impact described in Note 1.1.

In 2019, "Derivative financial instruments" mainly represented the option component of GBL bonds exchangeable into LafargeHolcim shares for an amount of CHF 44.1 million (see notes 5.4 and 5.11).

The amount of CHF 515.0 million in "Other long-term financial liabilities" represents put options held by all of the minority shareholders of Webhelp (founders and managers) and have been recognised in the balance sheet as debts on minority shareholders and valued at their fair value.

In 2019 and 2018, "Other long-term non-financial liabilities" primarily consist of debts owed to social security entities and debts in Sienna Capital in 2019.

5.11. Financial debt

LONG-TERM FINANCIAL DEBT

CHF MILLION	2019 CARRYING AMOUNT	2018 CARRYING AMOUNT
Long-term bank borrowings (*)	1'641.2	659.7
Pargesa bond	150.2	150.2
GBL bond	1'077.7	1'117.3
Imerys bonds	1'877.3	2'249.1
Other bonds and similar	808.0	100.9
Other long-term financial debt	45.9	4.8
Total	**5'600.3**	**4'282.0**

(*) Of which CHF 50 million at Pargesa, with interest rate of 0.73% at the end of 2018, with a maturity in 2023, but reimbursed already in May 2019.

Group debt is at fixed or variable rates depending on the individual case. With variable-rate debt, the various entities can hedge their interest rate risk by taking out interest rate swap contracts (see note 5.2).

In 2019, "Other long-term financial debt" mainly included the debt of the operating subsidiaries of Ergon Capital Partners III, itself a subsidiary of GBL.

LONG TERM BANK DEBTS

The long-term bank borrowings of CHF 1'641.2 million represent the bank debts of Sienna Capital, a subsidiary of GBL for an amount of CHF 380.9 million. The other bank debts coming mainly from Webhelp include the following bank debts contracted on 19 November 2019:

		INTEREST RATE					2019
CHF MILLION	PAR VALUE	NOMINAL	EFFECTIVE	LISTED/ UNLISTED	TERM	FAIR VALUE	CARRYING AMOUNT
GBP	125.0	5.51%	6.02%	unlisted	18.11.2026	158.9	155.5
EUR	1'020	3.50%	3.91%	unlisted	18.11.2026	1'107.1	1'083.7
EUR	64	3.25%	2.15%	unlisted	18.05.2026	68.9	64.1
Total						**1'334.9**	**1'303.3**

PARGESA BONDS

CHF MILLION		INTEREST RATE			2019	2018
ISSUER	PAR VALUE	NOMINAL	EFFECTIVE	TERM	CARRYING AMOUNT	CARRYING AMOUNT
Pargesa Holding SA	150	0.875%	0.859%	24.04.2015-24.04.2024	150.2	**150.2**
Total					**150.2**	**150.2**

In April 2015, Pargesa Holding SA issued stock-exchange-listed, CHF-denominated bonds, with a nine-year term and an interest rate of 0.875%. The fair value of these bonds on 31 December 2019 was CHF 154.6 million (level 1 fair value under IFRS 13) and CHF 149.0 million on 31 December 2018.

GBL BOND EXCHANGEABLE INTO LAFARGE HOLCIM SHARES

CHF MILLION		INTEREST RATE			2019	2018
ISSUER	PAR VALUE	NOMINAL	EFFECTIVE	TERM	CARRYING AMOUNT	CARRYING AMOUNT
Eliott Capital	EUR 750	0.00%	-0.30%	09.10.2019-09.10.2022	808.0	-
Total					**808.0**	**-**

Eliott Capital S.à r.l., a 100% subsidiary of GBL, issued bonds exchangeable into existing registered LafargeHolcim shares on 6 September 2019 for an amount of EUR 750 million. This issue concerns approximately 13.2 million shares of LafargeHolcim representing 2.1% of its capital. The bonds have a maturity of 3 years and 4 months (on 30 December 2022) and do not bear interest, except in case of early redemption. The bonds were issued at an issue price of 101.0% at par and will be redeemed at par at maturity, which corresponds to an annual yield to maturity of -0.3%. The bonds may be redeemed in full, but not only some, at the initiative of GBL, at any time from 11 September 2021, at par, provided that the value of the underlying shares per bond attributable to EUR 100'000 in principal amount of bonds shall have exceeded EUR 130'000 on each of not less than 20 trading days during a period of 30 consecutive trading days. GBL will have the possibility of delivering the underlying shares in case of redemption and of paying, if necessary, in cash an additional amount upon redemption of the bonds, both on the maturity date and in case of early redemption.

GBL BONDS

CHF MILLION ISSUER	PAR VALUE	INTEREST RATE	TERM	2019 CARRYING AMOUNT	2018 CARRYING AMOUNT
GBL	EUR 500	1.875%	19.06.2018-19.06.2025	537.8	557.5
GBL	EUR 500	1.375%	23.05.2017-23.05.2024	539.9	559.8
Total				**1'077.7**	**1'117.3**

In 2018, GBL issued an institutional bond of EUR 500 million with a coupon of 1.875% and maturing on 19 June 2025.

The fair value of the bonds on 31 December 2019 was CHF 555.1 million and CHF 564.1 million, respectively (level fair value under IFRS 13 in 2019 and 2018).

"**Imerys bonds**" in the statement of long-term financial debt mainly comprises listed and unlisted bonds issued by Imerys, the details of which are as follows:

		INTEREST RATE					
CHF MILLION	PAR VALUE IN CURRENCY	NOMINAL	EFFECTIVE	LISTED / UNLISTED	MATURITY	FAIR VALUE	2019 CARRYING AMOUNT
EUR	300	1.88%	1.92%	listed	31.03.2028	345.4	332.0
EUR	300	0.88%	0.96%	listed	31.03.2022	331.9	328.9
EUR	500	2.00%	2.13%	listed	10.12.2024	582.1	547.5
EUR	600	1.50%	1.63%	listed	15.01.2027	677.4	668.9
Total						**1'936.8**	**1'877.3**

in 2019, Imerys reimbursed its bond denominated in JPY and whose maturity was on 16 September 2033, for an amount of EUR 56 million. The bonds of EUR 168 million and EUR 56 million, whose maturity ends in 2020, have been reclassified as "financial debt due within the year".

		INTEREST RATE					
CHF MILLION	PAR VALUE IN CURRENCY	NOMINAL	EFFECTIVE	LISTED / UNLISTED	MATURITY	FAIR VALUE	2018 CARRYING AMOUNT
JPY	7'000	3.40%	3.47%	unlisted	16.09.2033	90.8	81.2
USD	168	2.50%	2.60%	listed	26.11.2020	196.9	190.1
EUR	56	2.50%	1.31%	listed	26.11.2020	65.7	63.0
EUR	500	2.00%	2.13%	listed	10.12.2024	579.0	559.1
EUR	300	0.88%	0.96%	listed	31.03.2022	342.7	338.7
EUR	300	1.88%	1.92%	listed	31.03.2028	334.0	340.7
EUR	600	1.50%	1.63%	listed	15.01.2027	655.9	676.3
Total						**2'265.0**	**2'249.1**

FINANCIAL DEBT DUE WITHIN THE YEAR

CHF MILLION	2019 CARRYING AMOUNT	2018 CARRYING AMOUNT
Short-term bank loans	986.7	166.4
Due to banks at sight	13.9	11.2
Imerys bonds	242.8	-
Other financial debt bearing interest (including other long-term financial debt due within the year)	51.3	45.2
Total	**1’294.7**	**222.8**

In the first half of 2019, GBL entered into prepaid forward sales contracts, for 15.9 million shares of Total, maturing in January 2020. GBL collected EUR 771 million in cash. As of 31 December 2019, the carrying amount of this loan amounted to EUR 739.8 million (CHF 803.0 million) and the value of the embedded derivative amounted to EUR 34.2 million (CHF 37.1 million), presented under "Other short-term financial liabilities".

During the first half-year 2019, Pargesa repaid its bank debt of CHF 50 million, expiring on 10 December 2023, in advance, and whose interest rate was 0.73%.

"**Imerys bonds**" include the following items:

CHF MILLION	PAR VALUE IN CURRENCY	INTEREST RATE NOMINAL	INTEREST RATE EFFECTIVE	LISTED / UNLISTED	MATURITY	FAIR VALUE	2019 CARRYING AMOUNT
EUR	168	2.50%	2.60%	listed	26.11.2020	185.4	182.0
EUR	56	2.50%	1.31%	listed	26.11.2020	61.9	60.8
Total						**247.3**	**242.8**

The following tables show analysis on the financial liabilities:

REPAYMENT SCHEDULE OF SHORT AND LONG-TERM FINANCIAL DEBT (BASED ON CARRYING AMOUNTS)

CHF MILLION	LESS THAN 1 YEAR	IN THE 2ND YEAR	BETWEEN 3 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL > 1 YEAR	TOTAL
2019	1’294.7	37.6	2’613.8	2’948.9	**5’600.3**	**6’895.0**
2018	222.8	35.2	1'132.1	3'114.7	**4'282.0**	**4'504.8**

ANALYSIS OF DEBT BY CURRENCY

CHF MILLION	CHF	EUR	USD	OTHER	TOTAL
2019	150.2	6’523.4	33.4	**188.0**	**6’895.0**
2018	200.2	4’173.5	10.9	**120.2**	**4’504.8**

RESIDUAL CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES IN 2019

	2020		2021-2025		2026 AND LATER	
CHF MILLION	CAPITAL	INTEREST	CAPITAL	INTEREST	CAPITAL	INTEREST
Financial debt	24.2	71.9	2'889.4	420.4	3'042.3	81.9
Other long-term financial liabilities	0.8	-	140.1	10.1	18.9	0.4
Derivative financial instruments	75.9	-	62.3	-	-	-
Trade payables	724.3	-	-	-	-	-
Financial debt due within the year	458.4	32.6	-	-	-	-
Other short-term financial liabilities	127.1	6.3	-	-	-	-
Total	**1'410.7**	**110.8**	**3'091.8**	**430.5**	**3'061.2**	**82.3**

RESIDUAL CONTRACTUAL MATURIRIES OF FNANCIAL LIABLILITIES 2018

	2019		2020–2024		2025 AND LATER	
CHF MILLION	CAPITAL	INTEREST	CAPITAL	INTEREST	CAPITAL	INTEREST
Financial debt	2.5	35.4	2'304.7	142.6	1'973.7	57.2
Other long-term financial liabilities	-	-	0.8	-	1.1	-
Derivative financial instruments	27.4	-	-	-	-	-
Trade payables	673.9	-	-	-	-	-
Financial debt due within the year	194.1	-	-	-	-	-
Other short-term financial liabilities	11.2	-	-	-	-	-
Total	**909.1**	**35.4**	**2'305.5**	**142.6**	**1'974.8**	**57.2**

Group companies each have credit lines in connection with their operating activities. Each consolidated subsidiary is responsible for its own credit management based on the requirements of its operating activities.

USED AND UNUSED CREDIT LINES AVAILABLE ON 31 DECEMBER AND THEIR DUE DATES

CHF MILLION	LESS THAN 1 YEAR	IN THE 2ND YEAR	BETWEEN 3 AND 5 YEARS	MORE THAN 5 YEARS	2019 TOTAL	2018 TOTAL
Pargesa	-	-	-	15.0	**15.0**	**10.0**
GBL	1.1	-	2'530.1	-	**2'531.2**	**2'476.9**
Imerys	162.8	499.3	705.5	-	**1'367.6**	**1'498.8**
Total	**163.9**	**499.3**	**3'235.6**	**15.0**	**3'913.8**	**3'985.7**

5.12. Other short-term financial and non-financial liabilities

CHF MILLION	2019 CARRYING AMOUNT	CARRYING AMOUNT
Other short-term financial liabilities		
Derivative financial instruments	75.1	26.9
Other short-term financial liabilities	28.5	43.9
Lease liabilities	133.3	*8.9*
Total other short-term financial liabilities	**236.9**	**79.7**
Other short-term non-financial liabilities		
Tax payable other than income tax	135.7	43.8
Contract liabilities	3.0	11.5
Tax, social security debt and other short-term non-financial liabilities	529.3	404.9
Total other short-term non-financial liabilities	**668.0**	**460.2**
Total other short-term liabilities	**904.9**	**539.9**

The line "Contract liabilities" corresponds to the value of the goods and services to be transferred after the closing date in the context of contracts concluded with customers, the consideration of which is due before the transfer of the good or service. In 2019, out of the EUR 12.3 million (CHF 13.4 million) of goods and services to be transferred on 31 December 2019 (EUR 10.2 million on 31 December 2018), EUR 9.6 million were cashed (EUR 8.0 million on 31 December 2018) and EUR 2.7 million to be received (EUR 2.2 million on 31 December 2018).

5.13. Changes in liabilities arising from financing activities

The table below shows changes in liabilities as a result of the Group's financing activities, including changes resulting from cash flows and those with no treasury counterparty. This table should be read in conjunction with the financing activities indicated in the consolidated cash flow statement.

CHF MILLION	AT 1 JANUARY 2019	CASH FLOWS	IMPACT OF APPLICATION OF IFRS 16	ACQUISITION/ LOSS OF CONTROL OF COMPANIES	CHANGES IN FAIR VALUE	CHANGE IN EXCHANGE RATES	OTHER CHANGES	AT 31 DECEMBER 2019
Commitments on finance leases	**1.9**	(3.9)	379.1	7.0	-	(6.9)	3.7	**380.9**
Financial debt	**4'282.0**	690.6	(12.3)	1'043.1	(18.0)	(168.9)	(216.2)	**5'600.3**
Commitments on finance leases due within the year	**8.9**	(95.2)	82.5	43.5	-	(2.4)	96.0	**133.3**
Other debt due within the year and overdrafts	**222.8**	862.4	7.6	13.8	(1.1)	(45.9)	235.1	**1'294.7**
Hedging assets	**(10.1)**	(0.3)	-	18.5	-	0.4	(22.0)	**(13.5)**
Total	**4'505.5**	**1'453.9**	**456.9**	**1'107.4**	**(19.1)**	**(224.1)**	**118.6**	**7'409.2**

CHF MILLION	AT 1 JANUARY 2018	CASH FLOWS	ACQUISITION/ LOSS OF CONTROL OF COMPANIES	CHANGES IN FAIR VALUE	CHANGE IN EXCHANGE RATES	OTHER CHANGES	AT 31 DECEMBER 2018
Commitments on finance leases	**2.1**	-	(0.1)	-	(0.1)	-	**1.9**
Financial debt	**3'465.5**	1'515.2	(12.6)	1.5	(118.3)	(569.3)	**4'282.0**
Commitments on finance leases due within the year	**0.5**	-	(0.1)	-	(0.2)	8.7	**8.9**
Other debt due within the year and overdrafts	**1'598.0**	(1'369.3)	(164.5)	1.4	(25.2)	182.4	**222.8**
Hedging assets	**(10.4)**	-	-	-	0.4	(0.1)	**(10.1)**
Total	**5'055.7**	**145.9**	**(177.3)**	**2.9**	**(143.4)**	**(378.3)**	**4'505.5**

The "Other changes" column reflects, in 2018, the non-cash impact related to conversions of a portion of GBL convertible bonds and the resulting delivery of securities.

The changes in cash flows in the table above can be reconciled with the consolidated cash flow statement as follows:

CHF MILLION	2019	2018
Long-term financial debt proceeds[1]	918.3	1'088.3
Repayment of long-term debt and finance lease debt	(256.6)	(573.3)
Short-term financial debt proceeds[1]	827.5	13.7
Short-term financial debt repaid	(35.3)	(382.8)
Total	**1'453.9**	**145.9**

[1] The "long-term financial debt proceeds" in 2019 is explained by the issuance of the bonds exchangeable into LafargeHolcim shares and in short-term by the bank loan related to the prepaid forward sales contracts for Total shares.

6. Staff costs

CHF MILLION	2019	2018
Remuneration, salaries and bonuses	(1'071.0)	(1'146.1)
Social security contributions	(190.9)	(199.1)
Defined contribution and defined benefit pension plans	(49.6)	(40.4)
Stock option plan charges (see note 24)	(11.2)	(16.2)
Other payroll expenses	(4.3)	(13.5)
Total	**(1'327.0)**	**(1'415.3)**

7. Restructuring costs

CHF MILLION	2019	2018
Restructuring expenditure during the year	(104.5)	(93.4)
Impairment on assets in connection with restructuring	(42.5)	(259.0)
Change in restructuring provisions	(55.0)	(407.4)
Total	**(202.0)**	**(759.8)**

Restructuring costs in 2019 and 2018 related mainly to Imerys and originated in the different areas in which Imerys operates, and for 2019 , due to the transformation program "Connect and shape". Nevertheless, in 2018, following an in-depth market analysis, Imerys decided to withdraw from the ceramic proppants market. The associated costs recorded as restructuring costs.

Restructuring costs are recognised in the income statement under "Other operating expenses".

8. Impairment of assets

2019

The net amount of impairments and impairment reversals recorded in 2019 was CHF 42 million and mainly comprised impairments on tangible assets at Imerys level.

2018

The net amount of impairments and impairment reversals recorded in 2018 was CHF 259.7 million and mainly comprised impairments on tangible assets at Imerys of CHF 232.2 million and impairment on intangible assets of CHF 26.0 million.

9. Rental fees

Until 31 December 2018, certain obligations relating to leases contracts were not recognised on the balance sheet. Rental fees were recognised in the income statement and the commitments to pay future rents constituted off-balance sheet commitments (see note 25). On 1 January 2019, only low value rental contracts, which, according to the standard, do not exceed USD 5'000, or contracts for a period of 12 months, as well as variable fees and services are recognised in the income statement, the amounts are as follows:

CHF MILLION	2019	2018
Total expenses for the year	**34.0**	120.7

The charge of the year includes rental charges of lease contracts less 12 months amounted to CHF 22.5 million, variable fees of CHF 10.5 million and the charges related to low value rental contracts to CHF 1.0 million.

On 31 December 2018, the commitments' maturities of the lease contracts were as follows:

CHF MILLION	2018
During the 1st year	71.0
Between the 2nd and 5th year	198.1
Beyond the 5th year	141.2
Total future payments on operating leases	**410.3**

10. Income tax

10.1. Income tax for the year

CHF MILLION	2019	2018
Current tax for the period	(122.3)	(152.2)
Current tax for prior periods	12.9	22.3
Total current tax	**(109.4)**	**(129.9)**
Origination and reversal of timing differences	36.7	13.1
Other deferred tax	0.3	7.0
Total deferred tax	**37.0**	**20.1**
Total tax expense on income for the period	**(72.4)**	**(109.8)**

10.2. Breakdown of deferred tax expenses and income

CHF MILLION	2019	2018
Intangible assets	23.9	(20.4)
Tangible assets	(7.8)	35.7
Long-term financial assets	10.5	2.9
Commitments relating to employee benefits	(3.1)	(7.0)
Inventories, receivables, financial debts and other provisions	10.4	8.3
Tax losses and unused tax credits	(3.7)	-
Changes in tax rates	(2.1)	3.9
Other	8.9	(3.3)
Total deferred tax expenses and income	**37.0**	**20.1**

10.3. Deferred taxes on the balance sheet by type

CHF MILLION	2019	2018	2019	2018
	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
Intangible assets	21.2	6.1	163.2	150.7
Tangible assets	118.4	86.2	237.6	203.2
Long-term financial assets	3.9	4.5	27.8	27.5
Commitments relating to employee benefits	61.5	52.2	(0.1)	(0.2)
Inventories, receivables, financial debts and other provisions	106.5	74.2	7.3	17.6
Tax losses and unused tax credits	41.3	24.9	-	(0.2)
Set-offs	(241.7)	(204.5)	(241.7)	(204.5)
Other	56.8	89.3	26.9	29.5
Total deferred tax expenses (as shown on the balance sheet)	**167.9**	**132.9**	**221.0**	**223.6**

10.4. Reconciliation of taxes on income

CHF MILLION	2019	2018
Net profit before tax	913.9	218.5
Income from associates and joint ventures	63.5	(27.8)
Net profit before tax and income from associates and joint ventures (operating and financial profit)	977.4	190.7
Impact of the various tax regimes in foreign countries	(293.5)	(88.3)
Tax impact of non-taxable income in subsidiaries[1]	257.6	157.2
Tax impact of non-deductible expenses in subsidiaries [2]	(24.8)	(98.9)
Other tax adjustments	(11.7)	(79.8)
Total tax expense on income for the period	**(72.4)**	**(109.8)**

[1] This line mainly represents tax-exempt dividends, capital gains and impairment reversals.

[2] This line mainly represents non-deductible impairments.

Given the nature of the parent company's revenue, which consists primarily of dividends from shareholdings, the level of income tax paid by the parent company is negligible.

10.5. Group effective rate of tax

CHF MILLION	2019	2018
Net profit before tax	913.9	218.5
Income from associates and joint ventures	63.5	(27.8)
Net profit before tax and income from associates and joint ventures	977.4	190.7
Total tax expense on income	(72.4)	(109.8)
Effective tax rate	**7.41%**	**57.58%**

The decrease of the effective tax rate in 2019 of 7.41% compared to 57.58% in 2018 reflects the non taxation of the capital gains on the disposal of participations and dividends received. In 2018, the effective tax rate was heavily impacted by the non deductibility of impairment losses accounted for during that year.

10.6. Expiration date of tax losses and credits for which no deferred tax is recognised

CHF MILLION	2019	2018	2019	2018
		TAX LOSSES		TAX CREDITS
During the 1st year	107.9	43.0	-	-
During the 2nd, 3rd and 4th years	48.8	152.7	-	-
During the 5th year and beyond	132.9	485.7	-	-
Unlimited	7'424.4	6'922.0	27.0	23.4
Total	**7'714.0**	**7'603.4**	**27.0**	**23.4**

On 31 December 2019, CHF 7'244.0 million in deferrable tax losses came from the Group's holding companies (CHF 7'320.5 million in 2018); the remaining CHF 434.2 million (CHF 282.9 million in 2018) came from the Imerys group and from Webhelp CHF 35.8 million (2018: CHF 0 million).

In addition, deferred tax assets on tax losses are only recognised if the taxable income is likely to be realised, allowing the losses to be used on 31 December 2019, a total of CHF 41.2 million was recognised as a deferred tax asset on tax losses and tax credit (CHF 18 million on 31 December 2018).

10.7. Timing differences controlled by the Group

No deferred tax liability is recognised for the taxable timing differences between the carrying amount and the tax amount of equity securities when the Group is able to control the date on which the timing difference is reversed and it is probable that this difference will not be reversed in the foreseeable future. Imerys group estimates that the unrecognised deferred tax liability under this line item on 31 December 2019 was CHF 19.5 million (CHF 24.8 million on 31 December 2018).

10.8. Deferred tax relating to all other items of comprehensive income

CHF MILLION	2019 TAX INCOME (EXPENSES)	2018 TAX INCOME (EXPENSES)
Actuarial gains/losses	14.5	(7.0)
Change in revaluation and hedging reserve	(0.2)	2.9
Translation differences	(2.3)	0.3
Total	**12.0**	**(3.8)**

11. Intangible assets

CHF MILLION	DEVELOPMENT COSTS	SOFTWARE	MINING RIGHTS	PATENTS, LICENCES AND CONCESSIONS	OTHER	TOTAL
Total carrying amount:						
at 1 January 2018	**8.3**	**175.4**	**1.4**	**384.1**	**246.3**	**815.5**
Investments	3.2	7.0	-	22.5	42.3	**75.0**
Acquisitions	3.7	(0.5)	-	106.4	2.0	**111.6**
Translation differences	(0.5)	(5.2)	(0.1)	(16.9)	(6.6)	**(29.3)**
Disposals, reclassifications and other changes for the period	0.3	(3.2)	1.6	(32.5)	(7.8)	**(41.6)**
at 31 December 2018	**15.0**	**173.5**	**2.9**	**463.6**	**276.2**	**931.2**
Investments	-	4.0	0.7	13.0	26.2	**43.9**
Acquisitions	4.2	-	-	155.2	173.8	**333.2**
Translation differences	(0.5)	(5.6)	(0.1)	(20.9)	(10.7)	**(37.8)**
Impairment charges	-	-	-	-	(26.0)	**(26.0)**
Disposals, reclassifications and other changes for the period	4.9	9.4	0.2	(73.7)	(88.7)	**(147.9)**
at 31 December 2019	**23.6**	**181.3**	**3.7**	**537.2**	**376.8**	**1'122.6**
Accumulated amortisation:						
at 1 January 2018	**(4.7)**	**(103.0)**	**(0.7)**	**(53.2)**	**(88.6)**	**(250.2)**
Amortisation	(0.9)	(14.2)	(0.1)	(9.8)	(23.0)	**(48.0)**
Translation difference	0.2	2.9	-	2.1	1.3	**6.5**
Disposals, reclassifications and other changes for the period	(0.2)	5.8	0.2	5.9	2.1	**13.8**
at 31 December 2018	**(5.6)**	**(108.5)**	**(0.6)**	**(55.0)**	**(134.2)**	**(303.9)**
Amortisation	(0.5)	(18.0)	(0.2)	(16.0)	(28.6)	**(63.3)**
Translation differences	0.1	3.6	-	2.2	1.9	**7.8**
Disposals, reclassifications and other changes for the period	(2.7)	2.3	-	(34.5)	(47.3)	**(82.2)**
at 31 December 2019	**(8.7)**	**(120.6)**	**(0.8)**	**(103.3)**	**(208.2)**	**(441.6)**
Net carrying amount:						
at 31 December 2018	**9.4**	**65.0**	**2.3**	**408.6**	**142.0**	**627.3**
at 31 December 2019	**14.9**	**60.7**	**2.9**	**433.9**	**168.6**	**681.0**

Intangible assets have a defined lifetime, except for patents and trademarks, which have an indefinite lifetime and were entered in the "Patents, licences and concessions" column as amounting to CHF 49.8 million on 31 December 2019 (CHF 69.9 million at 31 December 2018). In 2018, the acquisition line mainly reflects the acquisition of svt, while in 2019 acquisitions were due to the acquisitions of Webhelp.

Amortisations for the period is included in the "depreciation of tangible assets and amortisation of intangible assets" line in the income statement.

The impairment charges recorded on intangible assets in 2018 essentially relate to Imerys.

Research and development costs during the period were as follows:

CHF MILLION	2019	2018
Charge for the period	**(60.5)**	**(66.4)**

12. Goodwill

CHF MILLION	2019	2018
Total carrying amount at 1 January	**3’277.5**	**3'080.4**
Acquisitions	2’456.3	356.5
Disposals	(267.3)	(42.6)
Translation differences	(159.8)	(121.3)
Subsequent adjustments in value and other changes for the period	(58.2)	4.5
At 31 December	**5’248.5**	**3'277.5**
Accumulated impairment at 1 January	**(88.5)**	**(114.9)**
Impairment	-	(1.5)
Translation differences	2.7	3.2
Other changes for the period	1.4	24.7
At 31 December	**(84.4)**	**(88.5)**
Net carrying amount at 31 December	**5’164.1**	**3'189.0**

In 2019, goodwill arising from acquisitions of CHF 2’456.3 million comes mainly from the acquisitions of 64.5% of the group Webhelp by GBL (see note 16), an amount of CHF 2’408.3 million was already recorded in the acquired group.

In 2018, goodwill arising from acquisitions of CHF 356.5 million comes mainly from the acquisitions by Ergon (ECP III), a subsidiary of GBL, following the acquisitions mainly in svt and Kuhn Group, CHF 100.9 million, Vanreusel, CHF 95.7 million and Indo for CHF 72.2 million.

Defining Imerys’ CGUs is a matter of judgement for Imerys senior management; it is based on the existence of the following three criteria, at the level of the smallest identifiable group of assets: a homogeneous production process in terms of the mineral portfolio, processing and applications procedures; an active market with homogeneous macro-economic features; and a degree of operating power in terms of continuing, restructuring or closing down a mining, industrial or commercial operation. Ensuring that each CGU meets these three criteria guarantees the independence of each CGU’s respective cash flows. The CGUs are the direct result of the analytical structure followed each month by Imerys senior management as part of its management reporting. All the Imerys group’s assets, including mining assets and goodwill, are allocated to a CGU. The CGUs are grouped to form the Imerys operating divisions.

In the following table, the carrying amount and the impairment of goodwill are shown for each group of CGUs (Energy Solutions & Specialties, Filtration & Performance Additives, Ceramic Materials, and High-Resistance Materials) with regard to the goodwill originating in Imerys. For GBL, goodwill is allocated to each shareholding. The goodwill generated on the Webhelp acquisition being provisional, no allocation by CGU was made this year.

Goodwill on 31 December was allocated to the following CGUs:

CHF MILLION	TOTAL AMOUNT	ACCUMULATED IMPAIRMENT	2019 CARRYING AMOUNT	TOTAL AMOUNT	ACCUMULATED IMPAIRMENT	2018 CARRYING AMOUNT
Performance Minerals (PM)	1'269.2	(2.3)	**1'266.9**	1'316.5	(2.3)	**1'314.2**
High temperature Materials & Solutions (HTMS)	1'151.1	(82.1)	**1'069.0**	1'185.0	(84.8)	**1'100.2**
Webhelp	2'349.9	-	**2'349.9**	-	-	**-**
svt and Kuhn Group*	96.4	-	**96.4**	98.5	-	**98.5**
opseo (formerly DIH)*	-	-	**-**	123.7	(1.4)	**122.3**
Keesing *	114.3	-	**114.3**	108.2	-	**108.2**
Looping *	-	-	**-**	110.9	-	**110.9**
Sausalitos *	15.8	-	**15.8**	15.4	-	**15.4**
Vanreusel *	56.3	-	**56.3**	93.4	-	**93.4**
Indo *	44.0	-	**44.0**	70.4	-	**70.4**
Holdings (Pargesa, GBL, Imerys)	151.5	-	**151.5**	155.5	-	**155.5**
Total	**5'248.5**	**(84.4)**	**5'164.1**	**3'277.5**	**(88.5)**	**3'189.0**

* Investments held by GBL through Sienna Capital.

In accordance with IAS 36, Group companies test all their cash-generating units (CGUs) for impairment annually if there is goodwill in the unit in question.

At Imerys, systematic annual testing of every CGU is obligatory due to the presence of goodwill in almost every CGU. In 2019 like in 2018, no impairment needed to be recognised as a result of this test.

The recoverable amount is the higher of the fair value less costs to sell and the value in use of a CGU or an individual asset. In practice, fair value can only be estimated reliably for individual assets, in which case it corresponds to prices for recent transactions concerning similar asset disposals. The value in use is the basis most often used for valuation, both for CGUs and individual assets. The forecast cash flows used by Imerys to estimate the value in use originated in their 2020 budget and an extrapolation for 2021 to 2022.

The key hypotheses behind these forecasts are first and foremost the level of volumes and, to a lesser extent, the price level. For the terminal value, Imerys uses Gordon and Shapiro's perpetual growth model.

The discount rate used to calculate the value in use is determined from the weighted average capital cost of groups comparable to Imerys in the industrial minerals sector. The rate 6.75% in 2019 (6.50% in 2018) is adjusted, depending on the CGU or individual assets tested, by a country/market risk premium of +41 to +145 basis points (0 to +170 basis points in 2018). The discount rate after income tax averaged 7.5% in 2019 (6.93% in 2018). The results of the post-income tax calculation are the same as would be obtained using pre-tax flows and rates, as required by the applicable standards.

In the following table, the weighted average discount after tax and perpetual growth rates used to calculate value in use at Imerys are shown for each CGU.

	2019		2018	
	DISCOUNT RATE	PERPETUAL GROWTH RATE	DISCOUNT RATE	PERPETUAL GROWTH RATE
Performance Minerals (PM)	7.67%	2.05%	7.09%	1.91%
High Temperature Materials & Solutions (HTMS)	7.25%	1.99%	6.69%	1.86%
Average rate	**7.50%**	**2.02%**	**6.93%**	**1.89%**

The goodwill recognised in respect of GBL's private equity activities was also tested annually for impairment. In 2019, no goodwill impairment was recognised as a result of these tests (no impairment in 2018 either).

The goodwill allocated to the "holdings" line item is subject to systematic annual impairment testing with reference to the value of the underlying asset.

No impairment test has been performed on the goodwill of Webhelp as the acquisition has been done in the fourth quarter of 2019.

All Group impairments recognised in the 2018 income statement are shown in note 8.

Sensitivity to changes in the forecast cash flow, discount rate and perpetual growth rate

At Imerys, estimates for changes in forecast cash flows, the discount rate and the perpetual growth rate are the changes that would have the greatest impact on the Group's financial statements. Impairments for each CGU that would be recognised in the event of an unfavourable impact on the Group financial statements on 31 December 2018 resulting from a change in the hypotheses used are the following:

- A 5% decrease in forecast cash flows would not require the recognition of an impairment (no impairment in 2018 either).
- A 1% increase in the discount rate would have an immaterial impact on the production tools of the Oilfield Solutions CGU of the Energy Solutions & Specialties arm (immaterial impact on the production tools of the Oilfield Solutions CGU of the Energy Solutions & Specialties arm in 2018 as well).
- A 1% decrease in the perpetual growth rate would have an immaterial impact on the production tools of the Oilfield Solutions CGU of the Energy Solutions & Specialties arm (immaterial impact on the production tools of the Oilfield Solutions CGU of the Energy Solutions & Specialties arm in 2018 as well).

13. Tangible assets

CHF MILLION	LAND AND BUILDINGS	MINING ASSETS	FACILITIES MACHINERY PLANT AND TRANSPORT EQUIPMENT	FIXED ASSETS UNDER CONSTRUC TION	OTHER TANGIBLE ASSETS	RIGHTS OF USE	TOTAL
Total carrying amount:							
At 1 January 2018	**844.6**	**1'132.7**	**5'187.0**	**261.9**	**96.1**	**-**	**7'522.3**
Investments	34.4	71.5	94.2	187.7	8.1	-	**395.9**
Acquisitions	32.8	(62.0)	21.7	(7.0)	5.2	-	**(9.3)**
Disposals	(20.1)	(1.3)	(85.5)	(0.7)	(17.6)	-	**(125.2)**
Translation differences	(32.5)	(42.6)	(165.1)	(11.9)	(3.5)	-	**(255.6)**
Reclassifications and other changes for the period	(84.5)	(88.5)	(197.5)	(173.3)	4.4	-	**(539.4)**
At 31 December 2018	**774.7**	**1'009.8**	**4'854.8**	**256.7**	**92.7**	-	**6'988.7**
Frist application of IFRS 16	(6.1)	-	(8.2)	-	(1.8)	460.9	**444.8**
At 1 January 2019	**768.6**	**1'009.8**	**4'846.6**	**256.7**	**90.9**	**460.9**	**7'433.5**
Investments	9.5	68.9	54.2	183.3	22.7	65.6	**404.2**
Acquisitions	45.3	0.7	91.5	5.8	180.4	157.1	**480.8**
Disposals	(21.1)	(4.4)	(278.8)	(7.6)	(1.0)	-	**(312.9)**
Translation differences	(21.9)	(22.7)	(109.2)	(5.7)	(5.5)	(13.9)	**(178.9)**
Reclassifications and other changes for the period	(42.8)	(24.3)	(27.7)	(160.8)	(97.6)	(97.6)	**(450.8)**
At 31 December 2019	**737.6**	**1'028.0**	**4'576.6**	**271.7**	**189.9**	**572.1**	**7'375.9**
Accumulated depreciation and impairment:							
At 1 January 2018	**(325.9)**	**(439.7)**	**(3'660.1)**	**(4.4)**	**(24.4)**	-	**(4'454.5)**
Depreciation	(23.3)	(67.8)	(210.9)	(0.6)	(16.4)	-	**(319.0)**
Impairment	(39.7)	(6.9)	(151.8)	(33.7)	-	-	**(232.1)**
Disposals	10.3	0.1	80.6	-	7.3	-	**98.3**
Translation differences	12.4	16.1	114.8	2.2	1.1	-	**146.6**
Reclassifications and other changes for the period	51.5	55.7	296.0	2.2	(0.2)	-	**405.2**
At 31 December 2018	**(314.7)**	**(442.5)**	**(3'531.4)**	**(34.3)**	**(32.6)**	-	**(4'355.5)**
Depreciation	(24.1)	(66.1)	(206.7)	(0.2)	(10.7)	(110.7)	**(418.5**
Impairment	(0.3)	(16.2)	(17.7)	(0.8)	-	(7.2)	**(42.2)**
Disposals	18.5	7.5	274.7	6.8	0.3	-	**307.8**
Translation differences	9.0	9.8	78.9	-	3.1	(1.3)	**99.5**
Reclassifications and other changes for the period	(9.5)	25.4	72.1	0.7	(71.5)	41.5	**58.7**
At 31 December 2019	**(321.1)**	**(482.1)**	**(3'330.1)**	**(27.8)**	**(111.4)**	**(77.7)**	**(4'350.2)**
Net carrying amount:						-	
At 31 December 2018	**460.0**	**567.3**	**1'323.4**	**222.4**	**60.1**	-	**2'633.2**
At 31 December 2019	**416.5**	**545.9**	**1'246.5**	**243.9**	**78.5**	**494.4**	**3'025.7**

On 31 December 2019 and 31 December 2018, Group tangible assets mainly comprised Imerys' assets, including the mining reserves measured at cost less depreciation and any accumulated impairments.

The impairments recorded on tangible assets during the period essentially relate to Imerys (see note 8).

Depreciation for the period is included in the "depreciation of tangible assets and amortisation of intangible assets" line in the income statement.

RIGHTS OF USE ASSETS

On 31 December 2018, property, plant and equipment under a finance lease contract appeared on the balance sheet for an amount of CHF 10.1 million, including CHF 7.1 million for Imerys. It was mainly transport equipment. Commitments to pay future rents amounted to a present value of CHF 1.4 million for 2019, CHF 2.4 million for the period 2020 to 2023 and CHF 3.0 million beyond. On 31 December 2019, following the application of the standard IFRS 16, the right-of-use assets amounted to CHF 494.4 million and are presented below.

The Group uses lease contracts to obtain from the lessor the right to use certain mining, industrial and logistical equipment, as well as administrative, industrial and logistical real estate. These rights, recorded in the form of right-of-use assets, amounted to CHF 494.4 million as of 31 December 2019. The following table shows the change in the carrying amount of "right-of-use assets" by type of assets.

CHF MILLION	LAND AND BUILDING	FACILITIES MACHINERY PLANT AND TRANSPORT EQUIPMENT	OTHER TANGIBLE ASSETS	TOTAL
Carrying amount:				
At 1 January 2019 (note 1.1)	**186.1**	**128.1**	**146.7**	**460.9**
Investments	13.9	11.1	40.6	**65.6**
Acquisitions	147.6	9.5	-	**157.1**
Translation differences	(8.4)	0.3	(5.8)	**(13.9)**
Translation differences	(14.5)	(37.7)	(45.4)	**(97.6)**
At 31 December 2019	**324.7**	**111.3**	**136.1**	**572.1**
Depreciation	(43.0)	(52.8)	(14.9)	**(110.7)**
Depreciation	(7.2)	-	-	**(7.2)**
Translation differences	(0.6)	(1.0)	0.3	**(1.3)**
Reclassifications and other changes for the period	21.7	14.6	5.2	**41.5**
	(29.1)	**(39.2)**	**(9.4)**	**(77.7)**
Net carrying amount 31 December 2019	**295.6**	**72.1**	**126.7**	**494.4**

The right-of-use model is applied to all contracts with the exception of rentals of less than 12 months, rentals of low-value assets, as well as variable fees and rental-related services which are recognised in the income statement as expenses (see note 9).

At 31 December 2019, the "lease liabilities" recognised in return for these "right of use assets" amount to CHF 514.1 million (CHF 478.2 million as of 1 January 2019 (note 1.1) and generate interest charges of CHF 11.0 million recognised in financial result (note 5.4). Cash outflows recognised in 2019 amounted to CHF 116.1 million, of which 105.1 million in respect of the principal of the commitment and CHF 11.0 million in respect of interest, presented in the consolidated cash flows in financing activities. The risks of liquidity of the borrower present the maturity of the debt.

The maturity of liabilities is presented in the table below:

CHF MILLION	2019	2018
During the 1st year	133.3	8.9
Between the 2nd and 5th year	218.1	0.8
Beyond the 5th year	162.7	1.1
Total of future payment of lease liabilities	**514.1**	**10.8**

In 2019, the lease liabilities increased, compared to last year, following the application of IFRS 16 and the acquisition of the group Webhelp during the last quarter of 2019.

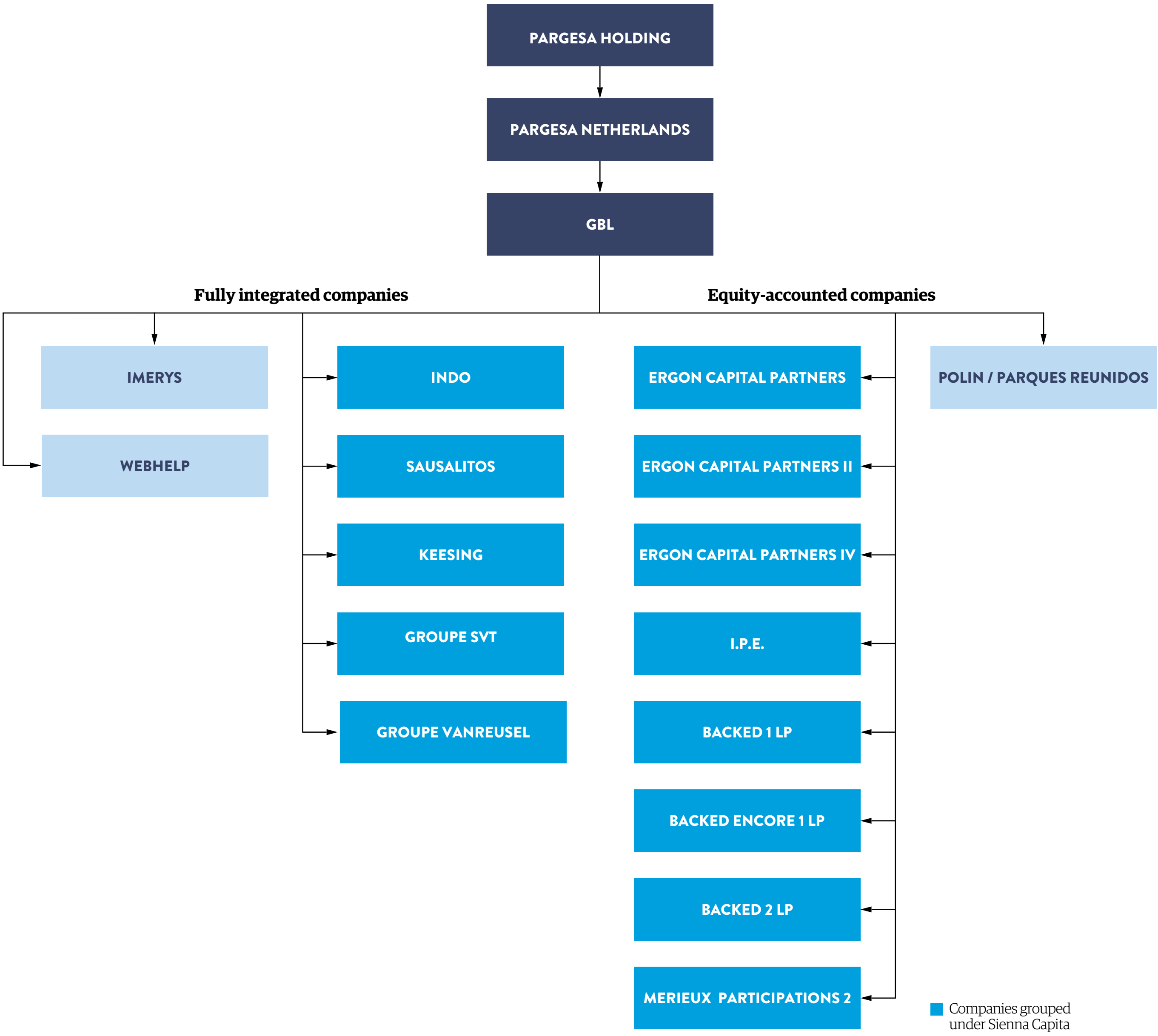
The table below presents the discounted and undiscounted lease liabilities:

	LEASE LIABILITIES	
CHF MILLION	UNDISCOUNTED	DISCOUNTED
During the 1st year	148.9	133.3
Between the 2nd and 5th year	238.2	218.1
Beyond the 5th year	210.4	162.7
Total of lease liabilities	**597.5**	**514.1**
in which short term		**(133.3)**
Lease liabilities long term		**380.8**

In 2019, the charges for the low-value assets et other not materials rentals, as well as variable lease and services not included in the lease obligation amounted to CHF 23.2 million and the variable lease payments to CHF 10.5 million.

14. List of main consolidated and equity-accounted companies

ORGANISATION CHART SHOWING THE MAIN CONSOLIDATED AND EQUITY-ACCOUNTED COMPANIES AT 31 DECEMBER 2019



The table above, as well as the information relating thereto below, presents the main holdings, namely the operating companies and does not present the intermediate holding companies.

FULLY CONSOLIDATED COMPANIES AT 31 DECEMBER

COMPANIES	COUNTRY OF HQ	2019 PERCENTAGE OF CAPITAL HELD	2019 PERCENTAGE OF CAPITAL HELD	2018 PERCENTAGE OF CAPITAL HELD	2018 PERCENTAGE OF CAPITAL HELD	MAIN ACTIVITY
Pargesa Holding SA	Switzerland	Parent company	Parent company	Parent company	Parent company	Holding
Pargesa Netherlands BV	Netherlands	100%	100%	100%	100%	Holding
GBL (and its non-operational subsidiaries)[(1)]	Belgium	50.0%	51.7%[(2)]	50.0%	50.8%[(2)]	Holding
Imerys (and its subsidiaries)[(3)]	France	54.0%	67.6%	53.9%	67.7%	Mining industry
svt[(4)]	Germany	77.1%	77.1%	77.2%	77.2%	Health care
Looping [(5)]	France	-	-	100%	100%	Theme-park operator
Sausalitos [(6)]	Germany	85.0%	85.0%	85.0%	85.0%	Food services
opseo (former Groupe DIH)[(7)]	Netherlands	-	-	100%	100%	Health care
Keesing [(8)]	Netherlands	60.0%	60.0%	60.0%	60.0%	Game and Puzzle magazine publishing
Group Vanreusel[(9)]	Belgium	51.0%	51.0%	51.0%	51.0%	Food services
Group Indo[(10)]	Spain	67.4%	67.4%	67.7%	67.7%	Health care
Webhelp (and its subsidiaries)[(11)]	France	64.5%	64.5%	-	-	

	2019	2018
(1) Percentage of consolidation.	51.7%	50.8%
(3) Percentage of consolidation.	54.0%	53.9%

(2) Percentage of voting rights taking into account the suspended voting rights relating to treasury shares.

(4) Company acquired in 2018.

(5) Company sold in 2019.

(6) Company 85%-owned by E.V.S., which was 96.4% controlled by Ergon Capital Partners S.A., which is owned by GBL on 31 December 2019.

(7) Company sold in 2019.

(8) Company 60.0% owned by E.V.P., which was 95.4% controlled by Ergon Capital Partners S.A., which is 89.9% owned by GBL on 31 December 2019.

(9) Company acquired om 2018.

(10) Company acquired in 2018.

(11) Company acquired on 19 November 2019, owned by the holding Marnix Lux S.à r.l in Luxemburg.

The companies shown in the table above have the following postal address:

(1) Groupe Bruxelles Lambert (GBL) Avenue Marnix 24 B-1000 Brussels, Belgium.

(3) Imerys, headquarter: 43 Quai de Grenelle, 75015 Paris, France.

(4) svt Group of companies, Gluesinger Strasse 86, DE-21217 Seevetal, Germany.

(5) Groupe Looping, headquarter - 12, rue de la Maison Neuve - 35400 Saint-Malo, France.

(7) Sausalitos, St.-Martin-Strasse 62, 81541 Munich, Germany.

(8) Opseo (former Deutsche Intensivpflege Holding (DIH), Hullenbergweg 270, Amsterdam, 1101 BV, The Netherlands.

(9) Keesing Media Group B.V. & Keesing Nederland B.V, Naritaweg 235, 1043 CB Amsterdam, The Netherlands.

(10) Vanreusel Snacks nv Lozenweg 30 B-3930 Hamont, Belgium.

(11) Webhelp, 161 Courcelles road, 75017 Paris France.

COMPANIES CONSOLIDATED USING THE EQUITY METHOD AT 31 DECEMBER

COMPANIES	COUNTRY OF HQ	2019 PPERCENTAGE OF CAPITAL HELD	2019 PPERCENTAGE OF VOTING RIGHTS CONTROLLED	2018 PPERCENTAGE OF CAPITAL HELD	2018 PPERCENTAGE OF VOTING RIGHTS CONTROLLED	MAIN ACTIVITY
Ergon Capital Partners	Belgium	50.0%	50.0%	50.0%	50.0%	Private equity
Ergon Capital Partners II	Belgium	42.4%	42.4%	42.4%	42.4%	Private equity
Ergon Capital Partners IV	Belgium	34.4%	34.4%	-	-	Private equity
Kartesia Management	Luxembourg	-	-	22.2%	22.2%	Debt fund
Kartesia Credit Opportunities III	Luxembourg	-	-	29.6%	29.6%	Debt fund
Kartesia Credit Opportunities IV	Luxembourg	-	-	17.2%	17.2%	Debt fund
I.P.E. (Visionnaire)	Italy	65.6%	65.6%	65.6%	65.6%	Furniture
Mérieux Participations II	France	34.3%	34.3%	37.8%	37.8%	Health care
Backed 1 LP	Jersey	48.6%	48.6%	48.6%	48.6%	Private equity
Backed Encore 1 LP	Jersey	99.0%	99.0%	-	-	Private equity
Backed 2 LP	Jersey	99.0%	99.0%	-	-	Private equity
Piolin S.à r.l. (Parques Reunidos)	Spain	23.1%	23.1%	21.2%	21.2%	Leisure parks

GBL analysed the accounting treatment to be applied to its investment in I.P.E. and came to the conclusion that it did not exercise significant influence despite holding 65.6% of the capital on the basis of a shareholders' agreement.

Following the sale of Kartesia Management S.A. during the fourth quarter of 2019, the entities Kartesia Credit Opportunities III S.C.A. and Kartesia Credit Opportunities IV S.C.S. were deconsolidated as of 31 December 2019 and accounted for as of "equity investments."

15. Subsidiaries with material non-controlling interests

The tables below show details of each Group subsidiary with material non-controlling interests, before intragroup eliminations.

As Imerys is held by GBL, minority interests in Imerys are also found in the GBL column and are consequently eliminated in the "intragroup eliminations" column, and in 2019 the same thing for the minorities of Webhelp.

CHF MILLION	GBL	IMERYS	WEBHELP	INDIVIDUAL NON-MATERIAL SUBSIDIARIES	INTRAGROUP ELIMINA-TIONS	2019 TOTAL
% of ownership interests held by non-controlling interests	50.0%	46.1%	35.5%			
% of voting rights held by non-controlling interests	48.3%	33.4%	35.5%			
Long-term assets	31'381.2	5'567.0	2'776.2			
Short-term assets	5'853.7	2'546.0	552.8			
Long-term liabilities	(9'557.1)	(3'077.0)	(1'973.8)			
Short-term liabilities	(3'499.0)	(1'604.0)	(440.9)			
Non-controlling interests	(1'716.2)	(52.4)	(5.5)			
Equity attributable to the Group	**22'462.6**	**3'379.6**	**908.8**			
Non-controlling interests	12'128.6	1'594.7	5.5	116.0	(1'427.7)	**12'417.1**
Revenue	5'604.2	4'843.9	-			
Net profit attributable to Pargesa shareholders (Group share)	405.1	73.3	(21.8)			
Net profit attributable to non-controlling interests	450.2	59.6	(12.0)	23.9	(71.5)	**450.2**
Net profit for the period (including minority interests)	**855.3**	**132.9**	**(33.8)**			
Other comprehensive income attributable to Pargesa shareholders (Group share)	2'163.3	(16.0)	-			
Other comprehensive income attributable to non-controlling interests	2'009.6	(11.9)	-	(0.2)	(397.2)	**1'600.3**
Total other comprehensive income (including minority interests)	**4'172.9**	**(27.9)**	**-**			
Total comprehensive income attributable to Pargesa shareholders (Group share)	2'568.4	57.3	(21.8)			
Total comprehensive income attributable to non-controlling interests	2'459.8	47.7	(12.0)	23.7	(468.7)	**2'050.5**
Total comprehensive income for the period (including minority interests)	**5'028.2**	**105.0**	**(33.8)**			
Dividends paid to non-controlling interests	263.3	89.0	-			
Net cash flows from operations	1'265.9	570.0	(29.4)			
Net cash flows from investments	(1'542.7)	(368.0)	164.5			
Net cash flows from financing	505.4	(414.3)	-			
Effect of exchange rate variation on funds held and of changes in the scope of consolidation	(3.2)	2.6	-			
Increase/decrease in cash and cash equivalents	**225.4**	**(209.7)**	**135.1**			

Due to the existence of put options contracts that the founders and managers of Webhelp, minority shareholders, in all of their shares towards GBL, the non-controlling interests recorded on the acquisition of 64.45% of the shares of Webhelp have been reclassified as debts on minority shareholders (see note 5.10).

CHF MILLION	GBL	IMERYS	INDIVIDUAL NON-MATERIAL SUBSIDIARIES	INTRA GROUP ELIMINATIONS	2018 TOTAL
% of ownership interests held by non-controlling interests	50.0%	46.1%			
% of voting rights held by non-controlling interests	49.2%	32.3%			
Long-term assets	23'241.2	5'531.2			
Short-term assets	3'787.4	3'026.4			
Long-term liabilities	(5'445.9)	(3'488.3)			
Short-term liabilities	(1'609.2)	(1'402.9)			
Non-controlling interests	(1'928.0)	(40.9)			
Equity attributable to the Group	**18'045.5**	**3'625.5**			
Non-controlling interests	10'800.2	1'707.9	220.1	(1'623.3)	**11'104.9**
Revenue	6'007.5	5'301.5			
Net profit attributable to Pargesa shareholders (Group share)	386.8	349.2			
Net profit attributable to non-controlling interests	657.6	285.4	(2.2)	(283.4)	**657.4**
Net profit for the period (including minority interests)	**1'044.4**	**634.6**			
Other comprehensive income attributable to Pargesa shareholders (Group share)	(604.9)	(15.2)			
Other comprehensive income attributable to non-controlling interests	(598.2)	(13.1)	–	(413.6)	**(1'024.9)**
Total other comprehensive income (including minority interests)	**(1'203.1)**	**(28.3)**			
Total comprehensive income attributable to Pargesa shareholders (Group share)	(218.1)	334.0			
Total comprehensive income attributable to non-controlling interests	59.4	272.3	(2.2)	(697.0)	**(367.5)**
Total comprehensive income for the period (including minority interests)	**(158.7)**	**606.3**			
Dividends paid to non-controlling interests	269.0	91.4			
Net cash flows from operations	1'337.0	738.0			
Net cash flows from investments	(386.2)	457.3			
Net cash flows from financing	(337.5)	(648.3)			
Effect of exchange rate variation on funds held and of changes in the scope of consolidation	(22.6)	(7.7)			
Increase/decrease in cash and cash equivalents	**590.7**	**539.3**			

16. Acquisitions and disposals of subsidiaries

THE FOLLOWING ACQUISITIONS WERE MADE IN 2019:

On 19 November 2019, GBL acquired from the KKR a majority stake of 64.45% of the voting rights of the French group Webhelp, one of the world leaders in customer experience and business process outsourcing (BPO). Webhelp develops innovative solutions combining consulting services, technological solutions and omni-channel processing capacities thanks to its 50'000 employees in more than 35 countries. The analyses of the agreements in place with the founders and shareholders of Webhelp concluded to the existence of control of this group by GBL.

The acquisition price amounts EUR 867 million (CHF 964.5 million) excluding acquisition costs of EUR 24 million (CHF 26.7 million) recorded under "Other operating costs". Non-controlling interests amounted to EUR 478 million on 19 November 2019. Provisional goodwill, computed based on Webhelp's consolidated financial statements as of 19 November 2019, stands at EUR 2'165 million, including the goodwill already accounted for in Webhelp. Webhelp's results and its cash flows for the period from 19 November 2019 to 31 December 2019 have not been considered material and only non-recurring items were recognised for a total of EUR - 19. million (CHF -21.1 million).

Since its acquisition, Webhelp group has generated a contribution of CHF 0 million to turnover and CHF -22.2 million to net result for the year (group's share). If the acquisition had been completed on 1 January 2019, the contribution to turnover would have been CHF 1'619.7 million and CHF -47.8 million to the net result. The goodwill arising from the acquisition of this group is mainly related to growth forecasts and expected future profitability.

CHF MILLION AT 31 DECEMBER 2019	WEBHELP
Long-term assets	2'769.1
Short-term assets	592.7
Long-term liabilities	(1'463.7)
Short-term liabilities	(443.2)
Net assets	**1'454.9**
Non controlling interests	5.5
Acquired net assets	**1'449.4**
Goodwill	5.5
Purchase price	**964.1**
Paid	
– in cash	964.1
Acquired cash and cash equivalents	164.5
Net cash outflow	**799.6**

The founders of Webhelp invested EUR 425 million for a holding percentage of 31.7%, while the managers invested EUR 47 million, representing a holding percentage of 3.5%. They hold put options in all of their shares, the exercise of which is subject to different liquidity windows. These options held by all minority shareholders are recognised in the balance sheet as debts on minority interests, the fair value of the debt is recognised in equity and minority interests are reduced to zero. As of 31 December 2019, the fair value of the minority debt amounted to CHF 515.0 million and the subsequent variations in the debt will be recognised in the income statement (see note 5.10).

Lastly, the group GBL also made other marginally significant acquisitions in 2019. These acquisitions generated a net cash outflow of EUR 89 million (CHF 99.0 million).

THE FOLLOWING KEY ACQUISITIONS WERE MADE IN 2018:

During the first quarter of 2018, GBL's subsidiary company, ECP III, had acquired a majority stake in svt. The latter acquired in April 2018, 100% of Rolf Kuhn. Although ECP III held an indirect 45.4% stake in svt, ECP III has control through another holding company. The total purchase price amounted to CHF 172.0 million. The goodwill generated by this acquisition was CHF 100.9 million.

In 2018 CP III had also acquired a majority stake in Beltaste-Vanreusel (51%), a Belgian manufacturer of frozen products and active in fast food. The total purchase price was CHF 121.3 million. The goodwill generated by this acquisition amounted to CHF 95.7 million. This acquisition contributed CHF 1.2 million to the net profit for the period.

Also, ECP III had acquired, a majority stake (37.6%, becoming 67.7% as of 31 December 2018) in Indo, the Spanish leader in the manufacture and distribution of ophthalmological lenses and ophthalmic diagnostic equipment. The total purchase price amounted to CHF 78.0 million. The goodwill generated by this acquisition was CHF 72.2 million. This acquisition had contributed CHF -1.2 million to net income for the period.

The assets and liabilities acquired are presented in the following table:

CHF MILLION	SVT	VANREUSEL	INDO	OTHER	TOTAL
Long-term assets	117.5	11.4	7.6	47.8	**184.3**
Short-term assets	40.1	24.5	21.9	23.1	**109.6**
Long-term liabilities	(62.1)	(2.7)	(3.9)	(6.5)	**(75.2)**
Short-term liabilities	(26.3)	(8.2)	(19.8)	(18.6)	**(72.9)**
Net assets acquired	**69.2**	**25.0**	**5.8**	**45.8**	**145.8**
Goodwill	100.9	95.7	72.2	87.7	**356.5**
Total consideration	**172.0**	**121.3**	**78.0**	**134.6**	**505.9**
Paid					
- in cash	172.0	121.3	78.0	128.3	**499.6**
- in future installments	–	–	–	6.2	**6.2**
Cash and cash equivalents acquired	4.6	15.1	1.5	7.2	**28.4**
Cash flows	**167.4**	**106.2**	**76.5**	**121.1**	**471.2**

THE DISPOSALS OF SUBSIDIARIES IN 2019 ARE AS FOLLOWS:

On 12 February 2019, Imerys, a subsidiary of GBL, lost control of three of its North American entities, specializing in the production and marketing of talc. This loss of control, due to their placement under the procedure of Chapter 11 of the bankruptcy law of the United States, has an effect on the result of CHF -6.2 million recognised in "Other income and expenses operational".

In the fourth quarter 2019, ECP III an agreement relating to the sale of its majority stake in Looping, one of the leading operators of regional leisure parks in Europe. The net consolidated capital gain on this disposal amounted to EUR 34.3 million (GBL group's share) (CHF 38.2 million). The cash flow on the sale of the company, net of cash disposed, amounted to EUR 58 million (CHF 64.5 million). At the same period, ECP III signed an agreement related to the sale of its majority of stake in opseo, a company operating in intensive care services. The net consolidated capital gain on disposal amounts to EUR 88 million (group's share) (CHF 97.9 million). The cashflow of this transaction, net of cash disposed, amounted to EUR 117 million (CHF 130.2 million).

Lastly, GBL, through its subsidiaries, has made several not material disposals in 2019. These generated a net movement of cash of EUR 4 million (CHF 4.4 million).

THE MAIN DISPOSAL IN 2018 WAS AS FOLLOWS:

On 17 April 2018, Imerys had publicly announced that a strategic reflection on the future of its roofing business had been initiated (included in the Ceramic Materials business line). On 16 May 2018, the Imerys board of directors had decided to sell the roofing business. On that date, Imerys' Board of Directors had concluded that the Roofing business was a group to be sold after observing that the business could be sold immediately in its current state and that a potential buyer had been identified, with a view to realizing the transfer within one year. Depreciation had ceased to be recognised at that date. As Roofing is a cash-generating unit, it had been classified as a discontinued operation on 30 June 2018. The assets and liabilities of this business had been reclassified as "Assets held for sale" and "Liabilities held for sale". Imerys announced that it had closed the sale on 11 October 2018 to Lone Star Funds, an international private equity firm, for an enterprise value of EUR 1.0 billion, corresponding to a valuation multiple of 9 times the 2017 EBITDA. The gain on the transaction amounts to EUR 756.3 million before tax (CHF 873.5 million) and presented in the result on discontinued operations. As at 31 December 2018, the contributions of the divested business were identified in a separate line in the consolidated income statement (under discontinued operations) and are presented in the table below. The cash flow contribution of the disposal is also presented.

The income statement for the Roofing division of Imerys is as follows on 31 December:

CHF MILLION	2018
Revenue	264.7
Raw materials, goods for intended for resale, consumables and change in inventory	(70.5)
Staff costs	(49.7)
Depreciation of tangible assets and amortisation of intangible assets	(6.4)
Other operating income and expenses	(70.4)
Other operating income and expenses	(0.6)
Profit before taxes	**67.1**
Revenue on disposal	**873.5**
Income taxes	(30.5)
Net profit on discontinued operations	**910.1**

CHF MILLION	2018
Cash flows from operations	69.0
Cash flows from investments	780.9
Cash flow from financing	(34.5)
Cash flows of discontinued operations	**815.4**

During 2018, Imerys also made other insignificant disposals. These generated a net cash flow transfer of CHF 42.7 million.

17. Investments in associates and joint ventures

CHF MILLION	2019	2018
Carrying amount at 1 January	**776.7**	**708.2**
Acquisitions	67.9	96.1
Disposals and redemption	(20.8)	(18.1)
Net income	(63.5)	27.8
Dividend paid	(11.6)	(11.2)
Reclassification of equity investments	(230.4)	–
Translation and other differences	(34.6)	(26.1)
Carrying amount at 31 December	**483.7**	**776.7**

As a reminder, following the sale of Kartesia Management S.A. during the fourth quarter of 2019, the entities Kartesia Credit Opportunities III S.C.A. and Kartesia Credit Opportunities IV S.C.A. were deconsolidated on 31 December 2019 and accounted for as "Equity investments".

Piolin Bidco, S.A.U. ("Piolin"), a 100% subsidiary of Piolin II S. à r.l., has announced, jointly with EQT AB and Corporación Financiera Alba, on 26 April 2019, its intention to launch a voluntary takeover bid paid in cash for the shares of Parques Reunidos. The CNMV (Comisión Nacional del Mercado de Valores) has authorized, on 24 July 2019, the Bid which has begun on 26 July 2019 and was closed on 6 September 2019. In line with their commitment in case of success, GBL and Alba have contributed their Parques Reunidos shares to the Bid. At the end of the Bid, GBL held indirectly 23.3% of Parques Reunidos. Parques Reunidos has been de-listed in the fourth quarter of 2019. On 31 December 2019, Piolin Bidco, S.A.U. owns 99.6% of Parques Reunidos while GBL owns 23.10% of Piolin II.

Lastly, GBL holds a 100.0% and 26.9% stake in the Marcho Partners Feeder Fund and Sagard 3 fund respectively, and has determined that it has no significant influence over those investments. These funds are therefore presented as other equity investments and are measured at fair value at each reporting date

In 2018, "Acquisitions" come mainly from Kartesia which was involved in acquisitions and capital increases.

ANALYSIS OF INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

CHF MILLION	2019	2018
Parques Reunidos	157.1	262.0
Kartesia	-	235.5
Ergon Capital Partners and Ergon Capital Partners II	52.1	10.5
Other GBL and Imerys equity associates	274.5	268.7
Carrying amount at 31 December	**483.7**	**776.7**

Ergon Capital Partners, Ergon Capital Partners II and Kartesia are unlisted companies and are part of the "Holdings" sector in the segment reporting. "Other GBL and Imerys equity associates" comprises Visionnaire and Mérieux Participations II, which are held through Sienna Capital. With the exception of Parques Reunidos in 2018, no equity associate was listed . At the end of 2018, the market value of Parques Reunidos amounted to CHF 212.1 million. In 2019, Parques Reunidos was de-listed following the purchase of the shares of a group of investors, including GBL, therefore no company is listed anymore.

The most "equity-accounted" under "Other GBL and Imerys equity associates" are Visionnaire (associate), for an amount of CHF 43.2 million in 2019 (CHF 52.4 million on 31 December 2018); Mérieux Participations II (associate), for an amount of CHF 59.9 million (CHF 59.3 million on 31 December 2018); MST Mineralien Schiffahrt (associate), for an amount of CHF 15.6 million (CHF 26.1 million on 31 December 2018); and The Quartz Corporation (joint venture), for an amount of CHF 32.5 million (CHF 31.9 million on 31 December 2018).

ANALYSIS OF INCOME FROM ASSOCIATES AND JOINT VENTURES

CHF MILLION	2019	2018
Kartesia	34.6	24.6
Ergon Capital Partners and Ergon Capital Partners II	(1.8)	(2.5)
Parques Reunidos	(95.4)	(0.6)
Other GBL and Imerys equity associates	(0.9)	6.3
Income from associates and joint ventures	**(63.5)**	**27.8**

The contribution from Kartesia in 2019 and 2018 include interest on loans and gains on adjustments in the fair value of the loan portfolio. During 2019, "Parques Reunidos" has recorded impairment charges for an amount of EUR 193.8 million on several equipments of leisure parks, which represent at GBL group level CHF -49.8 million.

The table below provides a summary of the financial information for the main equity associates of the Group. In 2019 GBL deconsolidated its holdings in Kartesia Credit Opportunities III S.C.A, in which GBL had 29.6% of the capital, and Kartesia Credit Opportunities IV S.C.A, in which the percentage of GBL's interest in its capital was 17.2%. In 2018, these investments were included in the following table under Kartesia. This summary represents the amounts indicated in the financial statements of the companies prepared in accordance with IFRS standards.

CHF MILLION	KARTESIA	PARQUES REUNIDOS	OTHERS	2019 TOTAL
Long-term assets	-	3’112.1	664.9	**3’777.0**
Short-term assets	-	111.9	165.0	**276.9**
Long-term liabilities	-	(2’370.9)	(229.0)	**(2’599.9)**
Short-term liabilities	-	(168.9)	(173.9)	**(342.8)**
Non-controlling interests	-	(3.8)	(0.9)	**(4.7)**
Equity attributable to the Group	**-**	**680.4**	**426.1**	**1’106.5**
Percentage of capital held	n.a.	23.1%	n.a.	**n.a.**
Share of equity	-	157.2	321.6	**478.8**
Goodwill	n.a.	-	4.9	**4.9**
Carrying amount at 31 December	**-**	**157.2**	**326.5**	**483.7**
Revenue	-	776.1	299.5	**1’075.6**
Income from continued operations	174.0	(415.8)	(25.7)	**(267.5)**
Net profit for the period (including minority interests)	**174.0**	**(415.8)**	**(25.7)**	**(267.5)**
Net profit for the period (Group share)	**174.0**	**(402.1)**	**(25.7)**	**(253.8)**
Other comprehensive income	**-**	**5.8**	**-**	**5.8**
Total comprehensive income for the period	**174.0**	**(410.0)**	**(25.7)**	**(261.7)**
Dividends received over the period	-	4.7	6.9	**11.6**
Group share of income for the period	**34.5**	**(95.5)**	**(2.5)**	**(63.5)**

CHF MILLION	KARTESIA	PARQUES REUNIDOS	AUTRES	2018 TOTAL
Long-term assets	1'109.2	2'495.7	669.6	**4'274.5**
Short-term assets	166.3	119.9	166.2	**452.4**
Long-term liabilities	(266.1)	(1'253.8)	(229.5)	**(1'749.4)**
Short-term liabilities	(6.9)	(125.0)	(93.6)	**(225.5)**
Non-controlling interests	-	(0.7)	(0.7)	**(1.4)**
Equity attributable to the Group	**1'002.5**	**1'236.1**	**512.0**	**2'750.6**
Percentage of capital held	n.a.	21.2%	n.a.	**n.a.**
Share of equity	234.9	262.0	274.7	**771.6**
Goodwill	-	-	5.1	**5.1**
Carrying amount at 31 December	**234.9**	**262.0**	**279.8**	**776.7**
Revenue	-	682.8	332.5	**1'015.3**
Income from continued operations	95.2	(2.8)	25.4	**117.8**
Net profit for the period (including minority interests)	**95.2**	**(2.8)**	**25.4**	**117.8**
Net profit for the period (Group share)	**95.2**	**(2.8)**	**25.4**	**117.8**
Other comprehensive income	**-**	**7.8**	**-**	**7.8**
Total comprehensive income for the period	**95.2**	**5.0**	**25.4**	**125.6**
Dividends received over the period	-	4.9	6.4	**11.3**
Group share of income for the period	**24.6**	**(0.6)**	**3.8**	**27.8**

18. Stocks

CHF MILLION	2019	2018
Raw materials, consumables and spare parts	415.6	501.6
Work in progress	145.1	117.0
Finished goods and products	407.9	477.7
Total before write-downs	**968.6**	**1'096.3**
Write-downs on inventories		
Raw materials, consumables and spare parts	(32.8)	(51.3)
Work in progress	(2.9)	(2.8)
Finished goods and products	(27.3)	(38.3)
Total write-downs on inventories	**(63.0)**	**(92.4)**
Reversal of write-downs on inventories		
Raw materials, consumables and spare parts	6.5	5.2
Work in progress	0.9	0.7
Finished goods and products	5.4	6.6
Total reversal of write-downs on inventories	**12.8**	**12.5**
Net total	**918.4**	**1'016.4**

INVENTORIES EXPENSED DURING THE YEAR

CHF MILLION	2019	2018
(Charge)/income	(25.5)	72.8

19. Provisions

CHF MILLION	ENVIRONMENT	LITIGATION	LEGAL, LABOUR-RELATED AND REGULATORY RISKS	2019 TOTAL	2018 TOTAL
At 31 December 2018	282.8	8.6	500.7	**792.1**	
Impact of application of IFRS 16	0.2	-	(8.0)	**(7.8)**	
At 1 January	**283.0**	**8.6**	**492.7**	**784.3**	**505.5**
Allocations	36.6	2.1	32.4	**71.1**	**407.3**
Utilisations	(11.1)	(2.9)	(24.3)	**(38.3)**	**(33.5)**
Reversals	(5.9)	(1.1)	(36.1)	**(43.1)**	**(61.6)**
Acquisitions	-	2.7	3.8	**6.5**	**33.3**
Translation differences	(4.8)	(0.3)	(5.0)	**(10.1)**	**(20.2)**
Reclassifications and other	6.1	(0.5)	(251.6)	**(246.0)**	**(38.7)**
At 31 December	**303.9**	**8.6**	**211.9**	**524.4**	**792.1**
– short-term provisions	13.6	2.9	15.6	**32.1**	**29.4**
– long-term provisions	290.3	5.7	196.3	**492.3**	**762.7**

The Group's provisions amounted to CHF 506.9 million on 31 December 2019 (CHF 777.5 million on 31 December 2018) and mainly originated in the Imerys group. Provisions are measured using the best estimate of the amount required to settle the obligation. Discounts are not applied to provisions that are expected to be settled within 12 months after the end of the reporting period and those that may be settled at any time. Discounts are applied to provisions that are not expected to be settled within 12 months after the end of the reporting period

Imerys has provisions to hedge the environmental risks resulting from its industrial operations and provisions for the restoration of sites no longer mined. These provisions amounted to CHF 303.9 million on 31 December 2019 (CHF 282.8 million on 31 December 2018), of which CHF 166.4 million was for the restoration of mining sites and CHF 121.6 million for dismantling of industrial sites. CHF 80.8 million of the corresponding liabilities have probable due dates between 2020 and 2024, CHF 98.7 million between 2025 and 2034 and CHF 124.4 million from 2035.

Imerys' litigation provisions (i.e. for product guarantees), which amounted to CHF 4.1 million (CHF 5.2 million on 31 December 2018), have a probable due date between 2020 and 2024.

Imerys is also exposed to litigation and claims in the normal course of business. These relate to allegations of personal injury or financial loss entailing the liability of the Group's entities with regard to: their commercial or industrial activities; the possible infringement of certain contractual obligations; and the failure to observe certain applicable legal or statutory provisions in social, fiscal, property or environmental matters. Imerys group is also required to respect certain compensation obligations in relation to the past disposal of assets. The provision for Imerys' legal, labour-related and regulatory risks amounted to CHF 198.8 million on 31 December 2019 (CHF 489.4 million at 31 December 2018). Most of these provisions are likely to mature between 2020 and 2024.

The amount for legal risks mainly includes the balance of the provision relating to the resolution of disputes related to the talc activity of the Imerys group in the United States. On 13 February 2019, the three North American talc subsidiaries of the Imerys group decided to place themselves, with immediate effect, under the protection of the so-called "Chapter 11" legal proceedings of the United States bankruptcy law in view to settle definitively the litigation situation linked to their historic commercial activities in the United States. Under the regime of "Chapter 11", the group remains legally owner of the securities of the entire capital of the three North American entities concerned, but their assets are placed under the control of the competent federal courts of the State of Delaware (USA). The courts supervise the continuation of the activities of the entities concerned as well as the conclusion and execution of the reorganization plan of these entities that these entities have asked to negotiate with the respective representatives of the current, and potential future plaintiffs in the disputes brought against them. The "Chapter 11" process also suspends the proceedings of all pending litigation and prevents the introduction of new actions against these entities in connection with their past and current operations. Following the transfer of effective control of these three entities to a court on 13 February 2019 and the economic benefit of their activities to their creditors, the assets and liabilities of the three entities have been deconsolidated from the financial statements of the Imerys group from this date , generating a result effect of CHF + 6.5 million, recognised in other operating income and expenses, corresponding to the release of the provision.

Negotiation between all stakeholders of the potential reorganization plan for the activities of these entities is continuing. As is common in Chapter 11 processes, North American talc entities have now retained the services of an investment banker to advise them on the evaluation of their options before leaving Chapter 11, including of a potential disposal of their activities. In light of the latest developments in the Chapter 11 process and the ongoing negotiations at the date the Group's 2019 financial results were approved, Executive Management reviewed and reiterated its prior estimate of the risk related to the resolution of the Chapter 11 procedure and the forecast financial impact for the Group. The balance of the provision recognised in the Group's financial statements since 31 December 2018 was deemed to be sufficient to cover the best estimate of this risk, given the current situation and the valuation of the market potential of the talc business in North America.

20. Share capital, treasury shares, equity and other comprehensive income

20.1. Share capital

	REGISTERED SHARES		BEARER SHARES		TOTAL SHARES	
CHF MILLION	**NUMBER**	**NOMINAL[1]**	**NUMBER**	**NOMINAL[2]**	**NUMBER[3]**	**NOMINAL**
Share capital at 1 January 2018	77'214'700	154.4	77'214'700	1'544.3	**84'936'170**	**1'698.7**
Share capital at 31 December 2018	77'214'700	154.4	77'214'700	1'544.3	**84'936'170**	**1'698.7**
Share capital at 31 December 2019	**77'214'700[4]**	**154.4**	**77'214'700[4]**	**1'544.3**	**84'936'170**	**1'698.7**
Share capital outstanding at 31 December 2019						
Share capital	77'214'700	154.4	77'214'700	1'544.3	**84'936'170**	**1'698.7**
Treasury shares [5]			(234'800)	(4.7)	**(234'800)**	**(4.7)**
Net share capital outstanding	**77'214'700**	**154.4**	**76'979'900**	**1'539.6**	**84'701'370**	**1'694.0**

(1) CHF 2 per share.

(2) CHF 20 per share.

(3) The number of registered shares is converted into the equivalent number of bearer shares by dividing by ten.

(4) Each share carries one vote.

(5) These shares do not give entitlement to dividends or voting rights.

On 1 June 1994, the Company created conditional capital with a maximum par value of up to CHF 242 million through the issuance of 11'000'000 registered shares with a par value of CHF 2 and 11'000'000 bearer shares with a par value of CHF 20.

On 3 May 2018, the Company renewed its authorised capital. Consequently, the Board of Directors is authorised to increase the share capital, up to 3 May 2020, by a maximum CHF 253 million by issuing 11'500'000 new registered shares with a par value of CHF 2 and 11'500'000 new bearer shares with a par value of CHF 20.

Bearer shares are listed on the SIX Swiss Exchange. Registered shares are not listed.

20.2. Treasury shares [1]

	NOT YET OUTSTANDING, RESERVED FOR BOARD USE		NOT YET OUTSTANDING, RESERVED FOR THE EXERCISE OF OPTIONS [2]		TOTAL	
CHF MILLION	**NUMBER**	**CARRYING AMOUNT**	**NUMBER**	**CARRYING AMOUNT**	**NUMBER**	**CARRYING AMOUNT**
1 January 2018	**44'779**	**0.9**	**227'771**	**4.6**	**272'550**	**5.5**
Granting of options	(25'470)	(0.5)	25'470	0.5	-	-
Cancellation of options	17'756	0.4	(17'756)	(0.4)	-	-
Exercise of options	-	-	(34'790)	(0.7)	**(34'790)**	**(0.7)**
31 December 2018	**37'065**	**0.8**	**200'695**	**4.0**	**237'760**	**4.8**
Granting of options	(33'430)	(0.7)	33'430	0.7	**-**	**-**
Exercise of options	-	-	(2'960)	(0.1)	**(2'960)**	**(0.1)**
31 December 2019	**3'635**	**0.1**	**231'165**	**4.6**	**234'800**	**4.7**

(1) Treasury shares are all bearer shares.

(2) Shares not yet outstanding and reserved for the exercise of options granted to the beneficiaries of share option schemes established by the Company (see note 24.1).

20.3. Capital management

Management of the consolidated equity of Pargesa Group is aimed at maintaining a highly capitalised financial structure with a low debt-equity ratio. It is also aimed at generating stable or increasing dividends for its shareholders, through a regular and sustained increase in net profit.

The Group manages its capital structure as a function of its financial needs, taking into account economic and financial conditions and opportunities, and also the risk characteristics of its main assets. With a view to maintaining or adjusting the structure of its capital, the Group may, at its various levels, issue new shares, hybrid instruments or buy its own shares.

There was no change in the Group's capital management policy during the period. The Group is not subject to external regulatory requirements regarding its capital.

CHF MILLION	**31.12.2019**	**31.12.2018**
Total financial debt	6'895.0	4'504.8
Cash and cash equivalents	(1'360.9)	(1'168.3)
Net financial debt	5'534.1	3'336.5
Shareholders' equity (including minority interests)	23'214.9	19'870.7

20.4. Reclassification adjustments carried through the income statement

CHF MILLION		2019		2018
Change in fair value of equity investments:				
- recognised in other comprehensive income	4'206.4		(1'175.4)	
- carried through the income statement	**-**	4'206.4	-	(1'175.4)
Change in hedging reserve:				
- recognised in other comprehensive income	(12.2)		(4.3)	
- carried through the income statement	**6.1**	(6.1)	**(2.2)**	(6.3)
Change in translation reserve:				
- recognised in other comprehensive income	(697.1)		(826.9)	
- carried through the income statement	**(1.6)**	(698.7)	**2.3**	(824.6)
Share of comprehensive income of associates and joint ventures:				
- recognised in other comprehensive income	1.6		1.7	
- carried through the income statement	**-**	1.6	-	1.7
Actuarial gains/losses:				
- recognised in other comprehensive income	(61.5)	(61.5)	20.9	20.9
Total other comprehensive income		**3'441.7**		**(1'983.7)**

20.5. Change in revaluation and hedging reserve (Pargesa Group share)

CHF MILLION	REVALUATION RESERVE	HEDGING RESERVE	2019 TOTAL	REVALUATION RESERVE	HEDGING RESERVE	2018 TOTAL
Balance at 1 January	**2'758.5**	**(4.5)**	**2'754.0**	**3'510.5**	**(2.8)**	**3'507.7**
Impact IFRS 9	-	-	**-**	(114.8)	-	**(114.8)**
Adjusted balance at 1 January	**2'758.5**	**(4.5)**	**2'754.0**	**3'395.7**	**(2.8)**	**3'392.9**
Change in fair value recognised in equity	1'931.9	-	**1'931.9**	(637.2)	-	**(637.2)**
Total change in fair value			**1'931.9**			**(637.2)**
Change in hedging reserve recognised in equity	-	(4.7)	**(4.7)**	-	(1.1)	**(1.1)**
Change in hedging reserve carried through the income statement	-	1.7	**1.7**	-	(0.6)	**(0.6)**
Total change in hedging reserve			**(3.0)**			**(1.7)**
Balance at 31 December	**4'690.4**	**(7.5)**	**4'682.9**	**2'758.5**	**(4.5)**	**2'754.0**

20.6. Impact of a change in percentage interest in subsidiaries not resulting in a loss of control

Following the plan to buy back its own shares by GBL, the% of Pargesa's economic interest in GBL increased from 50.8% on 31 December 2018 to 51.7% on 31 December 2019. This change has a positive effect on the share of Group in equity through an increase in the group share (CHF +23.6 million) and a decrease in the minority share.

On 31 December 2018, taking into account conversions made in GBL shares, following the maturity on 9 October 2018 of the convertible loan of GBL, issued in 2013, the percentage of Pargesa's economic interest in GBL stood at 50.8% compared to 51.8% on 31 December 2017. During 2018, some bondholders had sent conversion requests for 81% of all bonds issued, the balance having been reimbursed on 9 October 2019. The bonds were redeemed, in part by delivery of GBL shares taken from treasury stock, and for the balance in cash. Following these movements in 2018, a negative amount of CHF -29.2 million (Group share) was recorded in shareholders' equity in consolidated reserves. This amount is the result of two opposing movements, namely a decrease in the group's share in favour of minority interests, offset by the gain on the conversion of convertible bonds.

21. Dividend paid and proposed by Pargesa Holding SA

CHF MILLION	2019	2018
Dividend for the previous period paid during the year	**216.8**	**211.7**
– CHF per bearer share	2.56	2.50
– CHF per registered share	0.256	0.250
Dividend proposed for the period ending 31 December 2019	**222.8**	
– CHF per bearer share	2.63	
– CHF per registered share	0.263	

The proposed dividend will be submitted for approval at the Annual General Meeting on 6 May 2020.

22. Basic and diluted net earnings per share

	2019	2018
Average number of shares taken into consideration – basic	84'700'953	84'688'827
Dilutive effect of ordinary shares:		
– Share options	14'042	22'868
Average number of shares taken into consideration – diluted	**84'714'995**	**84'711'695**
Non-dilutive potential shares excluded from the dilution calculation:		
– Share options	121'054	63'694

CHF MILLION	2019	2018
Net earnings (Group share) – **basic**	391.3	**361.4**
Dilutive effect of ordinary shares	-	(3.7)
Net earnings (Group share) – **diluted**	**391.3**	**357.7**

CHF PER SHARE	2019	2018
Basic net earnings per share (Group share)	**4.62**	**4.27**
- from continuing operations	4.62	1.32
- from discontinued operations	-	2.95
Diluted net earnings per share (Group share)	**4.62**	**4.22**
- from continuing operations	4.62	1.27
- from discontinued operations	-	2.95

23. Pensions liabilities and similar benefits

Through its subsidiaries (mainly Imerys), the Group contributes to building up retirement benefits for its staff in accordance with the regulations and company practices in each country concerned. The benefits take the form of either defined contribution plans, where the level of future benefits is not guaranteed by the Group, or defined benefit plans, where the level of future benefits is guaranteed by the Group through provisions.

23.1. Description of pension plans and post-employment benefits

A. DEFINED CONTRIBUTION PLANS:

Under defined contribution plans, Group companies pay contributions to an insurance company or to a fund and have no other obligations. These are the plans granted to the vast majority of Imerys staff. Amounts are charged to the income statement during the year in which they are due. Total contributions paid during the year under defined contribution plans were as follows:

CHF MILLION	2019	2018
Contributions paid during the year	**(35.4)**	**(34.2)**

B. DEFINED BENEFIT PLANS:

With this type of plan, the Group guarantees the level of benefits that recipients will be paid in future. Defined benefit plans may be funded by insurance companies, pension funds or separate entities. The plans are subject to an annual actuarial review by independent actuaries. On 31 December 2019, the provisions for employee benefits amounted to CHF 427.1 million (CHF 332.2 million on 31 December 2018). Post-employment benefits are awarded by the various companies in the Group on the basis of local practice.

23.2. Main actuarial assumptions used for the calculation of defined benefit plans

	2019		2018	
AS A %	MIN.	MAX.	MIN.	MAX.
Discount rate	0.9%	2.8%	1.7%	4.1%
Expected rate of salary increases	2.4%	2.9%	0.2%	5.8%
Expected inflation rate	1.8%	2.2%	1.8%	2.2%

For the two countries in which liabilities are greatest (the United Kingdom and the United States), the actuarial assumptions are as follows:

	2019		2018	
AS A %	UK	USA	UK	USA
Discount rate	1.9%	2.8%	2.7%	4.1%
Expected rate of salary increases	2.9%	0.0%	2.6%	0.0%
Expected inflation rate	2.2%	0.0%	2.2%	0.0%

SENSITIVITY ANALYSIS

On 31 December 2019, the net provisions for employee benefits essentially came from Imerys.

Out of these assumptions, a change in the discount rate would have the greatest impact on the Group financial statements. The table below discloses the impact of a reasonably possible decrease or increase of 0.5% in the discount rate based on the assumption retained in the financial statements on 31 December 2019 (actual 2019). The impact of these changes is measured on three aggregates (liability, net interest, current service costs) in the two currency zones with the greatest liabilities (the United Kingdom and the United States).

	2019		2018	
CHF MILLION	+0.5%	−0.5%	+0.5%	−0.5%
United Kingdom				
Discount rate	1.4%	2.4%	2.2%	3.2%
Liability on the closing date	-81.2	+71.0	-73.6	+65.7
Net interest recognised in the income statement for the period	-0.9	+1.4	-1.6	+2.1
USA				
Discount rate	2.3%	3.3%	3.6%	4.6%
Liability on the closing date	-16.3	+14.9	-12.7	+13.7
Net interest recognised in the income statement for the period	-0.1	+0.2	-0.1	+0.2
Service costs recognised in the income statement for the period	+0.4	+0.6	+0.5	+0.6

23.3. Amounts recorded in the balance sheet for defined benefit plans

The Group finances the greater part of staff benefits through investments unavailable to third parties in trusts or through insurance contracts that are legally separate from the Group. These investments qualify as plan assets and amounted to CHF 1'327.8 million on 31 December 2019 (CHF 1'316.2 million on 31 December 2018). Imerys also holds reimbursement rights, which are investments held directly by the Group; these amounted to CHF 6.5 million on 31 December 2019 (CHF 6.4 million on 31 December 2018). The funding rate of obligations stood at 75.7% on 31 December 2019 (79.9% on 31 December 2018). Provisions for funded plan deficits and unfunded plans amounted to CHF 427.1 million on 31 December 2019 (CHF 332.2 million on 31 December 2018).

				2019				2018
CHF MILLION	**UK**	**USA**	**OTHER**	**TOTAL**	UK	USA	OTHER	TOTAL
Present value of liabilities that are wholly or partially funded	(1'048.4)	(252.8)	(207.3)	**(1'508.5)**	(960.8)	(274.4)	(224.8)	**(1'460.0)**
Liabilities funded by reimbursement rights	-	-	(32.5)	**(32.5)**	-	-	(29.1)	**(29.1)**
Fair value of plan assets at year-end	995.7	188.4	143.7	**1'327.8**	955.0	210.5	150.7	**1'316.2**
Fair value of reimbursement rights	-	-	6.5	**6.5**	-	-	6.4	**6.4**
Deficit of funded plans	**(52.7)**	**(64.4)**	**(89.6)**	**(206.7)**	**(5.8)**	**(63.9)**	**(96.8)**	**(166.5)**
Present value of unfunded liabilities	-	(15.7)	(204.7)	**(220.4)**	-	(18.1)	(147.6)	**(165.7)**
Net liabilities/net assets on the balance sheet	**(52.7)**	**(80.1)**	**(294.3)**	**(427.1)**	**(5.8)**	**(82.0)**	**(244.4)**	**(332.2)**
- long-term liabilities				(434.2)				(339.6)
- long-term assets				7.1				7.4

23.4. Amounts recognised in comprehensive income

CHF MILLION	**2019**	2018
Service costs:		
Current service costs	(13.1)	(5.3)
Past service costs and gains/(losses) from settlement	(1.1)	(5.9)
Net interest	(8.1)	(9.5)
Components of defined benefits costs recognised in the income statement	**(22.3)**	**(20.7)**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	93.1	(50.1)
Actuarial gains/losses arising from changes in demographic assumptions	(0.9)	29.2
Actuarial gains/losses arising from changes in financial assumptions	(149.7)	58.8
Actuarial gains/losses arising from experience adjustments	(18.5)	(10.0)
Components of defined benefits costs recognised in other comprehensive income	**(76.0)**	**27.9**
Total recognised in comprehensive income	**(98.3)**	**7.2**

Expenses are recorded under staff costs.

23.5. Actuarial gains and losses and cap on assets recognised in equity (excluding tax)

CHF MILLION	2019	2018
Balance at 1 January	**(267.7)**	**(295.6)**
Changes recorded in equity*	(76.0)	27.9
Balance at 31 December	**(343.7)**	**(267.7)**
* Of which tax.	14.5	(7.0)
Changes recorded in equity net of tax	**(61.5)**	**20.9**

23.6. Change in present value of liabilities

FULLY AND PARTIALLY FUNDED LIABILITIES, AND UNFUNDED LIABILITIES

CHF MILLION	2019	2018
Present value of liabilities at 1 January	**(1'655.0)**	**(1'848.3)**
Current service costs	(16.6)	(22.9)
Financial costs	(42.6)	(42.5)
Remeasurement gain/(losses):		
Actuarial gains/losses arising from changes in demographic assumptions	(0.9)	29.2
Actuarial gains/losses arising from changes in financial assumptions	(151.2)	58.8
Actuarial gains/losses arising from experience adjustments	(18.5)	(10.0)
Liabilities assumed in a business combination	10.2	7.7
Translation differences	4.2	62.8
Benefits paid	151.9	115.3
Other changes	(43.1)	(5.1)
Present value of liabilities at 31 December	**(1'761.6)**	**(1'655.0)**

23.7. Change in fair value of defined benefit plan assets

Assets held by the Group to fund employee benefits generated an actual return of CHF 130.2 million in 2019 (CHF -15.6 million in 2018), as shown in the table below. In accordance with current standards, only the normative portion of this return was booked to the income statement for an amount of CHF 34.8 million in 2019 (CHF 34.3 million in 2018); this amount is calculated on the basis of the rate used to discount liabilities. The remaining actual return was credited to equity, for an amount of CHF +94.9 million in 2019 (CHF -49.9 million in 2018).

CHF MILLION	UK	USA	OTHER	2019 TOTAL	UK	USA	OTHER	2018 TOTAL
Fair value of plan assets at 1 January	**954.9**	**210.4**	**150.9**	**1'316.2**	**1'053.5**	**250.9**	**160.8**	**1'465.4**
Interest income	24.7	7.9	2.2	**34.8**	24.0	8.2	2.1	**34.3**
Remeasurement gain/(losses):								
Return on plan assets (excluding amounts included in the calculation of net interest)	50.9	34.1	9.9	**94.9**	(36.7)	(8.9)	(4.3)	**(49.9)**
Contributions	1.7	4.6	20.2	**26.5**	1.7	7.0	14.1	**22.8**
Assets distributed on settlements	(49.7)	(58.5)	(26.2)	**(135.0)**	(40.9)	(47.7)	(16.7)	**(105.3)**
Translation differences	12.9	(3.8)	(3.7)	**5.4**	(46.9)	0.9	(4.8)	**(50.8)**
Liquidation	-	-	0.3	**0.3**	-	-	-	**-**
Changes in scope / Business group	-	(6.3)	(9.0)	**(15.3)**	-	-	(0.3)	**(0.3)**
Fair value of plan assets at 31 December	**995.4**	**188.4**	**144.6**	**1'327.8**	**954.9**	**210.4**	**150.9**	**1'316.2**

23.8. Breakdown of plan assets

CHF MILLION		2019		2018
Cash and cash equivalents	177.8	13%	94.9	7%
Listed equities	134.9	10%	178.7	14%
Listed bonds	1'008.1	76%	1'018.0	77%
Real estate	7.0	1%	24.6	2%
Fair value of plan assets at 31 December	**1'327.8**	**100%**	**1'316.2**	**100%**

23.9. Features of Imerys' defined benefit plans

Two plans represented 69.0% of total Group liabilities on 31 December 2019 (65.4% on 31 December 2018) and concerned Imerys. These two plans were the Imerys UK Pension Scheme (Imerys UK) and the Imerys USA Retirement Growth Account Plan (Imerys USA). The table below shows the main features of these plans.

	2019		2018	
CHF MILLION	IMERYS UK	IMERYS USA	IMERYS UK	IMERYS USA
Liabilities by beneficiary category (CHF million)				
Working beneficiaries	(185.7)	(56.1)	(174.1)	(42.8)
Deferred beneficiaries	(215.9)	(50.3)	(190.3)	(40.6)
Retired beneficiaries	(646.8)	(60.7)	(596.4)	(38.5)
Total	**(1'048.4)**	**(167.1)**	**(960.8)**	**(121.9)**
Age				
Average age of working beneficiaries	54	54	54	54
Average age of deferred beneficiaries	54	56	54	55
Average age of retired beneficiaries	75	72	75	72
Eligibility				
Last hiring date	31.12.04	31.03.10	31.12.04	31.03.10
Retirement age	65	65	65	65
Benefit description				
Payment method	Annuity	Capital	Annuity	Capital
Increase based on retail price index	Yes	No	Yes	No
Regulatory framework				
Minimum funding requirement for the employer	Yes	Yes	Yes	Yes
Minimum contribution requirement for the beneficiary	Yes	No	Yes	No
Governance				
Trustees representing employer	Yes	Yes	Yes	Yes
Trustees representing beneficiaries	Yes	No	Yes	No
Independent trustees	Yes	No	Yes	No
Responsibility of trustees				
Define the investment strategy	Yes	Yes	Yes	Yes
Negotiate refunding of deficits with employer	Yes	-	Yes	-
Administrative management of benefit payments	Yes	Yes	Yes	No

23.10. Management of risks relating to employee benefits at Imerys

Description of risks: The main issue relating to the financial management of employee benefits is controlling the funding ratio of liabilities, i.e. the ratio between the value of plan assets and the value of liabilities. The liability funding ratio is likely to be adversely affected if there is a decorrelation between the change (especially downwards) of plan assets and the change (especially upwards) in liabilities. The value of plan assets may be decreased by a fall in the fair value of investments. The value of liabilities may rise for all plans if the discount rate is decreased, or it may rise for benefits paid in the form of a life annuity if the inflation rate used to remeasure liabilities in certain plans rises, or if there is an increase in the life expectancy of beneficiaries.

Risk management: The strategy for managing the liability funding ratio consists first of all of optimising the value of plan assets. Investment policies therefore aim to deliver regular returns while taking advantage of opportunities with limited or moderate risk levels. Investment choices are specific to each plan and are determined based on the length of the plan and regulatory constraints in terms of minimum funding. In the United Kingdom in particular, since 2011 Imerys has applied a strategy specifically aimed at managing the liability funding ratio, which consists of determining the investment of plan assets so that they match the liabilities. This qualifies as a liability driven investment (LDI), the aim of which is to manage the liability funding ratio by correlating cash inflows and outflows over the length of the liability. In practice, this strategy consists of structuring the asset portfolio so that the cash inflows generated by investment returns match the cash outflows generated by the payment of benefits.

The Group estimates that it will have to pay CHF 24.4 million in contributions for defined benefit plans in 2019.

24. Share-based payments

24.1. Pargesa share options granted by Pargesa Holding SA

On 3 May 2007, the Company created an incentive plan for the Company's employees, managers and executives involving the annual awarding of options on Pargesa Holding SA shares. The right to exercise the options is vested over time, i.e. one third after one year, two thirds after two years and in full after three years. The options have a maximum term of ten years. The options may be exercised at any time from the fourth year and until the plan expires. The shares needed to exercise options will be taken from the Company's treasury shares. In 2019, the Company granted 33'430 options, each option enabling the holder to acquire one Pargesa Holding SA share, at a price of CHF 80, equal to the market price on the grant date.

On 31 December 2019, the total expense of this option plan was recognised in staff costs and amounted to CHF 0.1 million (CHF 0.1 million in 2018).

CHANGES IN OPTIONS GRANTED

	2019		2018	
CHF PER SHARE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Options at 1 January	**200'695**	**74.32**	**227'771**	**74.24**
Granted during the period	33'430	80.00	25'470	84.00
Exercised during the period	(2'960)	57.05	(34'790)	61.71
Cancelled during the period	-	-	(17'756)	111.84
Options at 31 December	**231'165**	**75.36**	**200'695**	**74.32**

The options were valued using the Black & Scholes model. The fair value of the options on the grant date in 2019 was CHF 2.77 per option (CHF 3.43 per option in 2018).

ASSUMPTIONS OF THE OPTION VALUATION MODEL

	2019	2018
Rate of staff turnover	0%	0.00%
Expected term	7 years	7 years
Expected volatility	18%	18%
Expected dividend growth	0%	0%
Risk-free rate	-0.15%	0.21%

Expected volatility is based on the historical volatility of the previous four years.

NUMBER OF PARGESA SHARE OPTIONS AT THE END OF 2019

NUMBER	EXERCISE PRICE (CHF)	MATURITY			ENTITLEMENT
18'747	87.00	2020			vested
19'477	87.00	2021			vested
4'190	65.00	2022			vested
18'580	67.00	2023			vested
23'930	79.00	2024			vested
25'580	72.00	2025			vested
30'072	60.60	2026			vested
1'355	63.75	2026			vested
16'804	70.00	2027			vested
13'530	70.00	2027		2/3 – vested	1/3 in 2020
7'730	84.00	2028			vested
17'740	84.00	2028	1/3 – vested	1/3 in 2020	1/3 in 2021
33'430	80.00	2029	1/3 in 2020	1/3 in 2021	1/3 in 2022
231'165					

24.2. Share options granted by GBL

GBL SHARE OPTIONS

GBL has incentive plans involving GBL shares for its executive management and staff. These options have a lifetime of ten years and will be definitively vested to the beneficiaries three years after the grant date, at a rate of one third per year.

CHANGES IN OPTIONS GRANTED

	2019		2018	
EUR PER SHARE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Options at 1 January	**257'590**	**77.30**	288'013	75.61
Exercised during the period	(83'880)	59.30	(30'423)	61.28
Options at 31 December	**173'710**	**83.51**	257'590	77.30

No such options were granted in 2019 and 2018.

The 173'710 GBL share options granted have exercise prices of between EUR 50.68 and EUR 91.90 per share. The maturity dates of the options are between 2019 and 2023. All of these options are vested. The options can all be exercised.

OTHER PLANS

On 29 April 2013, GBL issued an incentive plan covering the shares of its second-tier subsidiary, LTI One SA. In total, 254'000 options were granted to GBL staff and executive management. These options give beneficiaries the right to buy a share at an exercise price of EUR 10 per share, which corresponds to the LTI One SA share value on the grant date. The options may be exercised or transferred from 29 April 2016 up to 28 April 2023. Options are settled in cash or in securities. The plan is a cash-settled plan. The options were valued using a Monte Carlo model. The fair value of an option was EUR 16.48 on 31 December 2019. On 31 December 2019, 1'000 options were still outstanding. The debt on the balance sheet was CHF 0 million.

On 29 April 2014, GBL issued an incentive plan covering the shares of its second-tier subsidiary, LTI Two SA. In total, 223'256 options were granted to GBL staff and executive management. These options give beneficiaries the right to buy a share at an exercise price of EUR 10 per share, which corresponds to the LTI Two SA share value on the grant date. The options may be exercised or transferred from 29 April 2017 up to 28 April 2024. Options are settled in cash or in securities. The plan is a cash-settled plan. The options were valued using a Monte Carlo model. The fair value of an option was EUR 18.56 on 31 December 2019. On 31 December 2019, 3'249 options were still outstanding. No debt was recorded as a liability on the balance sheet.

On 5 May 2015, GBL set up an incentive plan covering the shares of its second-tier subsidiary, Urdac SA. In total, 257'206 options were granted to GBL staff and executive management. These options give beneficiaries the right to buy a share at an exercise price of EUR 10 per share, which corresponds to the Urdac SA share value on the grant date. The options may be exercised or transferred from 5 May 2018 up to 4 May 2025. Options will be settled in cash or in securities. The plan is a cash-settled plan. The options were valued using a Monte Carlo model. The fair value of one option was EUR 8.29 on 31 December 2019. A debt amounting to CHF 1.0 million was recorded as a liability on the balance sheet. On 31 December 2019, 34'082 options were still outstanding.

On 3 May 2016, GBL set up an incentive plan covering the shares of its second-tier subsidiary, Finpar SA. In total, 308'009 options were granted to GBL staff and executive management. These options give beneficiaries the right to buy a share at an exercise price of EUR 10 per share, which corresponds to the Finpar SA share value on the grant date. The options may be exercised or transferred from 3 May 2019 up to 2 May 2026. Options will be settled in cash or in securities. The plan is a cash-settled plan. The options were valued using a Monte Carlo model. The fair value of an option was EUR 8.08 on 31 December 2019. A debt amounting to CHF 2.5 million was recorded as a liability on the balance sheet.

On 8 May 2017, GBL set up an incentive plan covering the shares of its second-tier subsidiary, Finpar II SA. In total, 348'424 options were granted to GBL staff and executive management. These options give beneficiaries the right to buy a share at an exercise price of EUR 10 per share, which corresponds to the Finpar II SA share value on the grant date. The options may be exercised or transferred from 8 May 2020 up to 7 May 2027. Options will be settled in cash or in securities. The plan is a cash-settled plan. The options were valued using a Monte Carlo model. The fair value of an option was EUR 0 on 31 December 2019. No debt was recorded as a liability on the balance sheet.

On 7 May 2018, GBL set up an incentive plan covering the shares of its second-tier subsidiary, Finpar III SA. In total, 337'146 options were granted to GBL staff and executive management. These options give beneficiaries the right to buy a share at an exercise price of EUR 10 per share, which corresponds to the Finpar III SA share value on the grant date. The options may be exercised or transferred from 7 May 2021 up to 6 May 2028. Options will be settled in cash or in securities. The plan is a cash-settled plan. The options were valued using a Monte Carlo model. The fair value of an option was EUR 0 on 31 December 2019. No debt was recorded as a liability on the balance sheet.

On 10 May 2019, GBL set up an incentive plan covering the shares of its second-tier subsidiary, Finpar IV SA. In total, 314'800 options were granted to GBL staff and executive management. These options give beneficiaries the right to buy a share at an exercise price of EUR 10 per share, which corresponds to the Finpar IV SA share value on the grant date. The options may be exercised or transferred from 10 May 2023 up to 9 May 2029. Options will be settled in cash or in securities. The plan is a cash-settled plan. The options were valued using a Monte Carlo model. The fair value of an option was EUR 0 on 31 December 2019. No debt was recorded as a liability on the balance sheet.

In 2019, the total cost relating to GBL incentive plans was recorded on the income statement under "Staff costs" and amounted to CHF -3.3 million (CHF -0.8 million in 2018).

In addition, an incentive plan was granted to Ergon Capital Partners III management covering 16.7% of Ergon Capital Partners III shares.

24.3. Imerys share options granted by Imerys

Imerys has an incentive plan for the group's executives and certain managers and employees that involves awarding Imerys share options and free Imerys shares. Since 2013, only free shares have been awarded.

Each option allows one share to be bought at a predetermined fixed price. The right to exercise the options is generally vested three years after the grant date, the options having a maximum term of ten years.

Shares awarded free of charge are definitively vested at the end of a period that, in accordance with current legal requirements in France, may not be less than two years after the grant date; they are vested subject, in principle, to the achievement of certain economic and financial performance objectives that cannot be assessed over one year only. The number of shares definitively vested is contingent upon, and proportionate to, the achievement of these objectives.

CHANGES IN OPTIONS GRANTED

	2019		2018	
EUR PER SHARE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Options at 1 January	**286'113**	**46.22**	**406'037**	**47.06**
Cancelled during the period	(38'170)	42.49	(2'634)	54.19
Exercised during the period	(14'763)	34.54	(117'290)	48.86
Options at 31 December	**233'180**	**47.57**	**286'113**	**46.22**

The 233'180 Imerys share options granted have exercise prices of between EUR 34.54 and EUR 54.19 per share. The maturity dates of the options are between 2019 and 2022. All of these options are vested.

CHANGES IN FREE SHARES AWARDED

	2019	2018
EUR PAR ACTION	NUMBER OF SHARES	NUMBER OF SHARES
Shares at 1 January	**950'973**	**1'046'108**
Granted during the period	427'500	295'200
Cancelled during the period	(240'215)	(200'625)
Definitively vested during the period	(416'583)	(189'710)
Shares at 31 December	**721'675**	**950'973**

The fair value of the free shares awarded in 2019 was EUR 35.75 per share (EUR 67.40 per share in 2018). The 721'675 free Imerys shares awarded have definitive vesting dates of between 2019 and 2021. On 31 December 2019, the total charge recognised under staff expenses for the Imerys group in connection with the option and free share plans amounted to CHF 11.1 million (CHF 16.9 million in 2018).

24.4. Webhelp share options granted by Webhelp

Webhelp, subsidiary of GBL acquired in 2019, granted in 2019 and in previous years stock subscription options for Courcelles Lux S.C.A. In total, 4'655'261 options were granted to staff members and management. The characteristics of these plans are listed in the following table:

			2019
PLAN	MATURITY	EXERCISE PRICE	NUMBER OF SHARES
May 2017	2020	0.68 - 1.70	1'945'922
February 2018	2020	0.68 - 1.70	924'577
December 2018	2020	0.68 - 1.70	683'289
April 2019	2020	1.70	16'471
June 2019	2021	0.23 - 1.74	1'085'002
			4'655'261

25. Main off-balance-sheet rights and commitments

In the course of its business, the Group makes obligations to third parties that are often subject to subsequent conditions or events that do not or only partially meet the criteria for recognising liabilities on the balance sheet but that may have an impact on the Group's future financial situation. The unrecognised part of the obligation shall hereinafter be referred to as a commitment. The Group's main commitments (made and received) are recorded in accordance with applicable accounting standards and detailed below.

CONSOLIDATED SUBSIDIARIES COMMITMENTS

The commitments given by Imerys amounted to CHF 456.4 million on 31 December 2019 (CHF 915.6 million on 31 December 2018) and essentially concerned operating lease commitments, or commitments connected with the restoration of sites, with operations or with cash flow. On 31 December 2018, the commitments included mainly and significantly operating leases, which were future lease payment commitments as part of lease contracts for real estate, equipment, rail cars, trucks and vehicles in which the group is a leasee, according to the standard IAS 17. On 1 January 2019, the majority of the contracts corresponding to these commitments has been included in the scope of IFRS 16 (see note 1.1). As of this date, only commitments for future rent payments excluded from the standard of IFRS 16, which are lease contracts less than 12 months and rents of low value assets amounted to CHF 11.9 million.

Commitments relating to the restoration of sites of CHF 54.1 million correspond to securities and guarantees obtained from financial institutions in accordance with the legal requirements, less recognised provisions. Commitments relating to operations of CHF 140.9 million correspond to firm purchasing commitments entered into by the Imerys Group under goods, services, energy and transport purchasing agreements.

Commitments received amounted to CHF 182.2 million on 31 December 2019 (CHF 162.3 million on 31 December 2018). On 31 December 2019, they included a liability guarantee of EUR 64.7 million, or CHF 70.2 million, (EUR 146.4 million, or CHF 165.0 million, on 31 December 2018) received by Imerys and related to cash flow.

Regarding Webhelp, the group has commitments related to cash, i.e. corresponding to letters of credit and guarantees, mortgages and pledges obtained by Webhelp from financial institutions to guarantee operating cash flow needs for their clients and amounted to EUR 17.3 million (CHF 18.8 million).

GBL COMMITMENTS

At the beginning of 2004, GBL and two of its Directors were sued by Rhodia minority shareholders in the Paris Commercial Court, invoking their responsibility as Directors of Rhodia. At the same time, a criminal case was opened against persons unknown. On 27 January 2006, the Paris court decided to suspend the civil proceedings until a decision was taken in the criminal case. Since then, there has been little change in the situation – the civil case is still pending whilst the criminal case continues.

PARGESA AND GBL'S COMMITMENTS IN PRIVATE EQUITY AND OTHER INVESTMENT FUNDS

Pargesa undertook to invest EUR 37.1 million (CHF 40.3 million) in the Sagard II private equity fund, which was created in 2002 and has raised funds amounting to EUR 748.4 million (CHF 812.3 million). The residual commitment on 31 December 2019 was CHF 4.7 million. GBL's commitments to invest in private equity and other investment funds through Sienna Capital amounted to EUR 466.0 million (CHF 505.8 million).

26. Related party disclosures

COMPENSATION AND INTERESTS OF DIRECTORS AND MANAGEMENT

The compensation detailed below includes compensation paid during the period to executive and non-executive members of the Board of Directors of Pargesa, as well as to members of Pargesa's Management.

CHF MILLION	2019	2018
Short-term benefits (total compensation)	5.7	9.0
Post-employment benefits	0.1	0.1
Total compensation awarded	**5.8**	**9.1**

27. Important events taking place after the closing date

On 4 February 2020, GBL participated for an amount of EUR 374 million to the private placement of SGS shares carried out by the von Finck family at a price of CHF 2'425 per share. GBL's ownership increased from 16.7% of SGS' capital at year-end 2019 to 18.9% following this investment and was valued at EUR 3'242 million as of 6 March 2020.

In March 2020, Sienna Capital has committed EUR 150 million to Sagard's new fund, Sagard 4.

In March 2020, Sagard 2 has finalized the disposal of Ceva Santé Animale ("Ceva") from which it was a shareholder since 2010. With EUR 1.2 billion of sales in 2019, Ceva has become in a few years one of the worldwide leaders in animal health, benefiting from a sustained organic growth and an ambitious build-up strategy. Sienna Capital has reinvested in the group through Sagard 3 and Sagard 4 which keep a significant participation in the new transaction.

The board of Directors of Pargesa has approved an agreement with Parjointco NV, company jointly controlled by the two family groups Desmarais and Frère who own 55% of Pargesa, in order to launch a public exchange offer for all Pargesa shares to simplify the current holding structures. Parjointco NV and Pargesa have published a joint press release which can be viewed https://www.pargesa.ch/en/listed-securities/exchange-offer-offre-dechange/.

The Covid-19 epidemic, which appeared at the end of January 2020 and was declared a pandemic on 12 March by the World Health Organization, has multiple short and medium term consequences for businesses, particularly in terms of their activity and their funding. The performance of certain holdings held by GBL could therefore be deteriorated during the 2020 financial year, influencing their share price. This pandemic is considered to be a post-closing event that does not require adjustment in the financial statements as of 31 December 2019. It is not possible to assess to date the financial impact that this may have on financial performance in 2020.

Deloitte.

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Statutory Auditor's Report

To the General Meeting of
Pargesa Holding SA, Geneva

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Pargesa Holding SA and its subsidiaries (the Group), which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the notes to the consolidated financial statements for the year ended December 31, 2019, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 123 to 217) give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Pargesa Holding SA
Statutory Auditor's Report
for the year ended December 31, 2019

Impairment of Imerys non-current assets (including goodwill)

Key audit matter	How the scope of our audit responded to the key audit matter
The carrying value of non-current assets on the balance sheet of Imerys amounts to EUR 4,815 million as of December 31, 2019 and includes goodwill for an amount of EUR 2,153 million. In accordance with IAS 36 'Impairment of Assets', goodwill is allocated to cash-generating units (CGUs) detailed in note 12 of the consolidated financial statements. An impairment test is carried out every 12 months at the end of the period in all CGUs. During the year, Management reviews any indicators of impairment for CGUs or non-current individual assets. In situation where facts were indicating that a CGU or an individual non-current asset may be impaired, Management performs an impairment test at an interim date. An impairment test consists in comparing the carrying value of the CGUs tested, including the goodwill which is allocated to them, or an individual non-current asset in the scope of IAS 36 with its recoverable amount, corresponding to the highest amount between its value in use, estimated based on discounted future cash flows and its fair value less cost to sell. We considered the impairment of non-current assets (including goodwill) to be a key audit matter for the following reasons: • The amount of goodwill is material in the consolidated financial statements; • The definition of the CGUs and determination of indications of impairment represent major judgments exercised by Management; • The determination of the parameters used to implement impairment tests require Management to make significant estimates, such as the levels of expected organic growth underlying the projected cash flows and perpetual growth and discount rates, which, by nature, depend on the economic environment; • Imerys Group reviewed its profit outlook downwards on 22 October 2019.	The following procedures have been performed: We held meetings with Management to identify possible indications of impairment. We analyzed the consistency with IAS 36 of the method used by Management to determine the recoverable amount of each CGU and, where necessary, each individual non-current asset falling within the scope of the standard, presenting an indication of impairment. Supported by valuation experts, we also performed a critical review of the application of the methodology and analyzed in particular: • The reasonableness of the cash flow projections relating to each CGU compared to the economic and financial context in which they operate; • The consistency of these cash flow projections with the most recent Management estimates that were presented to the Board of Directors as part of the budget process; • The consistency of the growth rate adopted for the projected cash flows with market analysis; • The calculation of the discount rates applied to future cash flows; • The consistency of the CGU definition with the new Imerys Group organization and IAS 36. We have also: • Verified the sensitivity calculations performed by Management, in particular, for forecast cash flows, discount rates and perpetual growth rates, in order to determine the amount from which an impairment loss should be recognized; • Verified arithmetical calculations. The above procedures provided sufficient evidence to address the key audit matter relating to the impairment of Imerys non-current assets (including goodwill).

Deloitte.

Pargesa Holding SA
Statutory Auditor's Report
for the year ended December 31, 2019

Acquisition of Webhelp Group

Key audit matter	How the scope of our audit responded to the key audit matter
GBL acquired a 64.5% interest in the Webhelp Group on 19 November 2019 for CHF 964 million. GBL analyzed the accounting treatment for this new acquisition, and in particular (i) the integration into the consolidated accounts and (ii) the accounting of minority debts relating to the options issued on Webhelp shares. Taking into account a 64.5% holding interest and the shareholder agreements, GBL has concluded that it has exclusive control over the Webhelp Group and therefore integrates it globally into the consolidated accounts under the IFRS 10 'Consolidated Financial Statements'. Options issued on Webhelp shares that give minority shareholders the right to sell all of their Webhelp shares under certain conditions have been recognized in GBL's consolidated accounts as minority debts at their fair value. As part of our audit, we identified the acquisition of the Webhelp Group as a key audit matter primarily for the following reasons: The materiality of the transaction; The complexity of transaction-related contracts; The level of estimate required for the valuation of minority debts. Information about the Webhelp consolidation is included in the section "Consolidation Perimeter, Associated Companies and Perimeter Movements" and note 16 of the financial statements. Information on minority debts is included in notes 5.10 and 16 of the financial statements.	The following procedures were carried out: • We reviewed the shareholder agreement and the different contracts (mainly options issued on Webhelp securities); • Together with our specialists, we reviewed the positions taken regarding the analysis of the accounting treatment of agreements, mainly on the basis of IFRS 10 'Consolidated Financial Statements'; • We analyzed the accounting treatment of agreements for options issued on Webhelp shares, primarily on the basis of IAS 32/IFRS 9 'Financial Instruments', IAS 19 'Employee Benefits' and IFRS 2 'Share-based Payment'; • We audited the valuations of the minority debts as of December 31, 2019. The above procedures provided sufficient evidence to address the key audit matter relating to the acquisition of the Webhelp Group.

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Pargesa Holding SA
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The classification and accounting treatment of the different investment lines (holding activities)

Key audit matter	How the scope of our audit responded to the key audit matter
Pargesa Group through its subsidiary, Groupe Bruxelles Lambert ("GBL") holds, as of December 31, 2019 a 17.99% stake in Umicore, a 16.75% stake in SGS and a 19.98% stake in Ontex. In accordance with IFRS 9 'Financial instruments', the Group considers these investments as equity investments. As indicated in the accounting policies (accounting changes, errors and changes in estimates / judgments section) summarizing the accounting principles of the company, GBL analysed the accounting treatment of these three investments and in particular the classification in (i) investments in associates (IAS 28), or (ii) equity investments (IFRS 9). Given that the stake in each of these companies is lower than 20% and the fact that: • GBL's representation at the Board of Directors is not sufficient to demonstrate the existence of significant influence. In addition, representation on the Board of Directors is limited to the term of office of the directors and does not result from a contractual or legal right but from a resolution of the general meeting of shareholders; • Other criteria generally considered to demonstrate significant influence are not met. GBL concluded that significant influence is not demonstrated and therefore, these three companies are accounted for as equity investments. As part of our audit, we have identified the classification of the investments within SGS, Umicore and Ontex as a key audit matter for the following reasons: • The GBL's stake is close to the 20% threshold; • The material value of these investments; • The important level of judgment in the analysis of significant influence indicators according to IAS 28.	Taking into account the criteria of IFRS 9 and IAS 28 accounting standards, we have reviewed and challenged the Management arguments and facts supporting the classification of Umicore, SGS and Ontex as equity investments. The procedures outlined above have generated sufficient audit evidence to address the key audit matter related to accounting for Umicore, SGS and Ontex investments.

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Valuation of the provisions for mining sites restoration and dismantling

Key audit matter	How the scope of our audit responded to the key audit matter
As set out in note 19 to the consolidated financial statements, Pargesa Group through Imerys Group, is subject to different regulatory requirements relating to the restoration and dismantling, at the end of their operations, of the mining and industrial sites that the Imerys group operates. Provisions have been recognized on the balance sheet for this purpose, for an amount of CHF 288 million as of December 31, 2019 (CHF 166 million for mining site restoration and CHF 122 million for industrial site dismantling). The calculation of these provisions requires Imerys Management to make assumptions to estimate the useful life of the mining sites and industrial sites as well the costs related to these requirements. In addition, Imerys Management has also to determine the implementation timetable with regard to the specificities of each site, the period considered and local regulatory requirements. The determination of the discount rates for forecast costs is also an important assumption. Imerys Management relies on in-house experts to determine the main assumptions, by taking into account the expected impacts, where applicable, of regulatory changes. The valuation of provisions for restoration of mining sites and dismantling are therefore considered to be a key audit matter.	The provisions for mining sites restoration and dismantling of industrial sites within Pargesa Group come from the subsidiary Imerys. The following procedures were performed as part of the audit: • Understanding of the procedures set up by Imerys' Management to determine these provisions. For a sample of operational entities: • Evaluation of the competence and objectivity of the in-house experts contacted by the Imerys group; • Assessment of the pertinence of the method adopted and analysis of the reasonableness of the cost estimates with respect to applicable legal or contractual requirements; • Analysis of the method for determining discount rates and reconciled the component parameters with market data. For the other entities: • Analysis of the changes in provisions to identify any possible inconsistencies with respect to their understanding of the relevant mining site restoration or dismantling programs. The procedures outlined above have generated sufficient audit evidence to address the key audit matter related to provisions for mining sites restoration and dismantling of industrial sites.

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Pargesa Holding SA
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Assessment of the financial impacts relating to the talc litigation

Key audit matter	How the scope of our audit responded to the key audit matter
As described in the notes 19 to the consolidated financial statements of Pargesa, certain Imerys Group subsidiaries, which mine talc in North America, are among the defendents in claims on the possible risks relating to the use of talc in certain products. Most of these disputes concern sales realized prior to Imerys' acquisition of these companies in 2011. In Q4 2018, the relevant entities were faced with these disputes in growing number and intensity. As of December 31, 2018, a provision was recorded, corresponding to the most reasonable estimate made by Management of the amount needed to extinguish the historical liabilities of the subsidiaries involved in this situation and the expected impacts for Imerys Group. In February 2019, the North American entities exposed to these disputes filed for Chapter 11 bankruptcy protection. Under this procedure, the Imerys Group remains legal owner of the relevant entities. However, the analysis of their placement under the legal control of the Court of the State of Delaware (United) requested to negotiate a business reorganization plan resulted in their exit from the Imerys Group's consolidation scope as from February 13, 2019, as the latter lost the previous control it exercised over them. The ongoing negotiations for the reorganization of these entities with all the relevant parties are ongoing. Based on the available information, Imerys' Management reassessed with the help of independent experts the estimated risk relating to the resolution of the aforementioned Chapter 11 proceedings and its potential impact for the Imerys Group. The assessment of a provision depends on Management's judgment of the probability of a negative outcome for the Imerys Group and the possibility of making a reliable estimate of the resulting obligation and all the related costs, where necessary. Management also exercised its judgment in determining the provision amount to be recorded. Considering the material financial impacts for the Imerys Group and the decisive nature of the judgments and estimates made by Management to assess the potential liability, we considered the assessment of the provision set aside for the risk relating to the resolution of the Chapter 11 proceedings to be a key audit matter.	In order to assess the reasonableness of the of the provision recorded, the situation was analysed with respect to: • The internal analysis prepared by Imerys Management presenting the potential results of the proceedings, using various possible scenarios; • Extracts from the minutes of the Company's various Audit Committee and Board of Directors' meetings, featuring the exchanges relating to this talc dispute in the US and the Chapter 11 proceedings. We obtained confirmation from the external legal advisors representing the Company in connection with the Chapter 11 proceedings of its North American subsidiaries that the provision reflected a reasonable estimate of the net financial impact for the Imerys Group arising from the potential resolution of these proceedings. We assessed the disclosure in the notes to the consolidated financial statements with regard to IAS 37 'Provisions, contingent liabilities and contingent assets' and the limits set out in paragraph 92 insofar as the supply of information fully or partly imposed by paragraphs 84 to 89 may cause serious damage to the entity. The procedures outlined above have generated sufficient audit evidence to address the key audit matter related to provisions related to Talc litigations in the US.

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Pargesa Holding SA
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for the year ended December 31, 2019

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company and the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: *http://expertsuisse.ch/en/audit-report-for-public-companies*.This description forms part of our auditor's report.

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Pargesa Holding SA
Statutory Auditor's Report
for the year ended December 31, 2019

Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte SA

Fabien Bryois	Maxime Bouvier
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Geneva, April 1st, 2020
FBR/MBO/ahe

Parent company financial statements

Content

Parent company income statement

CHF MILLION	NOTE	2019	2018
Operating income			
Dividends on investment	2	24.0	275.0
Total operating income		**24.0**	**275.0**
Operating expenses			
Directors' fees and payroll expenses		(5.8)	(8.6)
General and administrative expenses		(2.5)	(2.2)
Total operating expenses		**(8.3)**	**(10.8)**
Net operating income		**15.7**	**264.2**
Financial income			
Interest income		-	0.1
Total financial income		**-**	**0.1**
Financial expenses			
Interest expense		(1.5)	(5.8)
Commissions and bank charges		-	(0.2)
Total financial expenses		**(1.5)**	**(6.0)**
Net financial expenses		**(1.5)**	**(5.9)**
Non-recurring income and expenses			
Income on investments and financial assets		-	8.7
Net non-recurring income and expenses		**-**	**8.7**
Net profit before tax		**14.2**	**267.0**
Taxes		(1.5)	(2.0)
Net profit for the year		**12.7**	**265.0**

Parent company balance sheet

CHF MILLION	NOTE	31.12.2019	31.12.2018
ASSETS			
Current assets			
Cash and cash equivalents		25.7	23.8
Accrued income and prepaid expenses	3	0.6	255.3
Total current assets		**26.3**	**279.1**
Non-current assets			
Loans to affiliated companies	4	0.2	1.6
Financial assets		9.2	9.1
Investments	5	2'590.9	2'590.9
Total non-current assets		**2'600.3**	**2'601.6**
TOTAL ASSETS		**2'626.6**	**2'880.7**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term liabilities			
Deferred income and accrued expenses		2.0	2.2
Total short-term liabilities		**2.0**	**2.2**
Long-term liabilities			
Bank loan	6	-	50.0
Debt securities	7	150.0	150.0
Total long-term liabilities		**150.0**	**200.0**
Shareholders' equity			
Share capital	8	1'698.7	1'698.7
Statutory capital reserves	9		
Capital contribution reserve		23.9	23.8
Other capital reserves		234.4	234.4
		258.3	258.2
General legal reserve		286.1	272.8
Voluntary retained earnings			
Retained earnings to be carried forward		223.5	188.6
Net profit for the year		12.7	265.0
		236.2	453.6
Treasury shares	10	(4.7)	(4.8)
Total shareholders' equity		**2'474.6**	**2'678.5**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**2'626.6**	**2'880.7**

Notes to the parent company financial statements

Note 1 — Accounting principles

Pargesa Holding SA (the "Company") has its head office at 11, Grand-Rue, 1204 Geneva, Switzerland, and is incorporated in the Canton of Geneva. Its main purpose is the purchase, sale, administration and management, in Switzerland and abroad, of investments of a financial, commercial and industrial nature. The year-end financial statements are drawn up in accordance with the requirements of the Swiss Code of Obligations. They are prepared using the historical cost principle and presented in millions of Swiss francs.

FOREIGN CURRENCIES

The company's functional currency is Swiss francs. Transactions in foreign currencies are initially recorded at the exchange rate on the transaction date. At closing, monetary items in foreign currencies are converted at the year-end exchange rate. Gains and losses realised when recording or translating monetary items in a foreign currency are recognised as gains and losses in the period during which they occur. Non-monetary items are valued at their historical cost.

CASH AND CASH EQUIVALENTS

This item includes on hand, cash at bank and bank deposits with an original maturity of less than three months.

ACCRUED/DEFERRED INCOME AND PREPAID/ACCRUED EXPENSES

On the assets side, this item includes prepaid income and accrued expenses. On the liabilities side, it includes deferred expenses and accrued income.

FINANCIAL ASSETS

Financial assets are individually valued at their purchase price less any impairment.

INVESTMENTS

Directly held investments are individually valued at their purchase price less any impairment.

DEBT SECURITIES

Debt securities are recorded on the balance sheet at par value. Premiums and discounts are recorded on the balance sheet at issue and then in the income statement throughout the bond's term. Issue fees are offset against any premium, and any remaining amount is recorded in the income statement.

TREASURY SHARES

The Company's treasury shares are essentially fully paid-in shares that were issued at par value and are not yet outstanding. Treasury shares are deducted from the share capital. If the shares become outstanding, their par value is credited to "Treasury shares", and any amount exceeding the par value (i.e. any premium) is booked to the capital contribution reserve.

INTEREST AND DIVIDENDS

Interest is stated on a straight-line basis. Dividends are booked once Pargesa Holding SA's right to receive the dividend has been established.

SHARE OPTION PLAN

The Company has an incentive plan for Company employees, managers and executives, under which Pargesa Holding SA share options are awarded. When beneficiaries exercise their options, the Company delivers in priority treasury shares. The par value is credited to "Treasury shares", and any amount exceeding the par value (i.e. any premium) is booked to the capital contribution reserve.

Note 2 — Dividends on investment

This item represents the dividends of CHF 24.0 million declared by Pargesa Netherlands BV in 2019 (CHF 275.0 million in 2018) and recorded during the year (see note 3).

Note 3 — Accrued income and prepaid expenses

In 2018, the item "Dividends on investment" corresponded to the dividends declared by Pargesa Netherlands BV during the last quarter of 2018. As these dividends had not yet been paid as on 31 December 2018, they were recorded under " Accrued income and prepaid expenses" in the balance sheet as on 31 December 2018. In 2019, Pargesa Netherlands BV did not declare any dividends during the last quarter, and therefore there are no dividends recorded under " Accrued income and prepaid expenses" in the balance sheet as on 31 December 2019. On 13 February 2020, the Management Board of Pargesa Netherlands BV decided to propose a 2019 full year dividend of CHF 230.0 million at its annual general meeting. If approved, this amount, when added together with the 2019 interim dividend of CHF 24.0 million paid in May 2019, would carry total 2019 dividends to CHF 254.0 million.

Note 4 — Loans to affiliated companies

These loans bear interest at the market rate.

Note 5 — Investments

CHF MILLION		CARRYING AMOUNT	PERCENTAGE OF CAPITAL HELD	PERCENTAGE OF VOTING RIGHTS CONTROLLED	CARRYING AMOUNT	PERCENTAGE OF CAPITAL HELD	PERCENTAGE OF VOTING RIGHTS CONTROLLED
COMPANIES	COUNTRY OF HQ	2019	2019	2019	2018	2018	2018
Direct holding:							
Pargesa Netherlands BV	Netherlands	2'590.9	100%	100%	2'590.9	100%	100%
Total		**2'590.9**			**2'590.9**		
Main indirect holding:							
Groupe Bruxelles Lambert SA[1]	Belgium		50.0%	51.7% [2]		50.0%	50.8% [2]

[1] Company held by Pargesa Netherlands BV.

[2] Taking into account the suspended voting rights related to treasury shares.

Pargesa Netherlands BV, which is a subsidiary of Pargesa Holding SA, and Groupe Bruxelles Lambert SA ("GBL"), which is a subsidiary of Pargesa Netherlands BV, are holding companies whose main goal is managing investments.

Note 6 — Bank loan

Bank loan as at 31 December 2018 was comprised of a CHF 50 million bank loan repayable no later than 10 December 2023. The bank loan was repaid early, on 22 May 2019.

Note 7 — Debt securities

CHF MILLION					CARRYING AMOUNT	
ISSUER	PAR VALUE	INTEREST RATE	ISSUE PRICE	TERM	2019	2018
Pargesa Holding SA	150.0	0.875%	100.605%	24.04.2015-24.04.2024	150.0	150.0
Total	**150.0**				**150.0**	**150.0**

The bond is listed on the SIX Swiss Exchange and repayable at par at maturity.

Note 8 — Share capital

The Company's share capital is composed of the following:

	NUMBER OF SHARES		PAR VALUE	
CHF MILLION	2019	2018	2019	2018
Fully paid-in registered shares with a par value of CHF 2 each	77'214'700	77'214'700	154.4	154.4
Fully paid-in bearer shares with a par value of CHF 20 each	76'979'900	76'976'940	1'539.6	1'539.5
Fully paid-in, reserved bearer shares with a par value of CHF 20 each with no dividend rights (see note 10)	234'800	237'760	4.7	4.8
Total	**84'936'170(1)**	**84'936'170(1)**	**1'698.7**	**1'698.7**

(1) The number of registered shares is converted into the equivalent number of bearer shares by dividing by ten.

Bearer shares are listed on the SIX Swiss Exchange. Registered shares are not listed.

Note 9 — Statutory capital reserves

Pursuant to Swiss tax legislation, premiums on shares issued after 31 December 1996 must be disclosed separately on the balance sheet. As a result, share premiums are split between two items: the "Other capital reserves" item, which represents premiums on shares issued prior to 1 January 1997, and the "Capital contribution reserve", which represents premiums on shares issued after that date. Funds from the capital contribution reserve may be distributed to shareholders without deducting the 35% Swiss federal withholding tax.

Note 10 — Treasury shares

	NOT YET OUTSTANDING, RESERVED FOR BOARD USE		NOT YET OUTSTANDING, RESERVED FOR THE EXERCISE OF OPTIONS (1)		TOTAL	
CHF MILLION	NUMBER	CARRYING AMOUNT	NUMBER	CARRYING AMOUNT	NUMBER	CARRYING AMOUNT
1 January 2018	**44'779**	**0.9**	**227'771**	**4.6**	**272'550**	**5.5**
Granting of options	(25'470)	(0.5)	25'470	0.5	-	-
Cancellation of options	17'756	0.4	(17'756)	(0.4)	-	-
Exercise of options	-	-	(34'790)	(0.7)	**(34'790)**	**(0.7)**
31 December 2018	**37'065**	**0.8**	**200'695**	**4.0**	**237'760**	**4.8**
Granting of options	(33'430)	(0.7)	33'430	0.7	**-**	**-**
Exercise of options	-	-	(2'960)	(0.1)	**(2'960)**	**(0.1)**
31 December 2019	**3'635**	**0.1**	**231'165**	**4.6**	**234'800**	**4.7**

(1) Shares not yet outstanding and reserved for the exercise of options granted to the beneficiaries of share option schemes established by the Company (see notes 11, 14 and 15).

Treasury shares are all previously issued, reserved bearer shares that are fully paid in and not yet outstanding. They are recorded at par value and carry no dividend or voting rights.

17'756 options were canceled in 2018. 16'150 of these expired without being exercised. These options were awarded in 2008 at a price of CHF 116 per share.

No cancellation of options took place in 2019.

Note 11 — Other commitments

CHF MILLION	2019	2018
Guarantees issued for wholly owned subsidiaries	15.0	10.0
Guarantees issued for minority shareholdings	0.1	0.1
Total	**15.1**	**10.1**

On 3 May 2007, the Company introduced an incentive plan for Company employees, managers and executives, under which Pargesa Holding SA share options are awarded annually. In 2019, the Company granted 33'430 options in total, with each option enabling the holder to purchase one Pargesa Holding SA share at a price of CHF 80, which corresponded to the market price on the grant date. The right to exercise the options is vested over time, i.e. one third after one year, two thirds after two years and in full after three years. The options have a maximum term of ten years. The options may be exercised at any time from the fourth year and until their expiry date. Shares required to exercise options are taken in priority from the Company's stock of treasury shares (see notes 14 and 15).

At 31 December 2019, the Company had a commitment to pay CHF 4.7 million into the Sagard II private equity fund (CHF 5.0 million at 31 December 2018).

Note 12 — Significant shareholders

Shareholders with more than 5% of the voting rights are indicated in the table below:

	CAPITAL		VOTE	
AS A %	2019	2018	2019	2018
Parjointco NV (Groupe Power 50%, Groupe Frère 50%)	55.5	55.5	75.4	75.4

The end shareholders of Parjointco are (as at 31 December 2019) Stichting Administratiekantoor Frère-Bourgeois in the Netherlands and the Desmarais family in Canada, specifically Paul Desmarais, Jr. and André Desmarais.

Capital percentages are calculated based on the total number of shares recorded in the commercial register (bearer equivalent) and making up the capital, less treasury shares, i.e. a denominator of 84'701'370 at 31 December 2019.

Percentages of voting rights are calculated based on the total number of voting rights attached to the shares issued, i.e. a denominator of 154'429'400 at 31 December 2019.

Note 13 — Full-time positions

Pargesa Holding SA's annual average number of full-time equivalent employees is below ten.

Note 14 — Transparency information

Shareholdings and conversion and options rights in Pargesa Holding SA at 31 December 2019 held by members of the Board of Directors and Management or by closely related persons

		SHARES		SHARE OPTION RIGHTS
NUMBER OF SHARES		REGISTERED	BEARER	BEARER
Gérald Frère	Deputy Chairman of the Board of Directors	-	161'154	-
Mariane Le Bourdiec	Managing Director	-	-	5'700[2]
Mark Keller	Financial Director	-	2'580	58'495[2]
Parjointco NV[1]		77'214'700	39'301'000	-
Total		**77'214'700**	**39'464'734**	**64'195**

[1] Parjointco NV, the controlling shareholder of Pargesa Holding SA, is a "closely-related person", within the meaning of Article 678 of the Swiss Code of Obligations, of certain members of the Board of Directors (i.e. the Frère family in Belgium and the Desmarais family in Canada).

[2] The entity that issued these Pargesa share option rights is Pargesa Holding SA, under a plan introduced in 2007 permitting the annual awarding of free options on Pargesa Holding SA shares at a price that corresponds to the market price on the grant date. The main features of the plan are as follows: total term of ten years; rights fully vested after three years; and a conversion ratio of 1 option/1 share. The total share capital concerned by the options granted amounts to CHF 1'283'900.

The strike prices in CHF per share for each year the options were awarded are as follows:

2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
80.00	84.00	70.00	60.60	72.00	79.00	67.00	65.00	87.00	87.00

Information regarding the compensation paid to Board members and Management, as required by Article 663b^{bis} of the Swiss Code of Obligations, is provided in the Compensation Report.

Note 15 — Shares and Share-based payments

Options on Pargesa Holding SA bearer shares awarded during the year:

	NUMBER	VALUE	NUMBER	VALUE
CHF	2019	2019	2018	2018
Members of Management[1]	16'050	44'459	15'890	54'503
Other employees	17'380	48'143	9'580	32'859
Total	**33'430**	**92'602**	**25'470**	**87'362**

[1] Including in 2018 Arnaud Vial, Managing Director until 31 October 2018.

The value of Pargesa Holding SA options awarded by Pargesa Holding SA was determined on the basis of the Black & Scholes model on the grant date. There were no bearer shares res granted in 2019 and 2018.

Note 16 — Risk assessment

The Board of Directors carried out a risk assessment. The assessment involved identifying corporate risks relating to strategy, operations, compliance and finance. The Board of Directors examined the potential impact of the risks identified, their probability, and the measures and controls in place.

Note 17 — Subsequent events

The Board of Directors approved an agreement with Parjointco NV, the company jointly controlled by the two Desmarais and Frère family groups that currently holds 55% of Pargesa, with a view to launching a public exchange offer on Pargesa, which aims to simplify the group structure. Parjointco NV and Pargesa issued a joint press release on this subject which can be viewed on https://www.pargesa.ch/en/listed-securities/exchange-offer-offre-dechange/.

Proposal by the Board of Directors regarding the appropriation of profit

CHF MILLION	2019	2018
Available income		
Net profit for the year	12.7	265.0
Retained earnings	223.5	188.6
Available income	**236.2**	**453.6**
Allocation		
Allocation to the general legal reserve	0.7	13.3
Dividend	222.8	216.8
Retained earnings to be carried forward	12.7	223.5
Profit allocated	**236.2**	**453.6**

If approved, the dividend for the financial year ending on 31 December 2019 will be paid on the following terms:

For each bearer share with a par value of CHF 20:		
Total dividend	CHF	2.63
Less 35% federal withholding tax	CHF	0.92
Net dividend	**CHF**	**1.71**

For each registered share with a par value of CHF 2:		
Total dividend	CHF	0.263
Less 35% federal withholding tax	CHF	0.092
Net dividend	**CHF**	**0.171**

The dividend will be paid on 19 May 2020.

Deloitte.

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Statutory Auditor's Report

To the General Meeting of
Pargesa Holding SA, Geneva

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Pargesa Holding SA, which comprise the income statement, the balance sheet and notes including a summary of significant accounting policies for the year then ended December 31, 2019.

In our opinion the financial statements as at December 31, 2019, presented on pages 230 to 237, comply with Swiss law and the company's articles of incorporation.

Basis for Opinion
We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there is no such matter to report.

Responsibility of the Board of Directors for the Financial Statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Deloitte.

Pargesa Holding SA
Statutory Auditor's Report
For the year ended December 31, 2019

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERTsuisse : *http://expertsuisse.ch/en/audit-report-for-public-companies.* This description forms part of our auditor's report.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte SA

Fabien Bryois Licensed Audit Expert Auditor in Charge	Maxime Bouvier Licensed Audit Expert

Geneva, April 1st, 2020
FBO/MBO/ahe

Glossary of alternative performance measures

GENERAL REMARKS

For the terms used to disclose the financial information of the investments, found in section 3 "Group Portfolio" (pages 33 to 61), please refer to the definitions provided by each company as found in its respective financial communication. The specific terminology used in the section 7 "Consolidated financial statements" of the Pargesa Group containing the "Consolidated financial statements of 31 December 2019" refers to the International Financial Reporting Standards (IFRS) measures.

The terms used in this Annual Report that are not part of the IFRS measures are explained here-below, in alphabetical order.

ANNUALIZED TOTAL RETURN

Annualized total return is defined as the ratio of the share price at the end of the period to the share price at the beginning of the period. The return calculated over a period that is not equivalent to a year (e.g., one month, two years) is multiplied or divided to get an overview of performance of a year.

DIRECT INTEREST PERCENTAGE, TOTAL INTEREST PERCENTAGE, ECONOMIC INTEREST PERCENTAGE, PERCENTAGE OF VOTING RIGHTS, PERCENTAGE OF FLOW-THROUGH INTEREST

Pargesa's external communication contains different percentages describing the holding of share capital and the related voting rights:

- **direct interest percentage**: has the meaning of the percentage of capital of the investment held directly by Pargesa calculated based on the total number of shares issued as at 31 December;
- **total interest percentage**: has the meaning of the percentage of capital of the investment held directly by Pargesa or, indirectly through GBL, in other investments whether consolidated or not;
- **economic interest percentage**: this is the fraction of the profit entitlement (or loss quota) that generally materialises with the dividend distribution and, if applicable, of the liquidation surplus/(deficit) distribution of a company. It reflects the Group's "financial" or "monetary" rights in its subsidiaries and shareholdings.
- **percentage of voting rights:** has the meaning of the percentage held directly and indirectly via intermediate, consolidated entities and is calculated based on the total voting rights that existed at 31 December;
- **percentage of flow-through interest:** represents the percentage Pargesa holds in the investments considering Pargesa direct interest percentage in GBL. This ratio is calculated by multiplying the interest held by GBL in each investment by the direct interest percentage that Pargesa helds in GBL (50%).

DIVIDEND YIELD

The dividend yield is defined as the ratio between (i) the gross dividend detached (or the sum of the gross dividends detached) during the period (12 months) and (ii) the average stock market price during the period.

The dividend yield for year N is therefore the ratio between (i) the gross dividend (or the sum of the gross dividends) having its (their) Ex-Date in year N+1 and (ii) the average of the closing price on each trading day of year N.

The value of gross dividends not yet declared is estimated using the last gross dividend declared.

ECONOMIC RESULTS

In addition to the financial statements prepared in accordance with the IFRS accounting standards, Pargesa publishes an economic presentation of its results to provide consistent disclosure over the long-term of the contribution of each of its investments and, separately, the holding companies contribution to the consolidated results (Group share).

The purpose of the economic presentation is to provide an analytical breakdown of the consolidated results (Group share) of Pargesa by their origin. This presentation discloses on one hand the contribution of the various components of the investments (Pargesa share) and on the other hand the contribution from the activities of the holding companies (Pargesa and its share of GBL's holding activities). This analysis distinguishes between the operating and non-operating elements of the results. The sum of the operating income and the non-operating income corresponds to the consolidated net profit attributable to Pargesa shareholders. (Group share) as presented in the consolidated financial statements.

- the **operating income** includes the following items:
  - the contribution from the investment portfolio, comprised of the Group share in the operating income (as described above) of the investments consolidated in the Group financial statements (Imerys, Webhelp since 2019) or presented using equity accounting and the net dividends received from the non-consolidated shareholdings;
  - the net contribution from private equity and other investment funds (as grouped together by GBL under the title of Sienna Capital);
  - the net impact of gross financial income and gross financial expenses and the general expenses and taxes of the holding companies;
  - the trading results of GBL, the gains and losses from investment disposals or impairment provisions made within the private equity and other investment funds that are included within the operating income considering the nature of the business model of this category of investments.
- the **non-operating income** includes:
  - the Group Share in the non-operating income of the investments consolidated in the Group financial statements (Imerys, Webhelp since 2019) or presented using equity accounting (Parques Reunidos);
  - and the non-operating income generated by the holding companies (Pargesa and its share in the non operating income of GBL).

HOLDING SEGMENT

Comprises the parent company Pargesa and its subsidiaries (including GBL) whose main activity is to manage investments as well as the consolidated and non-consolidated operating companies.

LOAN TO VALUE

This ratio is calculated based on (i) net debt (gross cash less gross debt) held directly by Pargesa relative to (ii) the portfolio value of Pargesa. The valuation methods applied to the portfolio are identical to those used for the net asset value.

NET ASSET VALUE

The evolution in Pargesa's net asset value is, along with the change in its stock price and result, an important criterion for assessing the performance of the Group.

The net asset value is a conventional reference obtained by adding gross cash to the fair value of the investment portfolio and deducting gross debt.

The net asset value calculation is based on the one hand on the assets and liabilities of Pargesa, with the exclusion of its investment in GBL and on the other hand on the Pargesa's flow-through interest in the value of the investments, the net cash or net debt, and other assets and liabilities of GBL. The net asset value is calculated based on the market closing prices and foreign exchange rates for listed investments and using the fair value and closing foreign exchange rates for unlisted investments, and private equity funds and other investment funds (Sienna Capital).

The valuation principles applied to the portfolio, summarised above, are explained more fully as follows:

- investments in listed companies and treasury shares are valued at the closing price. However, the value of shares underlying any commitments made by the Group is capped at the conversion/exercise price;
- investments in unlisted companies (Webhelp & Parques) are valued at fair value;
- regarding the portfolio of Sienna Capital, held by GBL, the valuation corresponds to the sum of its investments, marked to market, as determined by fund managers, to which is added Sienna Capital's net cash or, where applicable, from which is deducted Sienna Capital's external net debt.

In addition, the **net asset value on a flow-through basis or flow-through value represents the value** represents the value of the investments, treasury shares and net cash/net debt that Pargesa holds while taking into account Pargesa's direct interest percentage in GBL. This value is calculated by multiplying the interest of each component of the net asset value, described above, by the direct interest percentage that Pargesa held in GBL (50%).

Furthermore, the **net asset value per share** is expressed per bearer share with a nominal value of CHF 20, the registered shares with a nominal value of CHF 2 are included at a factor of one-tenth of their number.

NET CASH OR NET DEBT / NET INDEBTEDNESS

The net cash, or where applicable, net debt is composed of the gross cash and the gross debt.

Gross debt includes all the financial liabilities of the Holding segment (convertible and exchangeable bonds, bonds and bank debt), valued at their nominal repayment value.

Gross cash includes the cash and cash equivalents (trading assets, etc.) of the Holding segment. It is valued at the book or market value (for certain cash equivalents).

The cash and debt indicators are presented for the Holding segment to reflect Pargesa Group's own financial structure and the financial resources available to implement its strategy.

OPERATING COMPANIES

The operating companies are the companies controlled by the Group or presented using the equity accounting method, which have a commercial activity. Excluded from this measure are the holding companies of the Group used for direct or indirect investment into the investment portfolio companies.

TOTAL SHAREHOLDER RETURN OR TSR (%)

The Total Shareholder Return ("TSR") is calculated based on the change in the stock market price(s) over the period under consideration, considering the gross dividend(s) received during this period and reinvested in securities at the time of receipt. It is expressed on an annualised basis and corresponds to the calculation made by Bloomberg via its "TRA" function.

Addresses

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Pernod Ricard	12, Place des Etats-Unis – 75116 Paris – France www.pernod-ricard.com
SGS	1, Place des Alpes – 1211 Genève 1 – Switzerland www.sgs.com
LafargeHolcim	Zürcherstrasse 156 – 8645 Jona – Switzerland www.lafargeholcim.com
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GEA	Peter-Müller-Strasse 12 – 40468 Düsseldorf – Germany www.gea.com
Ontex Group	Korte Keppestraat 21 – 9320 Aalst-Erembodegem – Belgium www.ontex.com
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This Annual Report is also available in French; only the original French text is authoritative.

Impressum

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