# Press release

## Paris, 1 August 2019

## First half 2019 results

- **Sales of €1.3 billion, stable at constant scope and exchange rates**
- **EBITDA up 3.1% at constant scope and exchange rates and excluding a non-recurring settlement payment booked in the United States in the first half of 2018**
- **Stable cash flow of €173 million**
- **Net debt of €1,465 million versus €1 112 million at 30 June 2018**

Audited condensed consolidated income statement: information from the first half 2018 financial statements is presented on a proforma basis after taking into account IFRS 16.

| *(€ million)* | **First half 2019** | First half 2018 restated | Change (reported) | Change (at constant scope and exchange rates) |
|---|---|---|---|---|
| Consolidated sales | **1,340** | 1,281 | +4.6% | -0.6% |
| EBITDA* | **228** | 224 | +1.7% | -1.8% |
| *EBITDA margin (%)* | ***17.0*** | *17.5* | | |
| EBIT** | **97** | 107 | -9.4% | -8.0% |
| *EBIT margin (%)* | ***7.2*** | *8.4* | | |
| Consolidated net income | **48** | 61 | -21.5% | -17.4% |
| *Net margin (%)* | ***3.6*** | *4.8* | | |
| Net income, Group share | **46** | 58 | -20.7% | -19.0% |
| Cash flow | **173** | 171 | +0.9% | -1.3% |

* EBITDA: sum of gross operating income and other income and expenses on ongoing business.
** EBIT: EBITDA less net depreciation, amortisation and provisions on ongoing business.

**Commenting on these figures,** *Guy Sidos, the Group's Chairman and CEO,* said: "In the first half of 2019, solid performances in France, Asia and the United States (excluding the non-recurrence of the settlement payment booked in the first half of 2018) drove an increase in our sales and EBITDA. These results reflect a marked improvement in the operational profitability given the ongoing increase in consumed energy costs, the deteriorating macroeconomic situation in Turkey and the exceptional rainfalls in California that we experienced in the first half.
On this basis, given the expected decline in energy costs in the second half, Vicat Group expects a marked improvement in its EBITDA and an increase in net income over the full year."

**Important information:**

- *In this press release, and unless indicated otherwise, all changes are stated on a year-on-year basis (2019/2018), and at constant scope and exchange rates.*
- *Figures for the first half of 2018 are presented on a proforma basis after taking account of effects relating to the application of IFRS 16, as disclosed on 29 April 2019 in the press release entitled "New Geographical Information and Impacts of IFRS 16", available on the company's website at www.vicat.fr.*
- *This press release may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets. These statements are by their nature subject to risks and uncertainties as described in the Company's annual report available on its website (www.vicat.fr). These statements do not reflect the future performance of the Company, which may differ significantly. The Company does not undertake to provide updates of these statements.*

Further information about Vicat is available from its website (www.vicat.fr).

# 1. First half income statement

## 1.1. Consolidated income statement

The Vicat Group's consolidated sales in the first half of 2019 came to €1,340 million, up +4.6% on a reported basis and stable (-0.6%) at constant scope and exchange rates compared with the first half of 2018.

Movements in consolidated sales resulted from:

- a positive scope effect of +4.9% that pushed sales €62 million higher, mainly related to the acquisition of Ciplan in Brazil. There was also a slightly positive scope effect in France following an acquisition in the Concrete & Aggregates business;
- a positive currency effect of +0.3%, which boosted sales by €4 million in the first half of 2019. The US dollar, Swiss franc and, to a lesser extent, the Egyptian pound all rose against the euro, offsetting the sharp decline in the Turkish lira and the fall in the Kazakhstani tenge;
- business levels fell -0.6% in organic terms. Growth in France, the United States, Kazakhstan, Italy and Egypt almost fully offset the contraction seen in Turkey, Switzerland, India and West Africa.

In the first-half of 2019, in Cement, operational sales rose +3.6% on a reported basis but fell -2.3% at constant scope and exchange rates. In the Concrete & Aggregates business, operational sales advanced +7.9% on a reported basis and +2.9% at constant scope and exchange rates.
In Other Products and Services, operational sales moved -3.6% lower on a reported basis and -3.8% lower at constant scope and exchange rates.

The Group's **consolidated EBITDA** totalled €228 million. At **constant scope and exchange rates and excluding the impact of the settlement payment in the Cement activity in the United States for an amount of €10.6 million**, EBITDA rose +3.1% (+6.7% on a reported basis), and so EBITDA margin increased by 30 basis points to +17.0% as opposed to +16.7% in 2018. This performance was recorded in a context of pursued increases in the costs of consumed energy of +8%. This inflation takes into account a strong impact of the devaluation of the Turkish lira on costs in Turkey.

Taking into account these factors, the improvement in EBITDA resulted mainly from:

- a substantial increase in EBITDA in India (+53.2%) supported by a solid rise in average selling prices, which comfortably offset the impact of lower volumes;
- significant EBITDA growth in France (+12.4%) resulting from a sharp improvement in EBITDA the Concrete & Aggregates business, supported by the continued upturn in Concrete prices;
- strong EBITDA growth in Kazakhstan (+50.4%), with the rise in selling prices easily offsetting the decline in sales volumes;
- a +3.4% increase (excluding the settlement payment) in the United States with higher prices making up for lower volumes in the Cement business, which was affected by very poor weather conditions in the first half of 2019.

Those positive developments compensated for:

- the very sharp decrease in EBITDA in Turkey (-86.9%), which was affected by a large fall in volumes, partly offset by a significant increase in average selling prices against the background of higher energy costs;
- a -6.5% fall in Switzerland, which was mainly affected by lower business levels in Other Products & Services and to a lesser extent in Concrete & Aggregates;
- a -45.8% decline in Egypt, where selling prices fell slightly while production and logistics costs rose sharply in a security and market context that remains deteriorated.

**Including the settlement payment booked in the United States in 2018,** EBITDA fell -1.8% at constant scope and exchange rates and rose +1.7% on a reported basis. The EBITDA margin on operational sales fell to 17.0% in the first half of 2019, down from 17.5% in the year-earlier period. The change in reported EBITDA reflects:

- a positive scope effect of +2.8% resulting in a €6 million positive impact, mainly related to the acquisition of Ciplan in Brazil;
- a positive currency effect of +0.7%, which had a positive impact of around €2 million in the first half of 2019;
- a -1.8% decline in business levels in organic terms, with a negative impact of around €4 million.

**EBIT** came to €97 million, down -9.4% on a reported basis and down -8.0% at constant scope and exchange rates relative to the first-half 2018 figure of €107 million. The EBIT margin on consolidated sales came to 7.2% compared with 8.4% during the first half of 2018. This decline was mainly the result of:

- an increase in depreciation, amortisation and provisions following the acquisition of Ciplan in Brazil and the start of operations at the Vernon plant in California and the Mumbai terminal in India;
- the non-recurrence of the settlement payment booked in the United States.

**Excluding the settlement payment booked in the United States in 2018,** EBIT was stable (+0.5%) on a reported basis and up +2.1% at constant scope and exchange rates in the first half of 2019.

**Net financial expense** rose by €6 million to €22 million, as opposed to €16 million in the first half of 2018, mainly because of:

- a €2 million increase in the cost of net debt, mainly as a result of assuming Ciplan's remaining debts. Excluding this element, the financial cost of the Group's debt was stable despite the higher level of outstanding debt, due to the lower interest rates;
- a €4 million deterioration in financial income and expense.

**Tax expense** was stable in the first half of 2019 because of lower pre-tax income. The increase in the apparent tax rate from 31% to 37% was mainly because of the tax rate being adjusted downward for loss-making subsidiaries in 2018.

Taking into account all these factors, consolidated **net income** totalled €48 million, down -17.4% at constant scope and exchange rates and down -21.5% on a reported basis. **Net income, Group share** was down -19.0% at constant scope and exchange rates and down -20.7% on a reported basis to €46 million. **Excluding the impact of the settlement payment booked in the United States** in 2018, net income and net income, Group share were down -5.6% and -6.7% respectively at constant scope and exchange rates in the first half.

**Cash flow** came to €173 million, up +0.9% on a reported basis and down -1.3% at constant scope and exchange rates.

## 1.2. Income statement analysed by geographical region

### *1.2.1. Income statement, France*

| *(€ million)* | **First half 2019** | First half 2018 restated | Change (reported) | Change (at constant scope and exchange rates) |
|---|---|---|---|---|
| Sales | **500** | 473 | +5.8% | +5.1% |
| EBITDA | **84** | 75 | +12.8% | +12.4% |
| EBIT | **44** | 34 | +28.7% | +28.6% |

Business levels in France remained buoyant in the first half of 2019 against a positive macroeconomic and sector backdrop. They were supported by strong activity in the infrastructure, industrial and commercial markets, which offset a decline in the residential market. The positive context allowed the Group to raise prices in all its main businesses.

The Group's sales rose +4.0% in France in the second quarter of 2019 on a reported basis and +2.6% at constant scope. The positive scope effect arose from a non-material acquisition in the Concrete & Aggregates business to strengthen the Group's local operations.

EBITDA margin on operational sales improved, despite higher energy costs, to 16.8% as opposed to 15.8% in the first half of 2018.

- *In the Cement business*, operational sales rose +4.0% in the first half. The improvement in sales was driven by a solid increase in average selling prices. Volumes were stable year-on-year. In the second quarter, operational sales were up +3.0%.

  With energy prices continuing to rise during the first-half period, the Group's EBITDA fell -1.1%.

- *The Concrete & Aggregates business* increased its operational sales by +8.1% at constant scope (+9.5% on a reported basis). That growth was the result of a sharp increase in prices in Concrete and, to a lesser extent, in Aggregates. Volumes were stable in Concrete but rose in Aggregates. In the second quarter, operational sales grew +5.9% at constant scope (+8.4% on a reported basis).

  As a result of these factors, EBITDA generated by this business in France rose +54.1% at constant scope (+56.5% on a reported basis) compared with the first half of 2018, and EBITDA margin on operational sales was up 350 basis points.

- *In the Other Products & Services business*, operational sales rose +2.5%. In the second quarter, operational sales were stable (-0.4%). EBITDA in this business fell -4.1%, with progress in the transport and construction chemicals markets partly offsetting sharply lower profitability in the paper market. EBITDA margin on consolidated sales fell 40 basis points.

### *1.2.2 Income statement for Europe excluding France*

| (€ million) | First half 2019 | First half 2018 restated | Change (reported) | Change (at constant scope and exchange rates) |
|---|---|---|---|---|
| Sales | **182** | 184 | -1.2% | -4.4% |
| EBITDA | **38** | 39 | -3.1% | -6.3% |
| EBIT | **19** | 22 | -11.7% | -14.7% |

First-half 2019 business levels in Europe excluding France continued the trend seen in late 2018. Consolidated sales in Switzerland fell because of a decline in the Precast business and to a lesser extent the Concrete business, partly offset by an upturn in Cement. In Italy, the Group's performance continued to improve.

In the second quarter, consolidated sales in the region as a whole fell -3.4% on a reported basis and -7.0% at constant scope and exchange rates.

Overall, the EBITDA margin on consolidated sales fell very slightly to 20.9% in the first half of the year from 21.2% in the first half of 2018.

In **Switzerland**, consolidated sales fell -3.3% on a reported basis and -6.7% at constant scope and exchange rates in the first half of 2019. In the second quarter, the Group's Swiss sales fell -4.8% on a reported basis and -8.5% at constant scope and exchange rates. EBITDA was down -6.5% at constant scope and exchange rates and -3.2% on a reported basis. The EBITDA margin on consolidated sales was stable.

- *In the Cement business*, operational sales moved up +3.9% on a reported basis and were stable (+0.3%) at constant scope and exchange rates. In the second quarter, sales rose +3.8% on a reported basis and were stable (-0.3%) at constant scope and exchange rates. Despite there being fewer business days than in the year-earlier period and despite the completion of some major projects, sales volumes were stable in the first half of 2019. Average selling prices fell slightly in the first-half period due to adverse movements in the product and client mix.

  In the circumstances, and given higher production costs, EBITDA in the Cement business fell -0.5% at constant scope and exchange rates but was up +3.0% on a reported basis. The EBITDA margin on consolidated sales was down 30 basis points.

- *In the Concrete & Aggregates business*, operational sales moved -5.8% lower at constant scope and exchange rates and fell -2.5% on a reported basis over the first half as a whole. In the second quarter, sales fell -9.3% at constant scope and exchange rates (-5.6% on a reported basis). Again, fewer business days and the absence of major projects in the first-half period as a whole led to a -10% fall in Concrete volumes sold. However, volumes were stable in Aggregates. Average selling prices rose substantially in Concrete but fell in Aggregates in the first half of 2019.

  EBITDA fell -4.3% at constant scope and exchange rates and -0.8% on a reported basis. This meant that the EBITDA margin on operational sales improved by around 30 basis points, thanks to cost-cutting efforts in place since 2018 in this business.

- *The Precast business* operational sales fell -15.0% at constant scope and exchange rates (-12.0% on a reported basis) due to tough competition in consumer products and weaker business levels in the rail segment due to delays in the start of construction projects in the first half of 2019. In the second quarter, operational sales were down -15.5% at constant scope and exchange rates.

  EBITDA in the Precast business was down -41.7% at constant scope and exchange rates and -39.6% on a reported basis in the first half of 2019. As a result, the EBITDA margin on consolidated sales fell by 220 basis points.

In **Italy,** consolidated sales rose +51.9%. The improvement resulted mainly from the inclusion of quick-setting cement sales in Italy. Nevertheless, the sector operating environment also improved slightly. Selling prices posted a solid increase over the first half as a whole. EBITDA was stable (-0.6%) year-on-year.

### *1.2.3 Income statement for the Americas region*

| *(€ million)* | **First half 2019** | First half 2018 restated | Change (reported) | Change (at constant scope and exchange rates) |
|---|---|---|---|---|
| Sales | **275** | 194 | +42.0% | +4.2% |
| EBITDA | **39** | 40 | -3.9% | -23.8% |
| EBIT | **8** | 21 | -63.0% | -55.3% |

The Americas region was created after the acquisition of Ciplan in Brazil. Sales growth on a reported basis mainly reflects a positive scope effect, but also solid growth in the US business in the first half of 2019 despite particularly poor meteorological conditions in California. The change in EBITDA takes into account the €10.6 million settlement payment booked in the United States in the first half of 2018. Adjusted for that non-recurring item, EBITDA rose +30.4% on a reported basis in the Americas region, and +3.4% at constant scope and exchange rates.

In the **United States**, the macroeconomic and sector environment remained favourable. However, weather conditions were very challenging at the start of the year in California, causing Cement volumes across the region as a whole to fall. However, Concrete volumes rose slightly. With the market situation remaining conducive to price rises, the Group achieved a +11.7% increase in consolidated sales on a reported basis and a +4.2% rise at constant scope and exchange rates in the first-half period. After falling in the first quarter because of adverse weather conditions (down -3.7% at constant scope and exchange rates), consolidated sales resumed solid growth in the second (up +10.7% at constant scope and exchange rates). EBITDA totalled €33 million in the first half, down -23.8% compared with the first half of 2018 at constant scope and exchange rates. Adjusted for the settlement payment booked in the first half of 2018, EBITDA was up +3.4% at constant scope and exchange rates and the EBITDA margin was 15.2% versus 15.3% in the first half of 2018, despite higher energy costs.

- *In the Cement business*, operational sales grew by +0.3% at constant scope and exchange rates and were up +7.5% on a reported basis. After falling -6.2% at constant scope and exchange rates in the first quarter because of very challenging weather conditions, operational sales rebounded in the

second quarter, rising +5.5% at constant scope and exchange rates. Because of exceptionally heavy rainfall in California between January and May, volumes were down almost -5% in the first half as a whole. Average selling prices rose significantly across both US regions as price hikes introduced in 2018 and those announced during the first half of 2019 had their full impact.
However, because of the substantial increase in energy costs and the non-recurrence of the 2018 settlement payment, EBITDA in this business fell -35.6% at constant scope and exchange rates. Excluding the settlement payment, EBITDA was stable on a reported basis (-0.6%) and down -7.3% at constant scope and exchange rates.

- *In the Concrete business*, operational sales advanced +6.4% at constant scope and exchange rates and +14.0% on a reported basis. After first-quarter performance was affected by weather conditions (sales down -4.6% at constant scope and exchange rates) – particularly in California – sales growth resumed in the second quarter (up +15.6% at constant scope and exchange rates). In the first half as a whole, volumes rose by just over +1%, with growth in the South-East region offsetting the contraction in California. Prices posted a solid increase and rose more in California than in the South-East.
  EBITDA generated by the Concrete business rose very sharply, coming in up +49.3% at constant scope and exchange rates (up +60.0% on a reported basis) in the first half. As a result, the EBITDA margin on operational sales rose by 190 basis points.

**In Brazil,** the situation is improving gradually after several years in which the macroeconomic environment was subdued. Sales generated since the Ciplan acquisition was completed on 21 January 2019 amounted to €59 million.

- *In the Cement business***,** almost 900,000 tonnes were delivered and operational sales totalled €45 million. Volumes and prices both rose relative to 2018. EBITDA amounted to €4 million in the first half of 2019.
- *In the Concrete & Aggregates business,* operational sales came to €17 million. Concrete deliveries totalled almost 210,000 cubic meters and Aggregates volumes almost 872,000 tonnes. Volumes also increased in this business. Selling prices rose in Aggregates but fell again in Concrete. EBITDA amounted to €2 million in the first half of 2019.

***1.2.4 Income statement for the Asia region (India and Kazakhstan)***

| *(€ million)* | **First half 2019** | First half 2018 restated | Change (reported) | Change (at constant scope and exchange rates) |
|---|---|---|---|---|
| Sales | **193** | 200 | -3.2% | -2.3% |
| EBITDA | **48** | 32 | +49.6% | +52.4% |
| EBIT | **31** | 16 | +93.8% | +98.4% |

The Asia region enjoyed a positive macroeconomic and sector environment in the first half of 2019, supported by buoyant local markets. The Group focused on raising selling prices in order to offset the sharp increase in energy costs seen in recent years, and on improving its EBITDA margin.

In **India**, the Group posted consolidated sales of €162 million in the first half of 2019, down -5.8% at constant scope and exchange rates and down -5.3% on a reported basis. Those declines reflect the Group's strategy of focusing on raising prices. Volumes sold fell by almost -16% during the first half to approximately 2.8 million tonnes. Selling prices, meanwhile, rose sharply over the period as a whole. Given these movements, and despite the increase in production costs arising from energy cost inflation, first-half EBITDA amounted to €36 million, up +53.2% at constant scope and exchange rates. The EBITDA margin on consolidated sales therefore improved significantly to 22.0% compared with 13.5% during the first half of 2018.

In **Kazakhstan**, consolidated sales moved +18.4% higher at constant scope and exchange rates and +9.2% higher on a reported basis. After a sharp increase in the first quarter (up +49.8% at constant scope and exchange rates), consolidated sales posted growth of +9.4% at constant scope and exchange rates in the second. In the domestic market, slightly affected by elections taking place in the second quarter, the Group redirected some of its volumes to more favourable export markets. In the circumstances, volumes fell by almost -5% in the first half. However, average selling prices rose very sharply in both the domestic and export markets.

As a result, and despite a substantial increase in energy costs, EBITDA generated during the period posted very strong growth of +50.4% at constant scope and exchange rates, coming in at €13 million. The EBITDA margin improved significantly to 41.0% from 32.3% in the first half of 2018.

### *1.2.5 Income statement for the Mediterranean region (Egypt and Turkey)*

| *(€ million)* | **First half 2019** | First half 2018 restated | Change (reported) | Change (at constant scope and exchange rates) |
|---|---|---|---|---|
| Sales | **75** | 109 | -31.8% | -18.5% |
| EBITDA | **-4** | 14 | n/a | n/a |
| EBIT | **-14** | 4 | n/a | n/a |

The Mediterranean region was affected by a significant deterioration in the macroeconomic and sector situation in Turkey, resulting from the devaluation of the Turkish lira in August 2018. As a result, the base for comparison in the first half of 2018, when the Group also performed very strongly, was extremely high. In Egypt, the security situation and the competitive environment remained difficult throughout the period. Against that background, the Group made a loss of -€4 million at the EBITDA in the first half of 2019.

In **Turkey**, sales came to €57 million, down -23.3% at constant scope and exchange rates and down -40.1% on a reported basis. Sales fell -27.3% at constant scope and exchange rates in the first quarter and again by -20.0% at constant scope and exchange rates in the second. This sharp contraction in business levels was due to the impact of the August 2018 devaluation on the macroeconomic and sector environment, along with the sharp slowdown in Turkish manufacturing output.

First-half EBITDA amounted to €2 million, down from €18 million in the first half of 2018, a decline of -86.9% at constant scope and exchange rates and -89.8% on a reported basis.

- *In the Cement business*, first-half operational sales moved -24.2% lower at constant scope and exchange rates and -40.9% lower on a reported basis. After a decline in operational sales in the first quarter (down -27.1% at constant scope and exchange rates), business levels continued to contract in the second quarter (down -22.1% at constant scope and exchange rates). The sharp decline was caused by a fall in sales volumes of more than -39%, partly offset by a large increase in average selling prices.
  As a result of these factors and a sharp increase in energy costs, EBITDA in this business fell -78.6% at constant scope and exchange rates (down -83.3% on a reported basis), with the EBITDA margin on operational sales coming in at 5.2% versus 18.4% in the first half of 2018.

- *Operational sales in the Concrete & Aggregates business* fell -18.2% at constant scope and exchange rates and -36.2% on a reported basis. After a decline in operational sales in the first quarter (down -24.2% at constant scope and exchange rates), business levels continued to fall in the second quarter (down -13.0% at constant scope and exchange rates). Over the first half as a whole, sales volumes were down -32.3% in Concrete and -34.3% in Aggregates. Selling prices rose substantially over the period as a whole, in both Concrete and Aggregates. Against this backdrop, EBITDA was break-even in the first half of 2019, after making a profit of €5 million in the first half of 2018.

In **Egypt**, consolidated sales came to €18 million, up +12.6% at constant scope and exchange rates and up +23.6% on a reported basis. In the second quarter, sales fell -8.4% at constant scope and rose +1.8% on a reported basis. That increase over the first half as a whole reflects the low base for comparison in the first quarter, since sales in the first quarter of 2018 were affected by military operations that started in North Sinai in February 2018, causing the plant to stop production for two months. Sales therefore remained weak, against the background of a tough macroeconomic environment and major logistical challenges. Taking these factors into account, volumes rose +18.6% in the first half of 2019. Selling prices fell, with the competitive environment remaining under pressure by production of the Egyptian's army new plant.

The Group recorded a loss at the EBITDA level of -€6 million in the first half of 2019, compared with a loss of -€4 million in the first half of 2018.

***1.2.6 Income statement for Africa***

| *(€ million)* | **First half 2019** | First half 2018 restated | Change (reported) | Change (at constant scope and exchange rates) |
|---|---|---|---|---|
| Sales | **115** | 122 | -5.7% | -5.9% |
| EBITDA | **23** | 24 | -3.7% | -3.8% |
| EBIT | **8** | 9 | -11.6% | -11.6% |

In the **Africa** region, the macroeconomic and sector environment was positive. Housebuilding and ongoing public-sector major works projects helped to boost growth in the sector. However, first-half performance was affected by presidential and parliamentary elections in Senegal and the political decision to block price increases during the election period.

*In the Cement business*, sales fell -7.4% at constant scope and exchange rates. The decline was caused by a fall of nearly -7% in Cement volumes over the period as a whole as a result of production constraints, while selling prices were almost unchanged. Given these factors and the increase in production costs, EBITDA generated by this business fell -18.2% at constant scope and exchange rates.

In Senegal, consolidated sales in *the Aggregates business* were stable during the period. Price rises meant that EBITDA in this business rose by +21.0%.

## 2. Balance sheet and cash flow statement

At 30 June 2019, the Group had a solid financial position, with equity of €2,461 million compared to €2,329 million at 30 June 2018 restated. Net debt totalled €1,465 million, compared to €1,112 million at 30 June 2018 under IFRS 16.
The Group's gearing was 59.5% at 30 June 2019 compared to 47.8% at 30 June 2018, while its leverage ratio rose to 2.95x from 2.32x at 30 June 2018. Excluding IFRS 16, the reference still used for the calculation of covenants, gearing at 30 June 2019 is 49.9% compared to 38.3% at 30 June 2018, and leverage is 2.8x compared to 2.0x at 30 June 2018.

Bank covenants do not pose a threat to either the Group's financial position or its balance sheet liquidity. At 30 June 2019, Vicat complied with all financial ratios required by covenants in its borrowing agreements.

Cash flow in the period came to €173 million, up +0.9% on a reported basis and down -1.3% at constant scope and exchange rates.

The Group's capital expenditure came to €108 million in the first half, up from €94 million in the first half of 2018. It is expected to total around €200 million in 2019 as a whole.

## 3. Outlook for 2019

In 2019, the macroeconomic context is likely to include broadly firm economic growth, although certain emerging-market regions will continue to face an uncertain political and sector environment.
Finally, consumed energy prices are likely to become much more favourable in the second half given the recent decline in energy prices, the Group's policy of hedging its energy requirements and its industrial strategy of replacing fossil fuels.
Against this background, the Group expects a marked improvement in its EBITDA and an increase in net income over the full year.

**For 2019, the Group provides the following guidance concerning its markets:**

*In **France***, the decrease in the level of activity in the residential market may be offset by good momentum in the public works, commercial and industrial markets in a context of rising prices.

***Europe (excluding France)***

- *In Switzerland*, the macroeconomic environment is likely to improve very slightly, and the Group anticipates a gradual improvement in volumes and selling prices in Cement, Concrete and Aggregates. Competition in the Precast business is likely to remain tough.
- *In Italy*, the Group's performance should benefit from a further improvement in the macroeconomic and sector background.

***Americas region***

- *In the United States*, the macroeconomic and sector context should remain favourable. The Group expects an improvement in volumes and a further rise in prices.
- *In Brazil*, after several years characterised by a very sharp drop in cement consumption, the latter has stabilised gradually in the last 24 months and totalled 54 million tonnes in 2018. Given recent political developments and planned reforms, 2019 should show the first signs of a gradual upturn in both volumes and prices.

***Asia region***

- *In India*, the impact of government reforms should continue, benefiting the entire economy and the construction sector in particular. Against that background, cement consumption should see further substantial growth in 2019 and the competitive context is likely to improve gradually as all market players see their utilisation rates rise. Although selling prices may remain highly volatile, they should increase substantially over the year as a whole.
- *In Kazakhstan*, the 2018 performance constitutes a high base for comparison, although the context should remain favourable.

***Mediterranean region***

- *In Turkey*, the deterioration in the macroeconomic and sector environment following the devaluation of the Turkish lira in August 2018 is likely to have an impact throughout 2019. The expected increase in selling prices is likely to offset the combined impact caused by lower volumes and higher production costs. In this context, the Group nevertheless expects its performance in Turkey to deteriorate sharply in 2019 as a whole, with a less pronounced unfavourable base effect in the second semester.
- *In Egypt*, the security situation is likely to remain highly volatile and operating costs are expected to remain high. The steady improvement in market conditions and the investments that the Group is planning in order to improve its performance should not have any effect in the second half of the year.

*In* ***West Africa***, the construction market is expected to grow, while the operating environment is likely to remain competitive. The Group anticipates a positive trend in Cement volumes across the region as a whole, and expects selling prices to increase in Senegal.

## Conference call

To accompany the publication of the Group's first-half 2019 results, Vicat is holding a conference call in English that will take place on **Friday 2 August 2019 at 3pm** Paris time (2pm London time and 9am New-York time).

To take part in the conference call live, dial one of the following numbers:

| | |
|---|---|
| France: | +33 (0)1 76 77 22 57 |
| United Kingdom: | +44 (0)330 336 9411 |
| United States: | +1 323 794 255 |

To listen to a playback of the conference call, which will be available until 9 August 2019, dial one of the following numbers:

| | |
|---|---|
| France: | +33 (0)1 70 48 00 94 |
| United Kingdom: | 44 (0)20 7660 0134 |
| United States: | 1 719 457 0820 |
| Access code: | 3325784# |

## Next report:

Third-quarter 2019 sales after the close on **4 November 2019**.

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## About Vicat

The Vicat Group has **over 9,000 employees** working in three core divisions, Cement, Concrete & Aggregates and Other Products & Services, which generated **consolidated sales of €2,582 million** in 2018. The Group **operates in twelve countries:** France, Switzerland, Italy, the United States, Turkey, Egypt, Senegal, Mali, Mauritania, Kazakhstan, India and Brazil. Over 63% of its sales are generated outside France.

The Vicat Group is the heir to an industrial tradition dating back to 1817, when Louis Vicat invented artificial cement. Founded in 1853, the Vicat Group now operates **three core lines** of business: **Cement**, **Ready-Mixed Concrete** and **Aggregates**, as well as related activities.

# Vicat group - Financial data - Appendices

## Definition of alternative performance measures (APMs):

- Performance **at constant scope and exchange rates** is used to determine the organic growth trend in P&L items between two periods and to compare them by eliminating the impact of exchange rate fluctuations and changes in the scope of consolidation. It is calculated by applying exchange rates and the scope of consolidation from the prior period to figures for the current period.
- A geographical (or a business) segment's **operational sales** are the sales posted by the geographical (or business) segment in question less intra-region (or intra-segment) sales.
- **Value-added**: value of production less consumption of materials used in the production process.
- **Gross operating income**: value-added, less staff costs, taxes and duties (other than on income and deferred taxes) plus operating subsidies.
- **EBITDA** (earnings before interest, tax, depreciation and amortisation): sum of gross operating income and other income and expenses on ongoing business.
- **EBIT** (earnings before interest and tax): EBITDA less net depreciation, amortisation, additions to provisions and impairment losses on ongoing business.
- **Cash flow**: net income before net non-cash expenses (i.e. predominantly depreciation, amortisation, additions to provisions and impairment losses, deferred taxes, gains and losses on disposals and fair value adjustments).
- **Free cash flow**: net operating cash flow after deducting capital expenditure net of disposals.
- **Net debt** represents gross debt (consisting of the outstanding amount of borrowings from investors and credit institutions, residual financial liabilities under finance leases, any other borrowings and financial liabilities excluding options to sell and bank overdrafts), net of cash and cash equivalents, including remeasured hedging derivatives and debt.
- **Gearing** is a ratio reflecting a company's financial structure calculated as net debt/consolidated equity.
- **Leverage** is a ratio based on a company's profitability, calculated as net debt/consolidated EBITDA.

## Income statement broken down by business segment

***Cement***

| *(€ million)* | **First half 2019** | First half 2018 restated | Change (reported) | Change (at constant scope and exchange rates) |
|---|---|---|---|---|
| *Volume (thousands of tonnes)* | *10,811* | *11,364* | *-4.9%* | *-12.6%* |
| *Operational sales* | *770* | *743* | *+3.6%* | *-2.3%* |
| *Consolidated sales* | *653* | *628* | *+4.0%* | *-2.4%* |
| *EBITDA* | *155* | *161* | *-3.8%* | *-6.3%* |
| *EBIT* | *76* | *89* | *-14.9%* | *-12.6%* |

***Concrete & Aggregates***

| *(€ million)* | **First half 2019** | First half 2018 restated | Change (reported) | Change (at constant scope and exchange rates) |
|---|---|---|---|---|
| *Concrete volumes (thousands of $m^3$)* | *4,265* | *4,572* | *-6.7%* | *-11.3%* |
| *Aggregates volumes (thousands of tonnes)* | *11,308* | *11,468* | *-1.4%* | *-9.0%* |
| *Operational sales* | *528* | *490* | *+7.9%* | *+2.9%* |
| *Consolidated sales* | *518* | *480* | *+7.9%* | *+2.8%* |
| *EBITDA* | *64* | *52* | *+23.5%* | *+16.7%* |
| *EBIT* | *21* | *14* | *+46.9%* | *+42.8%* |

***Other Products & Services***

| *(€ million)* | **First half 2019** | First half 2018 restated | Change (reported) | Change (at constant scope and exchange rates) |
|---|---|---|---|---|
| *Operational sales* | *211* | *218* | *-3.6%* | *-3.8%* |
| *Consolidated sales* | *168* | *172* | *-2.6%* | *-3.7%* |
| *EBITDA* | *10* | *12* | *-19.2%* | *-20.2%* |
| *EBIT* | *0* | *3* | *n/a* | *n/a* |

# Consolidated financial statements at June 30, 2019 as approved by the Board of Directors on July 30th, 2019

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ASSETS<br>*(in thousands of euros)* | Notes | June 30, 2019 | December 31, 2018<br>Restated (a) |
|---|---|---|---|
| **NON CURRENT ASSETS** | | | |
| Goodwill | 3 | 1 326 936 | 1 006 753 |
| Other intangible assets | 4 | 122 039 | 118 316 |
| Property, plant and equipment | 5 | 1 860 274 | 1 806 040 |
| Right of use relating to leases | 6 | 220 433 | 223 792 |
| Investment properties | | 15 285 | 15 491 |
| Investments in associated companies | | 63 078 | 53 044 |
| Deferred tax assets | | 123 613 | 93 394 |
| Receivables and other non current financial assets | 7 | 281 543 | 152 831 |
| **Total non current assets** | | **4 013 201** | **3 469 661** |
| **CURRENT ASSETS** | | | |
| Inventories and work in progress | | 429 065 | 385 133 |
| Trade and other accounts | | 526 919 | 407 085 |
| Current tax assets | | 67 979 | 42 215 |
| Other receivables | | 144 288 | 142 745 |
| Cash and cash equivalents | 8 | 325 696 | 314 633 |
| **Total current assets** | | **1 493 947** | **1 291 811** |
| **TOTAL ASSETS** | | **5 507 148** | **4 761 472** |

| LIABILITIES<br>*(in thousands of euros)* | Notes | June 30, 2019 | December 31, 2018<br>Restated (a) |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY** | | | |
| Share capital | 9 | 179 600 | 179 600 |
| Additional paid in capital | | 11 207 | 11 207 |
| Consolidated reserves | | 2 055 517 | 2 068 460 |
| **Shareholders' equity** | | **2 246 324** | **2 259 267** |
| **Minority interests** | | **214 678** | **221 474** |
| **Shareholders' equity and minority interests** | | **2 461 002** | **2 480 741** |
| **NON CURRENT LIABILITIES** | | | |
| Provisions for pensions and other post employment benefits | 10 | 132 637 | 118 344 |
| Other provisions | 10 | 140 270 | 70 757 |
| Financial debts and put options | 11 | 1 373 318 | 879 713 |
| Lease liabilities | 11 | 186 013 | 195 751 |
| Deferred tax liabilities | | 223 259 | 181 392 |
| Other non current liabilities | | 57 337 | 5 410 |
| **Total non current liabilities** | | **2 112 834** | **1 451 367** |
| **CURRENT LIABILITIES** | | | |
| Provisions | 10 | 9 356 | 9 604 |
| Financial debts and put options at less than one year | 11 | 221 785 | 152 813 |
| Lease liabilities at less than one year | 11 | 49 952 | 47 797 |
| Trade and other accounts payable | | 367 245 | 358 753 |
| Current taxes payable | | 41 800 | 38 273 |
| Other liabilities | | 243 174 | 222 124 |
| **Total current liabilities** | | **933 312** | **829 364** |
| **Total liabilities** | | **3 046 146** | **2 280 731** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **5 507 148** | **4 761 472** |

(a) : As IFRS 16 is mandatory for periods beginning on or after January 1, 2019 and has been applied in accordance with the full retrospective method by the Group, the 2018 financial statements have been restated in accordance with the new rules for comparison purposes.

## CONSOLIDATED INCOME STATEMENT

| *(in thousands of euros)* | Notes | June 30, 2019 | June 30, 2018 Restated (a) |
|---|---|---|---|
| **Sales revenues** | **13** | 1,339,758 | **1,281,261** |
| Goods and services purchased | | (851,775) | (834,071) |
| **Added value** | **1.22** | **487,983** | **447,190** |
| Personnel costs | | (234,553) | (213,458) |
| Taxes | | (38,329) | (34,508) |
| **Gross operating income** | **1.22 & 16** | **215,101** | **199,224** |
| Depreciation, amortization and provisions | 14 | (146,362) | (117,220) |
| Other income and expenses | 15 | 25,731 | 19,650 |
| **Operating income** | **16** | **94,470** | **101,654** |
| Cost of net financial debt | 17 | (17,173) | (15,177) |
| Other financial income | 17 | 7,028 | 7,091 |
| Other financial expenses | 17 | (11,804) | (7,814) |
| **Net financial income (expense)** | **17** | **(21,949)** | **(15,900)** |
| Earnings from associated companies | | 2,601 | 2,069 |
| **Profit (loss) before tax** | | **75,122** | **87,824** |
| Income tax | 18 | (27,148) | (26,739) |
| **Consolidated net income** | | **47,974** | **61,085** |
| Portion attributable to minority interests | | 1,854 | 2,949 |
| **Portion attributable to the Group** | | **46,120** | **58,136** |
| | | | |
| **EBITDA** | **1.22 & 16** | **228,147** | **224,343** |
| **EBIT** | **1.22 & 16** | **96,900** | **106,996** |
| | | | |
| *Earnings per share (in euros)* | | | |
| Basic and diluted Group share of net earnings per share | 9 | 1.03 | 1.29 |

(a): As IFRS 16 is mandatory for periods beginning on or after January 1, 2019 and has been applied in accordance with the full retrospective method by the Group, the 2018 financial statements have been restated in accordance with the new rules for comparison purposes.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *(in thousands of euros)* | **June 30, 2019** | **June 30, 2018 Restated (a)** |
|---|---|---|
| **Consolidated net income** | **47,974** | **61,085** |
| **Other comprehensive income items** | | |
| **Items not recycled to profit or loss :** | | |
| Remeasurement of the net defined benefit liability | (16,661) | 4,536 |
| Tax on non-recycled items | 4,157 | (1,165) |
| **Items recycled to profit or loss :** | | |
| Translation differences | 15,152 | (46,158) |
| Cash flow hedge instruments | 7,741 | (3,594) |
| Tax on recycled items | (2,000) | 928 |
| **Other comprehensive income (after tax)** | **8,389** | **(45,453)** |
| **Total comprehensive income** | **56,363** | **15,632** |
| Portion attributable to minority interests | 6,436 | (7,003) |
| **Portion attributable to the Group** | **49,927** | **22,635** |

(a): As IFRS 16 is mandatory for periods beginning on or after January 1, 2019 and has been applied in accordance with the full retrospective method by the Group, the 2018 financial statements have been restated in accordance with the new rules for comparison purposes.

**CONSOLIDATED CASH FLOWS STATEMENT**

| *(in thousands of euros)* | Notes | June 30, 2019 | June 30, 2018 restated (a) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| **Consolidated net income** | | **47 974** | **61 085** |
| Earnings from associated companies | | (2 601) | (2 070) |
| Dividends received from associated companies | | 1 482 | 1 346 |
| Elimination of non cash and non operating items : | | | |
| - depreciation, amortization and provisions | | 146 578 | 112 540 |
| - deferred taxes | | (3 875) | 1 571 |
| - net (gain) loss from disposal of assets | | (1 790) | (3 454) |
| - unrealized fair value gains and losses | | 210 | 157 |
| - other | | (15 159) | 114 |
| **Operating cash flow** | **1.22** | **172 819** | **171 289** |
| Change in working capital requirement | | (139 899) | (61 082) |
| **Net cash flows from operating activities (1)** | **20** | **32 920** | **110 207** |
| **Cash flows from investing activities** | | | |
| Outflows linked to acquisitions of non-current assets : | | | |
| - property, plant and equipment and intangible assets | | (90 120) | (78 402) |
| - financial investments | | (54 873) | (21 608) |
| Inflows linked to disposals of non-current assets : | | | |
| - property, plant and equipment and intangible assets | | 2 920 | 4 529 |
| - financial investments | | 6 821 | 4 983 |
| Impact of changes in consolidation scope | | (291 774) | (12 984) |
| **Net cash flows from investing activities** | **21** | **(427 026)** | **(103 482)** |
| **Cash flows from financing activities** | | | |
| Dividends paids | | (73 142) | (76 872) |
| Increases in capital | | 500 | - |
| Proceeds from borrowings | 11 | 1 018 155 | 126 976 |
| Repayments of borrowings | 11 | (549 469) | (24 063) |
| Repayement of lease liabilities | 11 | (21 016) | (23 401) |
| Acquisitions of treasury shares | | (2 368) | (16 153) |
| Disposals or allocations of treasury shares | | 4 807 | 17 658 |
| **Net cash flows from financing activities** | | **377 467** | **4 145** |
| Impact of changes in foreign exchange rates | | 3 921 | (8 676) |
| **Change in cah position** | | **(12 718)** | **2 194** |
| Net cash and cash equivalents - opening balance | 22 | 261 969 | 220 058 |
| Net cash and cash equivalents - closing balance | 22 | 249 251 | 222 252 |

(1): Including cash flows from income taxes € (45.0) million in 2019 and € (29.3) million in 2018.

Including cash flows from interests paid and received € (16.4) million in 2019 and € (15.7) million in 2018.

(a) : As IFRS 16 is mandatory for periods beginning on or after January 1, 2019 and has been applied in accordance with the full retrospective method by the Group, the 2018 financial statements have been restated in accordance with the new rules for comparison purposes.

| STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(in thousands of euros)* | Capital | Additional paid in capital | Treasury shares | Consolidated reserves | Translation reserves | Share-holders' equity | Minority interests | Total share-holders' equity and minority interests |
| **At January 1, 2018 published** | **179 600** | **11 207** | **(60 714)** | **2 406 371** | **(360 344)** | **2 176 120** | **233 442** | **2 409 562** |
| *IFRS16 adjustments at january 1* | | | | *(9 028)* | | ***(9 028)*** | *(72)* | ***(9 100)*** |
| **At January 1, 2018 restated (a)** | **179 600** | **11 207** | **(60 714)** | **2 397 343** | **(360 344)** | **2 167 092** | **233 370** | **2 400 462** |
| Net income | | | | 58 136 | | **58 136** | 2 949 | **61 085** |
| Other comprehensive income (1) | | | | (75) | (35 426) | **(35 501)** | (9 952) | **(45 453)** |
| *Total comprehensive income (a)* | | | | *58 061* | *(35 426)* | ***22 635*** | *(7 003)* | ***15 632*** |
| Dividends paids | | | | (66 375) | | **(66 375)** | (6 696) | **(73 071)** |
| Net change in treasury shares | | | 1 979 | (352) | | **1 627** | | **1 627** |
| Changes in consolidation scope and additional acquisitions | | | | (10 884) | | **(10 884)** | (4 806) | **(15 690)** |
| Other changes | | | | (934) | | **(934)** | 563 | **(371)** |
| **At June 30, 2018 Restated (a)** | **179 600** | **11 207** | **(58 735)** | **2 376 859** | **(395 770)** | **2 113 161** | **215 428** | **2 328 589** |
| **At January 1, 2019** | **179 600** | **11 207** | **(56 144)** | **2 524 952** | **(400 348)** | **2 259 267** | **221 474** | **2 480 741** |
| Net income | | | | 46 120 | | **46 120** | 1 854 | **47 974** |
| Other comprehensive income (1) | | | | (6 435) | 10 241 | **3 806** | 4 582 | **8 388** |
| *Total comprehensive income* | | | | *39 685* | *10 241* | ***49 926*** | *6 436* | ***56 362*** |
| Dividends paids | | | | (66 435) | | **(66 435)** | (7 030) | **(73 465)** |
| Net change in treasury shares | | | 4 402 | (1 456) | | **2 946** | | **2 946** |
| Changes in consolidation scope and additional acquisitions | | | | | | | (6 440) | **(6 440)** |
| Other changes | | | | 620 | | **620** | 238 | **858** |
| **At June 30, 2019** | **179 600** | **11 207** | **(51 742)** | **2 497 366** | **(390 107)** | **2 246 324** | **214 678** | **2 461 002** |

(1) : Other comprehensive income includes mainly cumulative conversion differences from end 2003 as at end June 2019. To recap, applying the option offered by IFRS 1, the conversion differences accumulated before the transition date to IFRS were reclassified by allocating them to retained earnings as at that date.

(a) : As IFRS 16 is mandatory for periods beginning on or after January 1, 2019 and has been applied in accordance with the full retrospective method by the Group, the 2018 financial statements have been restated in accordance with the new rules for comparison purposes.

Group translation differences at June 30th, 2019 and 2018 are broken down by currency as follows (in thousands of euros) :

| | June 30, 2019 | June 30, 2018 |
|---|---|---|
| US Dollar : | 38 134 | 29 282 |
| Swiss franc : | 187 275 | 162 402 |
| Turkish new lira : | (265 413) | (239 582) |
| Egyptian pound : | (124 896) | (125 533) |
| Kazakh tengue : | (85 699) | (75 149) |
| Mauritanian ouguiya : | (6 755) | (5 639) |
| Brazilian real | (1 915) | - |
| Indian rupee : | (130 838) | (141 551) |
| | **(390 107)** | **(395 770)** |