Press release

Paris, 4 November 2019

Sales for the nine months ended 30 September 2019

- **Consolidated sales up +5.7% in the first nine months of the year and stable at constant scope and exchange rates (-0.7%)**
- **Consolidated sales up +8% in the third quarter (-1% at constant scope and exchange rates)**
- **Higher selling prices, except in Egypt**
- **Lower energy costs**

Consolidated sales (€ million)	First nine months 2019	First nine months 2018	Change	
			Reported	At constant scope and exchange rates*
Cement	**991**	**948**	+4.5%	-3.4%
Concrete & Aggregates	**804**	**735**	+9.4%	+3.0%
Other Products & Services	**263**	**263**	-0.1%	-1.5%
Total	**2,059**	1,947	+5.7%	-0.7%

Commenting on these figures, *Guy Sidos, the Group's Chairman and CEO,* said: "In an environment marked by geopolitical and climate disruptions, Vicat performed well in the first nine months of 2019, with sales higher on a reported basis and stable at constant scope and exchange rates. The Group's strategy of raising its selling prices is paying off in almost all of its operating regions, while energy costs fell gradually. In late 2019, the Group is likely to benefit from a more favourable base for comparison, particularly in Turkey.

We remain focused on our strategy of sustainable growth, supported by the quality of our assets and strong regional positions."

** Alternative performance measures (APMs), such as those "at constant scope and exchange rates", "operational sales", EBITDA, "net debt", "gearing" and "leverage" are defined in an appendix to this press release.*

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.*
- *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).

In the first nine months of 2019, the Vicat Group's consolidated sales came to €2,059 million, up +5.7% on a reported basis and almost unchanged (-0.7%) at constant scope and exchange rates compared with the same period of 2018.

The evolution in consolidated sales comprises a positive exchange rates effect of +1.0%, a scope effect of +5.5% and an organic change of -0.7%.

In the third quarter of 2019, consolidated sales totalled €719 million, up +8.0% on a reported basis and down -1.0% at constant scope and exchange rates compared with the same period of 2018.

Developments in operational sales by business were as follows in the third quarter:

- Sales in the Cement business rose +6.9% on a reported basis but fell -3.5% at constant scope and exchange rates;
- The Concrete & Aggregates business posted a +12.1% increase on a reported basis and a +3.3% increase at constant scope and exchange rates;
- Sales in Other Products & Services rose +2.6% on a reported basis and were stable (+0.8%) at constant scope and exchange rates.

1. Consolidated sales in the nine months ended 30 September 2019 by geographical region

1.1. France

(€ million)	First nine months 2019	First nine months 2018	Change (reported)	Change (at constant scope and exchange rates)
Sales	**750**	709	+5.9%	+4.7%

Business levels in France remained buoyant 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. In the third quarter, consolidated sales totalled €250 million versus €236 million in the year-earlier period, representing growth of +4.0% at constant scope and +5.9% on a reported basis.

- *In the Cement business*, operational sales rose +3.7% in the first nine months. Volumes were stable year-on-year. Selling prices rose markedly in the domestic market.

- Operational sales *in the Concrete & Aggregates* business rose by +6.5% at constant scope. That growth resulted from a solid increase in the average selling price in Concrete, along with a near +2% rise in volumes. In Aggregates, volumes were up almost +5%, while prices also improved slightly.

- In Other Products & Services, operational sales were up +3.6% at constant scope and exchange rates. In the third quarter, operational sales rose +5.9% at constant scope and exchange rates.

1.2 Europe excluding France

(€ million)	**First nine months 2019**	**First nine months 2018**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**294**	292	+0.5%	-3.0%

Consolidated sales in Europe (excluding France) in the first nine months of 2019 amounted to €294 million, up from €292 million in the same period of 2018. Sales fell at constant scope and exchange rates, due to the fall in the Concrete & Aggregates and Precast businesses in Switzerland in the first half of the year. In the third quarter, consolidated sales in the region as a whole rose by +3.4% on a reported basis but were down -0.7% at constant scope and exchange rates. Although sales in the Concrete & Aggregates and Precast businesses fell again in Switzerland in the third quarter, the decline was much less pronounced than in the first half, reflecting a gradually improving operating environment.

In **Switzerland**, consolidated sales in the first nine months of 2019 fell -4.6% at constant scope and exchange rates. Consolidated sales in the third quarter were down -1.1% at constant exchange rates.

- *In the Cement business*, operational sales grew +1.5% at constant exchange rates in the first nine months of the year, as a result of higher volumes and favourably oriented selling prices.
  - In the third quarter, operational sales in this business moved up +8.1% on a reported basis and +3.6% at constant exchange rates. Volumes rose very slightly in the third quarter, and there was a solid increase in selling prices.

- *In the Concrete & Aggregates business*, operational sales fell -4.7% at constant exchange rates in the first nine months of 2019. That decline resulted from a contraction of almost -5% in Concrete volumes and almost -3% in Aggregates, because of road and civil engineering projects coming to an end. Against that background, selling prices rose slightly in Concrete and fell in Aggregates.

- *In the Precast business*, operational sales fell -10.7% at constant scope and exchange rates. The decline was the result of stiff competition in standardised products and of a delay in orders from the national operator in the rail business.
  - In the third quarter, operational sales were down -3.6% at constant exchange rates. The smaller decline seen in the third quarter resulted from an upturn in rail orders.

In **Italy,** consolidated sales rose +37.3% in the first nine months of 2019. Volume growth of almost +29% was accompanied by an increase in selling prices, resulting to a large extent from an improvement in the product mix.

1.3 *Americas*

(€ million)	**First nine months 2019**	**First nine months 2018**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**442**	307	+44.0%	+5.4%

In the **United States**, the macroeconomic and sector environment remained favourable. However, very challenging weather conditions affected California at the start of the year as well as the South-East in the third quarter, causing Cement volumes to fall over the period as a whole even as Concrete volumes increased. As a result, the Group's consolidated sales grew +5.4% at constant scope and exchange rates (+12.0% on a reported basis due to the appreciation of the US dollar).

In the third quarter, business levels remained buoyant, with consolidated sales of €127 million, an increase of +7.3% at constant scope and exchange rates (+12.6% on a reported basis).

- *In the Cement business*, operational sales grew by +2.1% at constant scope and exchange rates in the first nine months of the year. Volumes fell by more than -2% because of adverse weather conditions in California at the start of the year and then the South-East in the third quarter. Selling prices rose substantially in both California and the South-East as price hikes introduced in 2018 and those announced during the first half of 2019 had their full impact.
    - Operational sales in this business moved up +5.1% at constant exchange rates in the third quarter. Volumes were up almost +2%, with strong growth in California and a decrease in the South-East because of adverse weather conditions and delays to projects.
- *In the Concrete business*, operational sales moved up +8.8% at constant exchange rates. Volumes grew more than +4% during the period, with both US regions posting increases in prices.
    - Operational sales in this business rose +13.1% at constant exchange rates in the third quarter. Adverse weather conditions caused volumes to fall by more than -9% in the South-East, but volumes in California jumped by more than +18%. As a result, volumes in the United States as a whole rose by more than +10% in the third quarter. Average selling prices increased in both California and the South-East.

In Brazil, sales generated since the Ciplan acquisition was completed on 21 January 2019 amounted to €98 million. The macroeconomic and sector situation in Brazil is improving gradually after several subdued years. Against that more positive backdrop, the Group is focusing primarily on improving its industrial performance and raising its selling prices.

- *In the Cement business*, operational sales totalled €75.6 million since 21 January 2019. Although volumes were down slightly over the period as a whole with 1,354,000 tonnes delivered, selling prices rose.
- *In the Concrete & Aggregates business,* operational sales came to €28.2 million. Concrete deliveries totalled almost 355,000 cubic meters and Aggregates volumes amounted to almost 1.5 million tonnes, both representing a very large year-on-year increase, especially in the Concrete business when compared to the same period in 2018. The increase in volumes was accompanied by a solid increase in selling prices, particularly in Aggregates.

1.4 Asia (India and Kazakhstan)

(€ million)	**First nine months 2019**	**First nine months 2018**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**286**	307	-6.4%	-6.5%

The Asia region enjoyed a positive macroeconomic and sector environment, supported by buoyant local markets throughout the period. However, the third quarter was more difficult because of the late and very intense monsoon season, with a post-election unfavourable political situation. In the third quarter, consolidated sales in the region as a whole fell -12.4% on a reported basis and -14.5% at constant scope and exchange rates.

In **India**, the Group posted consolidated sales of €233 million in the first nine months of the year, down -9.8% at constant exchange rates. In line with the Group's strategy, the performance was characterised by sharp increases in selling prices over the period as a whole and a near -18.3% decrease in Cement volumes, with 4 million tonnes delivered.

- As a result of the late and very intense monsoon season, along with a temporary slowdown in economic growth following elections, particularly in the infrastructure sector, consolidated sales in India fell -18.2% at constant exchange rates in the third quarter. The decline was caused by a decrease in volumes of more than -23%, partly offset by a solid improvement in average selling prices.

In Kazakhstan, the Group posted sales of €53.7 million, up +9.3% at constant exchange rates and +2.5% on a reported basis. That growth resulted from a sharp increase in selling prices, offsetting a fall in volumes of more than -3% over the period as a whole.

- Consolidated sales in Kazakhstan in the third quarter fell -1.6% at constant exchange rates to €22.7 million, with volumes down -2% in the third quarter as a whole and slight pressure on prices since August.

1.5 Mediterranean region (Egypt and Turkey)

(€ million)	**First nine months 2019**	**First nine months 2018**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**126**	161	-21.8%	-14.6%

The Mediterranean region was again affected by a significant deterioration in the macroeconomic and sector situation in Turkey, caused by the devaluation of the Turkish lira in August 2018 and the resulting decline in investment. In Egypt, the security situation and the competitive environment remained very difficult throughout the period.

In **Turkey**, sales came to €96 million, down -17.1% at constant scope and exchange rates and down -28.0% on a reported basis. This sharp contraction in business levels was due to the impact of the late August 2018 devaluation on the macroeconomic environment, along with the deterioration in the sector situation as a whole. In the third quarter, the base for comparison was slightly more favourable and consumption levels in the market gradually stabilised at a low level, and so the decline in sales at constant exchange rates slowed to only -2.1%, while sales on a reported basis rose by +1.7% due to the appreciation in the Turkish lira.

- *In the Cement business*, operational sales moved -29.4% lower at constant exchange rates over the period as a whole. That was due to a near -35% fall in volumes, partly offset by a large increase in average selling prices.
    - Operational sales in the Cement business fell -6.0% at constant exchange rates in the third quarter. That decline was caused by a near-27% drop in volumes coupled to a solid increase in selling prices.
- *Operational sales in the Concrete & Aggregates business* fell -11.3% at constant scope and exchange rates over the period as a whole. Volumes fell sharply in both Concrete and Aggregates in the first nine months of the year, coming in down almost -26% overall. Selling prices increased in both business lines.
    - However, operational sales moved up +7.5% at constant exchange rates in the third quarter. Volumes fell by -12% in Concrete and -7% in Aggregates. Prices rose substantially again on both Concrete and Aggregates.

In **Egypt,** consolidated sales came to €29.3 million, down -1.7% at constant exchange rates and but up +9.0% on a reported basis due to the appreciation of the Egyptian pound. Volumes rose more than +4% in the period as a whole, whereas selling prices were still lower than in 2018. Along with transportation problems in the North Sinai region caused by ongoing military operations, price increases again failed to make up for the sharp rise in costs caused by the devaluation.

1.6 *Africa*

(€ million)	**First nine months 2019**	**First nine months 2018**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**161**	173	-6.8%	-7.0%

In **West Africa,** the macroeconomic environment was generally positive. However, the Group was unable to take full advantage because of elections in Senegal in the first half of the year, operational issues at the Sococim plant, a more severe rainy season than usual and a strike by road hauliers in the third quarter. Against that backdrop, Cement volumes fell by close to -5% across the region as a whole. During the first nine months of 2019, selling prices were on average stable in Senegal, lower in Mali and higher in Mauritania. Aggregates business levels fell in the first nine months of the year because of a high base for comparison after strong momentum in the year-earlier period, while the rainy season and the road hauliers' strike in the third quarter also had a negative impact.

- Third-quarter consolidated sales in West Africa fell -9.4% in a post-electoral context of temporarily lower public projects. The Cement business saw sales decline by more than -1% as volumes were stable in the third quarter. In August, there was a sharp increase in selling prices in the Cement business in Senegal, which should have its full impact in the last quarter of 2019. However, the intensity of the rainy season and the road hauliers' strike in the third quarter of 2019 strongly affected the Aggregates business, with sales down more than -38%.

2. Financial position at 30 September 2019

Vicat's financial position remains very healthy.

Gearing (net debt/equity) was 54.9% at 30 September 2019, versus 46.4% at 30 September 2018 on an adjusted basis. The Group's leverage ratio (net debt/EBITDA) was 2.80x at 30 September 2019 as opposed to 2.23x at 30 September 2018.

Excluding IFRS 16, the reference still used for the calculation of covenants, gearing at 30 September 2019 was 45.4% compared with 37.1% at 30 September 2018, and the leverage ratio was 2.61x compared to 1.97x at 30 September 2018.

Bank covenants do not pose a threat to either the Group's financial position or its balance sheet liquidity. Vicat complies with all financial ratios required by covenants contained in financing agreements.

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.

Consumed energy prices are becoming 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 an improvement in its EBITDA.

For 2019, the Group provides the following guidance concerning its markets, subject to year-end climate evolutions:

*In **France***, the trends observed since the beginning of the year should continue. The decrease in the level of activity in the residential market will 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 gradual improvement in volumes and selling prices in Cement, Concrete and Aggregates. Competition in the Precast business will remain tough on standard products, but the rail business should record a progressive restart of public orders.
- *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. It should be noted that the recent fires that are occurring in California will very probably have an effect on deliveries in this region.
- *In Brazil*, the macro-economic situation is progressively stabilising. The efforts achieve since the acquisition of Ciplan should gradually be felt, notably though a strategy of increased use of secondary fuels and an improvement in selling prices.

Asia region

- *In India*, the impact of government reforms should continue, benefiting the entire economy and the construction sector in particular. Against a post-electoral background temporarily unfavourable to public investment, cement consumption should still see further growth in 2019 even if at a lower rate than had initially been anticipated. Although selling prices will remain highly volatile, they should see a clear increase 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 increase in selling prices is likely to partly offset the combined impact caused by lower volumes and higher production costs. The Group expects its performance in Turkey to deteriorate sharply in 2019 as a whole, with a less pronounced unfavourable base effect in the last quarter.
- *In Egypt*, the situation remains difficult in what is a downgraded macro-economic and security environment. In addition, the high operating costs and the current competitive situation do not enable the Group to expect an improvement in its performance in the last part 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 record a clear increase in Senegal in the last quarter.

Conference call

To accompany the publication of its results for the nine months ended 30 September 2019, the Vicat Group is organising a conference call that will be held in English on **5 November 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 2551

To listen to a playback of the conference call, which will be available until 12 November 2019, dial one of the following numbers:

France:	+33 (0)1 70 48 00 94
United Kingdom:	+44 (0) 207 660 0134
United States:	+1 719 457 0820
Access code:	9229968#

Next report:

The Group will publish its financial reporting timetable for the 2020 financial year in the next few weeks.

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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.

Sales for the nine months ended 30 September 2019 by business

1. Cement

(€ million)	**First nine months 2019**	First nine months 2018	Change	
			Reported	At constant scope and exchange rates
Volume (thousands of tonnes)	16,662	17,438	-4,4%	
Operational sales	1,177	1,124	+4.7%	-2.7%
Eliminations	(186)	(176)		
Consolidated sales	991	948	+4.5%	-3.4%

In the third quarter, operational sales totalled €406 million, representing an increase of +6.9% on a reported basis and a decrease of -3.5% at constant exchange rates. Cement volumes were down -3.7% during the quarter.

2. Concrete & Aggregates

(€ million)	**First nine months 2019**	First nine months 2018	Change	
			Reported	At constant scope and exchange rates
Concrete volumes (thousands of m^3)	6,763	6,928	-2.4%	
Aggregates volumes (thousands of tonnes)	17,213	17,156	+0.3%	
Operational sales	819	749	+9.3%	+3.1%
Eliminations	(15)	(14)		
Consolidated sales	804	735	+9.4%	+3.0%

In the third quarter, operational sales amounted to €291 million, up +12.1% on a reported basis and up +3.3% at constant scope and exchange rates. Volumes were up +6.0% in Concrete and up +3.8% in Aggregates.

3. Other Products & Services

(€ million)	**First nine months 2019**	First nine months 2018	Change	
			Reported	At constant scope and exchange rates
Operational sales	328	333	-1.5%	-2.2%
Eliminations	(65)	(70)		
Consolidated sales	263	263	-0.1%	-1.5%

In the third quarter, operational sales totalled €117 million, stable (+0.8%) at constant exchange rates and up +2.6% on a reported basis.

Breakdown of sales for the nine months ended 30 September 2019 by business and geographical region

	Cement	Concrete & Aggregates	Other Products & Services	Inter-segment eliminations	Consolidated sales
France	289	383	222	(143)	750
Europe (excluding France)	121	116	91	(35)	294
Americas	256	245	-	(59)	442
Asia	280	4	5	(3)	286
Mediterranean	99	42	10	(25)	126
Africa	131	30	-	(0)	161
Operational sales	**1,177**	**819**	**328**	**(265)**	**2,059**
Inter-segment eliminations	(185)	(15)	(65)	265	-
Consolidated sales	**991**	**804**	**263**	**-**	**2,059**