PRESS RELEASE

2018 results

- ***Sales up 5.9% at constant scope and exchange rates to €2,582 million***
- ***EBITDA of €435 million (+2.7% at constant scope and exchange rates)***
- ***Net income, Group share: €151 million (+12.0% at constant scope and exchange rates)***
- ***Solid free cash flow of €167 million***
- ***Debt reduction: gearing of 27.8% and leverage of 1.59x***
- ***Proposed dividend of €1.50 per share***

Paris La Défense, 19 February 2019 The Vicat group (Euronext Paris: FR0000031775 – VCT) has today reported its 2018 results.

Audited condensed consolidated income statement:

(€ million)	**2018**	2017	Change compared with 2017	
			Reported	At constant scope and exchange rates
Consolidated sales	**2,582**	2,563	+0.7%	**+5.9%**
EBITDA	**435**	444	-2.2%	**+2.7%**
EBITDA margin (%)	*16.8*	*17.3*		
EBIT	**249**	247	+0.8%	**+5.9%**
EBIT margin (%)	*9.7*	*9.6*		
Consolidated net income	**161**	156	+3.2%	**+8.6%**
Net margin (%)	*6.2*	*6.1*		
Net income, Group share	**151**	142	+6.3%	**+12.0%**
Cash flow from operations	**338**	346	-2.3%	**+3.0%**

Commenting on these figures, the Group's Chairman and CEO said: *"Vicat delivered a satisfying performance in 2018, in a very mixed operating environment that saw large seasonal variations. The dynamism of the Group's sales teams, combined with a very firm grip on costs, allowed us to limit the consequences of the monetary and geopolitical difficulties affecting some of our markets. Our solid free cash flow allowed us to reduce debt further, as we had undertaken to do, and to resume our targeted acquisitions strategy with the purchase of Ciplan in Brazil."*

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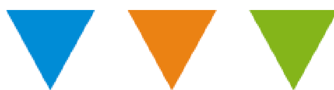
RCS NANTERRE



- *In this press release, and unless indicated otherwise, all changes are stated on a year-on-year basis (2018/2017), 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).

1. Income statement

1.1 Consolidated income statement

The Vicat Group's ***consolidated sales*** in the 2018 financial year came to €2,582 million, representing an increase of 0.7% on a reported basis or 5.9% at constant scope and exchange rates compared with 2017.
In particular, consolidated sales were held back by a negative currency effect of almost €138 million. All of the Group's foreign currencies declined sharply against the euro, particularly the Turkish lira, which accounted for almost half of the negative effect, the Indian rupee, the US dollar and Swiss franc.

Movements in consolidated sales by region, excluding scope and currency effects, show:

- solid growth in France in all businesses, supported by higher cement and aggregates volumes. However, the Group's strategy of price rises meant that concrete volumes fell slightly in 2018. Selling prices improved slightly in Cement and Aggregates, and more substantially in Concrete;
- buoyant business levels in Asia, supported by strong sales growth in Kazakhstan and India, and also in Turkey but less so because of the impact of the devaluation at the end of the year. Cement volumes rose significantly in India and Kazakhstan but fell in Turkey. Selling prices were up substantially in Kazakhstan and Turkey but down in India;
- further improvement in the United States, supported by an increase in cement volumes and selling prices, despite disruption caused by wildfires and more difficult weather conditions in California;
- higher business levels in West Africa, supported by the Cement and Aggregates businesses in Senegal, and despite declines in Mali and Mauritania.

These positive factors made up for:

- a slight fall in sales in Europe (excluding France), with Swiss sales falling across all businesses, although sales in Italy rose significantly;
- and a substantial fall in sales in Egypt, where a sharp decline in volumes was only very partially offset by higher selling prices.

The breakdown of operational sales by business shows that the contribution of the Group's various businesses was stable:

- The Cement business accounted for 50.7% of operational sales as opposed to 51.0% in 2017;
- Concrete & Aggregates contributed 34.5% of operational sales in 2018, stable compared with the 2017 figure;

- Other Products & Services saw its contribution to operational sales stabilise at 14.7% as opposed to 14.5% in 2017.

The proportion of operational sales coming from the Group's main businesses, i.e. Cement, Concrete and Aggregates, was stable at more than 85%.

The Group's ***consolidated EBITDA*** fell 2.2% on a reported basis to €435 million, but rose 2.7% at constant scope and exchange rates. On that basis, EBITDA margin on consolidated sales was 16.8% versus 17.3% in 2017.
The rise in the euro against all of the Group's other currencies dragged down EBITDA by €22 million in 2018. That impact was particularly large in Turkey and India.

In 2018, the year-on-year increase in EBITDA at constant scope and exchange rates resulted from:

- higher EBITDA generated in France in the Cement business and more especially in the Concrete & Aggregates business;
- further improvement in EBITDA in the United States. Higher volumes and average selling prices in the Cement business offset the decline in EBITDA in the Concrete business;
- higher EBITDA in Kazakhstan, with increases in both selling prices and volumes;
- EBITDA growth in Italy, supported by a significant increase in volumes and selling prices.

These good performances offset lower EBITDA in:

- West Africa, where weaker performance in the Cement business in Senegal, resulting from a substantial increase in production costs, was only partly offset by solid EBITDA growth in the Aggregates business;
- India, where volumes grew very strongly but selling prices fell and energy costs rose;
- Turkey where, after a very good first half, the substantial devaluation of the Turkish lira in the second half and its impact on the macroeconomic and sector environment caused EBITDA to fall very sharply in that period. Against this weak background, the steep decline in volumes in the second half and the significant increase in production costs was only partly offset by the substantial increase in selling prices;
- Egypt, where the very sharp decline in volumes, caused by the security situation and strong production cost inflation, was only very partially offset by higher selling prices. Against this backdrop, Egypt recorded a loss at the EBITDA level in 2018;
- West Africa, where Cement selling prices were stable against a background of sharply rising production costs, only partly offset by a significant improvement in EBITDA in the Aggregates business;
- Switzerland, which was affected by lower volumes in the Cement and Precast businesses.

Consolidated EBIT came to €249 million, up 0.8% year-on-year and up 5.9% at constant scope and exchange rates. EBIT margin on consolidated sales was 9.7% in 2018, compared with 9.6% in 2017.

Net financial expense improved sharply by €8.9 million and amounted to €19.3 million, mainly because of:

- a €7.1 million decrease in the cost of net debt;
- a €1.8 million improvement in other financial income and expenses, primarily resulting from a €2.7 million improvement in net foreign exchange gains/losses.

Tax expense rose by €13.5 million because of:

- a €5.3 million increase in the current tax expense compared with 2017, because the non-recurrence of tax income recorded in 2017 in France, the reduction in the US tax rate from 35% to 21%, a reduced withholding tax charge on intragroup dividends, and the 10% increase in reported income before tax;
- an €8.1 million increase in net deferred tax expense compared with 2017 because of strong earnings growth in the United States, which led to substantial use of tax loss carryforwards.

Consolidated net income totalled €160.8 million, up 3.2% on a reported basis and up 8.6% at constant scope and exchange rates. Net margin (consolidated net income / consolidated sales) was 6.2% as opposed to 6.1% in 2017.

Net income, Group share was up 6.3% or 12.0% at constant scope and exchange rates. On the basis of net income, Group share, earnings per share amounted to €3.37 in 2018 versus €3.17 in 2017.

On the strength of these full-year 2018 results and confident in the Group's ability to pursue further development, the Board of Directors decided at its meeting on 15 February 2019 to propose an unchanged dividend payment of €1.50 per share to shareholders at the Group's Annual General Meeting due to be held on 11 April 2019.

1.2 Income statement analysed by geographical region

1.2.1. Income statement, France

(€ million)	**2018**	2017	Change compared with 2017	
			Reported	At constant scope
Consolidated sales	**950**	890	+6.7%	**+6.6%**
EBITDA	**148**	129	+14.4%	**+14.4%**
EBIT	**92**	69	+32.5%	**+32.5%**

In 2018, the gradual upturn in the French market continued, supported by a more favourable macroeconomic and sector environment and, at the start of the year, milder weather conditions than in 2017. The infrastructure, industrial and commercial markets comfortably offset a slight contraction in the residential market, caused by the absence of new tax incentives.

The Group's performance improved, with sales rising 6.6% and EBITDA 14.4% despite higher energy costs. This reflects an improvement in selling prices, particularly in Concrete, and improved operating conditions.

- ***In the Cement business,*** operational sales rose 4.8% in 2018. This growth came on the back of a 3% increase in volumes. Prices rose slightly in the domestic market and more substantially in export markets.
  As a result, and given higher energy costs, EBITDA rose 3.3% over the year as a whole. EBITDA margin on operational sales was therefore almost unchanged in 2018.
- In the ***Concrete & Aggregates business,*** operational and consolidated sales rose by 4.6%. The strategy adopted by the Group with the aim of restoring profitability in the Concrete business, particularly through a selective sales approach, resulted in a significant increase in concrete selling prices that comfortably offset a 2% decline in volumes. In Aggregates, volumes rose again, by more than 2%, in a strongly positive price environment. As a result of these factors, EBITDA generated by this business in France doubled compared with 2017, and EBITDA margin on operational sales was up 320 basis points.
- ***In the Other Products & Services business,*** operational sales rose 9.8% year-on-year. EBITDA was down 8.4%, mainly because of a decline in the paper business, while EBITDA margin on operational sales fell 60 basis points.

1.2.2. Income statement for Europe excluding France

(€ million)	**2018**	2017	Change	
			Reported	At constant scope and exchange rates
Consolidated sales	**390**	410	-4.9%	**-2.7%**
EBITDA	**87**	95	-7.8%	**-4.7%**
EBIT	**60**	62	-2.5%	**+0.9%**

In Europe excluding France, 2018 saw a slowdown in Switzerland related to the absence of major infrastructure projects that had strongly supported business levels in previous years, particularly in the regions in which the Group operates. In Italy, after business levels had been affected by a difficult macroeconomic and sector context for a long time, 2018 brought an upturn in the construction sector.

In **Switzerland**, consolidated sales came to €375 million in 2018, down 5.7% on a reported basis and down 3.4% at constant scope and exchange rates.
EBITDA was down 8.7% on a reported basis to €84 million (down 5.6% at constant scope and exchange rates). EBITDA margin on consolidated sales fell 70 basis points in 2018.

- ***In the Cement business***, operational sales moved 6.7% lower on a reported basis and 3.1% lower at constant scope and exchange rates. The decline was due to the absence of major infrastructure projects in 2018, which had given a boost to the Group's business levels in previous years. That led to a 7% decline in volumes last year. On the plus side, after a long period of pressure on selling prices starting in late 2015, the competitive environment gradually improved in 2018, resulting in higher selling prices.
  On that basis, and against a background of rising energy costs, EBITDA fell 3.8% over the full year at constant scope and exchange rates. EBITDA margin on operational sales was almost stable.
- ***In the Concrete & Aggregates business***, operational sales moved 3.2% lower on a reported basis and 2.8% lower at constant scope and exchange rates. The decline was caused by a fall in the number of major infrastructure projects, which led to a sharp contraction in volumes in both Concrete (almost 7%) and Aggregates (almost 9%). As regards selling prices, after several years of significant competitive pressure, 2018 saw them stabilise and then improve gradually, particularly in the Concrete business. As a result, selling prices were higher over the year as a whole.
  Against that background, EBITDA was up 9.0% in 2018 as a whole at constant scope and exchange rates, and EBITDA margin on operational sales rose by 170 basis points.
- ***The Precast business*** posted a 4.3% decline in operational sales at constant scope and exchange rates (a 7.9% fall on a reported basis), with lower selling prices in mass-market products partly offset by further deliveries to the rail sector.
  EBITDA fell 38.6% in 2018 as a whole at constant scope and exchange rates, and EBITDA margin on operational sales was down 400 basis points.

In **Italy**, after several difficult years, the market trend improved significantly in the second quarter of 2018, and the Group posted a 20.2% increase in consolidated sales over the year

as a whole, supported by a near 11% increase in volumes and an uptick in selling prices related to an improved product mix.
EBITDA grew 33.2% and EBITDA margin was up 170 basis points in 2018.

1.2.3. Income statement for the United States

(€ million)	**2018**	2017	Change	
			Reported	At constant scope and exchange rates
Consolidated sales	**404**	393	+2.9%	**+7.6%**
EBITDA	**72**	60	+19.4%	**+24.9%**
EBIT	**46**	34	+34.9%	**+41.1%**

In the United States, the macroeconomic and sector improvement continued in 2018, particularly in the regions in which the Group operates, although there was some variation because of exceptional events (such as strong rainfalls and wildfires in California). The Group's activity improved in all its businesses in 2018, with consolidated sales up 7.4% at constant scope and exchange rates.
EBITDA grew 24.9% at constant scope and exchange rates. EBITDA margin on consolidated sales rose by 240 basis points. 2018 EBITDA includes €10.6 million received as settlement of a legal dispute relating to loss of business arising in the US Cement business before 2018. Excluding that item, the Group's EBITDA in the United States is up 6.8% at constant scope and exchange rates and EBITDA margin is almost unchanged.

- ***In the Cement business***, operational sales grew by 9.0% at constant scope and exchange rates (up 4.2% on a reported basis). Volumes rose almost 4%, supported by strong growth in the South-East region, whereas they fell slightly in California because of certain adverse factors relating mainly to weather conditions and wildfires in August and November 2018. Selling prices rose fairly significantly again, particularly in California.
  EBITDA in the Cement business rose by 30.3% at constant scope and exchange rates, with EBITDA margin on operational sales rising by 520 basis points. Excluding the €10.6 million settlement payment, EBITDA was up 10.8% at constant scope and exchange rates, and EBITDA margin on operational sales rose by 20 basis points.
- ***In the Concrete business***, operational sales advanced 3.3% at constant scope and exchange rates in 2018 (down 1.3% on a reported basis). Volumes fell by almost 3%. The slight increase in the South-East region, despite highly adverse weather conditions in the fourth quarter, failed to offset the decline in California, where volumes were affected by wildfires that destroyed towns composed of wood-based houses. Selling prices rose in both regions, but more significantly in California than in the South-East.
  EBITDA in the Concrete business was down 44.3% at constant scope and exchange rates because of higher costs, particularly raw materials and transport costs, and a sharp decline in efficiency caused by bad weather and wildfires in the second half of the year.

1.2.4. Income statement for Asia

(€ million)	**2018**	2017	Change	
			Reported	At constant scope and exchange rates
Consolidated sales	**564**	579	-2.5%	**+15.2%**
EBITDA	**97**	118	-17.5%	**-4.0%**
EBIT	**54**	72	-23.9%	**-11.3%**

In Asia, the situation varied considerably between countries and between the first and second halves of the year. Business levels in Kazakhstan reached a new peak, but the positive trend in Turkey reversed, after the devaluation of the Turkish lira in the third quarter. In India, demand rebounded strongly in the construction sector, in a still competitive environment. As a result of these factors, while sales rose 15.2% at constant scope and exchange rates, EBITDA was down 4.0%.

In **Turkey,** after a particularly strong first half because of favourable weather conditions and the positive sector environment, the sharp devaluation of the Turkish lira in the third quarter caused macroeconomic and sector trends to go sharply into reverse. In the region as a whole, therefore, sales totalled €165 million, down 23.3% on a reported basis but up 6.1% at constant scope and exchange rates.
Given the new environment and against a background of sharply rising operating costs, EBITDA generated in Turkey in 2018 amounted to €22 million, down 40.6% on a reported basis and 17.9% at constant scope and exchange rates, with EBITDA margin on consolidated sales of 13.3%, down from 17.2% in 2017.

- ***In the Cement business,*** the Group recorded an increase in its full-year operational sales of 8.8% at constant scope and exchange rates. However, the severe devaluation of the Turkish lira meant that operational sales were down 21.3% on a reported basis. After a very buoyant first half, the trend turned in the second half because of the direct impact that the August 2018 devaluation had on the macroeconomic and sector environment. After volumes rose almost 12% in the first half of 2018, they fell almost 22% in the second, resulting in an 8% decline over the year as a whole. Selling prices rose sharply, but not enough to offset rapid inflation in production costs.
  As a result, EBITDA in this business posted a decrease of 19.6% at constant scope and exchange rates (down 41.9% on a reported basis), with EBITDA margin on operational sales down almost 6 percentage points over the full year.
- In ***Concrete & Aggregates***, operational sales rose 2.9% at constant scope and exchange rates but fell 25.6% on a reported basis. As in the Cement business, the impact of the devaluation was felt in the third quarter, and was more severe in the fourth quarter. Volumes contracted by more than 14% in Concrete and by more than 30% in Aggregates over the year as a whole. Average selling prices rose substantially in both Concrete and Aggregates, offsetting the impact of lower volumes and higher production and logistics costs. As a result, EBITDA rose 23.8% at constant scope and exchange rates (down

10.5% on a reported basis), with EBITDA margin on operational sales very slightly higher than in 2017.

In **India,** 2018 saw a very sharp upturn in cement consumption, driven in particular by renewed work on major infrastructure projects. Against that background, the Group posted consolidated sales of €336 million, up 17.9% at constant scope and exchange rates and 7.4% on a reported basis. That growth resulted from an increase in volumes, which rose more than 20% over the year to almost 6.6 million tonnes, reflecting the strategy pursued by the Group since 2015 to seize opportunities related to the improving macroeconomic and sector environment. However, the competitive environment remained tough, causing average selling prices to decline in 2018.
As a result of these factors and rapid inflation in production costs, the Group's EBITDA in India fell 13.1% at constant scope and exchange rates (down 20.9% on a reported basis). EBITDA margin on operational sales fell to 15.4%, down from 20.9% in 2017.

In **Kazakhstan**, supported by its particularly efficient production facilities, the Group performed very well in a buoyant market, both at the national level and in terms of exports. Consolidated sales came to €63 million, up 37.5% at constant scope and exchange rates and up 24.5% on a reported basis. This good operating performance was driven by a 15% increase in volumes, along with a further improvement in selling prices over 2018 as a whole. As a result, EBITDA generated during the period posted strong growth, rising 69.3% at constant scope and exchange rates and 53.3% on a reported basis. EBITDA margin on operational sales improved significantly to 37.0%, up from 30.1% in 2017.

1.2.5. Income statement for Africa and the Middle East

(€ million)	**2018**	2017	Change	
			Reported	At constant scope and exchange rates
Consolidated sales	**274**	291	-6.0%	**-5.2%**
EBITDA	**31**	43	-28.0%	**-29.0%**
EBIT	**-3**	11	n.s.	**n.s.**

The Africa and Middle East region suffered from a very sharp fall in activity in Egypt, caused by security conditions. In West Africa, business levels improved in a growing market. In the region as a whole, sales fell 6.0% on a reported basis and 5.2% at constant scope and exchange rates.
EBITDA fell sharply in 2018, coming in at €31 million, down 29.0% at constant scope and exchange rates. The decline was due to a deterioration in operating conditions in Egypt because of the security environment, but also a substantial increase in production costs, and particularly energy costs, in West Africa.

In Egypt, consolidated sales came to €38 million in 2018, down 37.8% at constant exchange rates and down 40.4% on a reported basis. That contraction resulted from a near-48% drop in volumes during the year because of the plant's shutdown and the halt of sales during March and April linked to military operations in the Sinai, along with the slowdown in Egypt's

construction market as a result of the downturn in the country's economy. Average selling prices rose markedly over 2018 as a whole, but the increase was not sufficient to make up for the very rapid cost inflation caused by the devaluation and deteriorating operating conditions, particularly in logistics.
In those circumstances, the Group recorded a €10.8 million loss at the EBITDA level.

In **West Africa**, consolidated sales totalled €235 million, up 4.1% at constant scope and exchange rates and up 3.8% on a reported basis. That performance resulted from growth in the Cement and Aggregates businesses in Senegal, which offset declines in Mali and Mauritania. Cement volumes in the region as a whole fell 1%, while Aggregates volumes were up more than 11%. Selling price increases in the Cement business in Senegal were limited by regulatory constraints in the run-up to elections. Prices in Aggregates increased. However, Cement prices decreased in Mali.

As a result of these factors, along with rapid inflation in production costs and the deterioration in operating conditions in the Cement business in Senegal, EBITDA was down 18.3% at constant scope and exchange rates.

1.3 Income statement broken down by business segment

1.3.1 Cement

(€ million)	2018	2017	Change	
			Reported	At constant scope and exchange rates
Volume (thousands of tonnes)	**22,833**	22,943	-0.5%	
Operational sales	**1,486**	1,493	-0.5%	**+6.5%**
Consolidated sales	**1,252**	1,245	+0.6%	**+8.0%**
EBITDA	**330**	353	-6.7%	**-1.0%**
EBIT	**201**	220	-8.3%	**-2.7%**

Operational sales in the Cement business rose 6.5% at constant scope and exchange rates and fell very slightly on a reported basis (down 0.5%). The increase in sales at constant scope and exchange rates was due to higher selling prices in all countries except Mali and India. However, volumes edged lower because of steep declines in Egypt, Turkey and to a lesser extent Switzerland and West Africa. Those declines were partly offset by substantial improvements in India, Kazakhstan, the United States and France.
EBITDA came to €330 million, down 1.0% at constant scope and exchange rates compared with 2017. The decline resulted from the slight decrease in volumes, higher production costs and weaker operating conditions in certain countries, mainly caused by events outside of the Group's control. Those factors were only partly offset by the overall increase in selling prices.
EBITDA margin on operational sales fell to 22.2% in 2018 from 23.7% in 2017.
EBIT in the Cement business was down 2.7% at constant scope and exchange rates in 2018 (down 8.3% on a reported basis), coming in at €201 million compared with €220 million in 2017.

1.3.2 Concrete & Aggregates

(€ million)	2018	2017	Change	
			Reported	At constant scope and exchange rates
Concrete volumes (thousands of m³)	**9,039**	9,686	-6.7%	
Aggregates volumes (thousands of tonnes)	**22,657**	24,407	-7.2%	
Operational sales	**1,010**	1,008	+0.2%	**+3.4%**
Consolidated sales	**990**	988	+0.2%	**+3.8%**
EBITDA	**85**	65	+32.3%	**+34.6%**
EBIT	**42**	18	+131.8%	**+130.5%**

Operational sales in the Concrete & Aggregates business was stable on a reported basis (up 0.2%) and rose 3.4% at constant scope and exchange rates.
That resulted from lower volumes in Concrete (down 6.7%) and Aggregates (down 7.2%) in all regions, except for Aggregates in Senegal. Lower volumes fell for reasons that varied between regions, but also because of the Group's strategy of focusing on raising selling prices and restoring margins against a background of rising costs.
As a result of these factors, **EBITDA** rose 34.6% at constant scope and exchange rates, with substantial improvements in France, Turkey, Senegal and Switzerland, comfortably offsetting the decline in the United States. **EBITDA margin** on operational sales improved to 8.5% as opposed to 6.4% in 2017.
EBIT rose very sharply to €42 million in 2017, compared with €18 million in 2017.

1.3.3 Other Products & Services

(€ million)	2018	2017	Change	
			Reported	At constant scope and exchange rates
Operational sales	**432**	425	+1.6%	**+4.6%**
Consolidated sales	**340**	331	+2.8%	**+4.4%**
EBITDA	**19**	26	-26.6%	**-24.9%**
EBIT	**6**	10	-35.4%	**-34.3%**

Operational sales in Other Products & Services rose 1.6% on a reported basis and 4.6% at constant scope and exchange rates. The improvement in business levels in France, particularly in the Transport segment, offset lower sales in Switzerland.

EBITDA fell sharply to €19 million from €26 million in 2017, with a slight decline in France and a steeper drop in Switzerland in the Precast business. **EBITDA margin** on operational sales came in at 4.5%, down from 6.2% in 2017.
Full-year **EBIT** fell 34.3% at constant scope and exchange rates to €6 million from €10 million in 2017.

2. Balance sheet and cash flow statement

At 31 December 2018, the Group had a very solid financial position. Consolidated equity rose by €83 million in 2018 and ended the year at €2,492 million, compared with €2,410 million at 31 December 2017. The increase includes €67 million of after-tax disposal proceeds resulting from the capital reduction carried out by SOPARFI, a shareholder of Vicat SA, and a negative currency effect of €51 million.

Net debt, excluding put options and including assets consisting of financial instruments, ended the year at €692 million, down €95 million.
On that basis, there was improvement in the Group's gearing (from 32.7% at end-2017 to 27.8% at end-2018) and leverage ratio (from 1.77x to 1.59x).
Given the level of the Group's net debt, bank covenants do not pose a threat either to the Group's financial position or to its balance sheet liquidity. At 31 December 2018, Vicat complied with all financial ratios required by covenants in financing agreements.
The Group generated **cash flow** of €338.4 million during 2018 compared with €346.4 million during 2017, representing a decrease of 2.3% on a reported basis but an increase of 3.0% at constant scope and exchange rates.

Vicat's *capital expenditure* amounted to €188 million in 2018 compared with €187 million in 2017. *Financial investments* during 2018 amounted to €52 million, versus €29 million in 2017.
The Group generated free cash flow of €167 million in 2018, as opposed to €179 million in 2017.

3. Events after 31 December 2018

3.1 Acquisition of Ciplan

Vicat announced an agreement with shareholders of Ciplan (Cimento do Planalto) to acquire that company. Vicat now owns a 64.74% stake in Ciplan.
This deal took place through a reserved capital increase of €295 million, which will be used to repay most of Ciplan's existing debt. Vicat financed the acquisition by drawing on its existing bank facilities.

Ciplan's net debt after the capital increase is around €75 million. Estimated figures, not yet audited, show that Ciplan's 2018 sales amounted to around €140 million (around BRL605 million), with more than 2 million tonnes of cement, over 1.9 million tonnes of aggregates sold and almost 420,000 cubic meters of concrete delivered. Selling prices increased across all businesses. EBITDA was estimated to be around €24 million in 2018 (around BRL104 million).

This acquisition represents a further step forward in Vicat's strategy of selective acquisitions and geographical diversification and will establish Vicat in a new emerging market with a strong growth outlook. To help it capture the full potential of the Brazilian market's prospective growth, Vicat will be able to leverage a highly efficient industrial asset base, high brand recognition, abundant quarry reserves and strong competitive positions in its local markets.

3.2 First-time adoption of IFRS 16: estimated impact

The Group continued its project to implement IFRS 16 "Leases", which has been mandatory applicable since 1 January 2019, in order to assess its impact on the Group's financial statements. Vicat has put together the necessary resources (training, project team, data collection and IT systems) to compile an inventory of all leases concerned and quantify the estimated impact of applying IFRS 16. The Group decided to use the full retrospective transitional approach for the first-time adoption of IFRS 16. The main estimated impacts, based on data collected at end-December 2018, are presented in the Annex of the 2018 consolidated accounts (note 6) that can be consulted on the Company's website www.vicat.fr.
Based on data collected at end-December 2018, more than 3,000 leases fall within the scope of IFRS 16. Vehicles account for 49% of the value of the corresponding assets and real estate 41%.

The adoption of IFRS 16 would lead to the recognition of around €240 million of lease debt on the balance sheet at end-December 2018 (this additional debt on leases is close to the amount mentioned below with respect to minimum future lease payments).

The estimated impact of adopting IFRS 16 on the 2018 income statement would have been as follows:

- cancellation of around €58 million of lease expenses,
- recognition of around €52 million of amortisation on usage rights,
- recognition of around €9 million of interest expense on lease debt.

Pro forma 2018 financial statements integrating the full set of impacts related to the application of IFRS 16 will be published at a later date after they have been audited by the Group's Statutory Auditors.

4. Outlook

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. The Group expects strong seasonal variations in 2019. The first half is likely to suffer from a very high base for comparison in certain regions because of:

- highly favourable weather conditions in the first half of 2018, particularly in France and Turkey;
- the reversal of the trend in Turkey in the third quarter of 2018 following the devaluation of the Turkish lira, whereas the first part of 2018 had been particularly buoyant in that country;
- political uncertainties in Senegal and in India mainly because of elections at the start of the year, as well, along with security concerns in Egypt.

Finally, consumed energy prices are likely to show a further increase in early 2019, before the situation becomes more favourable in the second half given the recent decline in energy prices and the Group's policy of hedging its energy requirements.

Against this background, the Group's main objective is to improve its operational profitability by implementing a pro-active but balanced commercial policy, focusing on increasing volumes sold, raising selling prices where the competitive situation permits, and continuing its policy of optimising production costs.

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

In **France**, the decrease in residential work permits may be compensated by good momentum in public works, in a context of rising prices.

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 an ongoing upturn in the macroeconomic and sector background.

In the **United States**, the macroeconomic and sector context should remain favourable. The Group expects an improvement in volumes, with a stronger increase in California than in the South-East, and a further rise in prices.

In **Turkey,** the sharp 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, particularly the first half because of the very high base for comparison. 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.

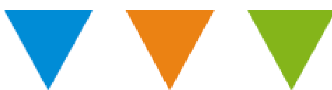
In **India**, the impact of government reforms should continue, benefiting the entire economy and the construction sector in particular. Against that background, cement consumption should see further substantial growth in 2019 and the competitive context is likely to improve gradually as all market players see their utilisation rates rise. Although selling prices may remain highly volatile, particularly at the start of the year, they should rise sharply over the year as a whole.

In **Kazakhstan**, the 2018 performance constitutes a high-basis of comparison in a context that should nevertheless remain favourable.

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 take effect very gradually, particularly 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 expects Cement volumes to rise across the region as a whole, and selling prices to increase sharply.

In Brazil, after several years characterised by a very sharp drop in cement consumption, the latter has stabilised gradually in the last 24 months to reach 54 million tonnes in 2018. Given recent political developments and planned reforms, 2019 should show the first signs of a gradual upturn.



5. Conference call

To accompany the publication of the Group's full-year 2018 results, Vicat is holding a conference call in English that will take place on Wednesday 20 February 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: +1 323 994 2093

To listen to a playback of the conference call, which will be available until 27 February 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: ***2575177#***

Next report: first-quarter 2019 sales after the close on 6 May 2019.

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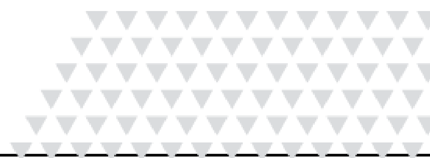
ABOUT VICAT
The Vicat Group has **over 9,000 employees** working in three core divisions, Cement, Concrete & Aggregates and Other Products & Services, which generated **consolidated sales of €2,582 million** in 2018. The Group **operates in twelve countries**: France, Switzerland, Italy, the United States, 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.

Important information:
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).



6. Vicat group - Financial data - Appendices

6.1 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 amortization): sum of gross operating income and other income and expenses on ongoing business.
- **EBIT** (earnings before interest and tax): EBITDA less net depreciation, amortization, additions to provisions and impairment losses on ongoing business.
- **Cash flow**: net income before net non-cash expenses (i.e. predominantly depreciation, amortization, 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 reflecting a company's profitability, which calculated as net debt/consolidated EBITDA.

6.2 Breakdown of 2018 operational sales by geographical region and business:

(€ million)	Cement	Concrete & Aggregates	Other Products & Services	Inter-segment eliminations	**Consolidated sales**
France	379	479	281	-189	**950**
Europe (excluding France)	153	158	125	-46	**390**
United States	217	248	0	-62	**404**
Asia	514	73	26	-48	**564**
Africa and Middle East	222	51	0	-0,2	**274**
Operational sales	**1,486**	**1,010**	**432**	**-345**	**2,582**
Inter-segment eliminations	-233	-20	-92	345	
Consolidated sales	**1,252**	**990**	**340**	**0**	**2,582**

6.3 2018 full year consolidated financial statements approved by the Board of Directors on 15 February 2019 :

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *(in thousands of euros)*	Notes	**December 31, 2018**	**December 31, 2017**
NON CURRENT ASSETS			
Goodwill	3	1 006 753	1 006 987
Other intangible assets	4	118 316	117 959
Property, plant and equipment	5	1 806 040	1 837 759
Investment properties	7	15 491	16 240
Investments in associated companies	8	53 044	40 696
Deferred tax assets (1)	25	89 546	95 633
Receivables and other non current financial assets	9	152 831	77 557
Total non current assets		**3 242 021**	**3 192 831**
CURRENT ASSETS			
Inventories and work in progress	10	385 133	351 303
Trade and other accounts	11	407 085	408 092
Current tax assets		42 215	45 001
Other receivables	11	142 804	174 251
Cash and cash equivalents	12	314 633	265 364
Total current assets		**1 291 870**	**1 244 011**
TOTAL ASSETS		**4 533 891**	**4 436 842**

LIABILITIES *(in thousands of euros)*	Notes	**December 31, 2018**	**December 31, 2017**
SHAREHOLDERS' EQUITY			
Share capital	13	179 600	179 600
Additional paid in capital		11 207	11 207
Consolidated reserves		2 080 131	1 985 313
Shareholders' equity		**2 270 938**	**2 176 120**
Minority interests		**221 500**	**233 442**
Shareholders' equity and minority interests		**2 492 438**	**2 409 562**
NON CURRENT LIABILITIES			
Provisions for pensions and other post employment benefits	14	118 344	115 084
Other provisions (1)	15	70 757	70 703
Financial debts and put options	16	882 344	928 403
Deferred tax liabilities (1)	25	181 602	182 441
Other non current liabilities		5 275	1 398
Total non current liabilities		**1 258 322**	**1 298 029**
CURRENT LIABILITIES			
Provisions	15	9 604	8 738
Financial debts and put options at less than one year	16	153 561	138 499
Trade and other accounts payable		359 194	328 450
Current taxes payable		38 273	41 188
Other liabilities	18	222 499	212 376
Total current liabilities		**783 131**	**729 251**
Total liabilities		**2 041 453**	**2 027 280**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**4 533 891**	**4 436 842**

(1) Restated : see notes 1.1 and 15 (2)

PRESS RELEASE

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	2018	2017
Sales	**19**	2 582 465	2 563 464
Goods and services purchased		(1 702 660)	(1 660 025)
Added value	**1.22**	**879 805**	**903 439**
Personnel costs	20	(428 963)	(423 993)
Taxes		(59 431)	(58 709)
Gross operating income	**1.22 & 23**	**391 411**	**420 737**
Depreciation, amortization and provisions	21	(184 094)	(200 568)
Other income and expenses	22	35 698	11 423
Operating income	**23**	**243 015**	**231 592**
Cost of net financial debt	24	(20 587)	(27 665)
Other financial income	24	20 024	15 792
Other financial expenses	24	(18 708)	(16 321)
Net financial income (expense)	**24**	**(19 271)**	**(28 194)**
Earnings from associated companies	8	3 737	5 653
Profit (loss) before tax		**227 481**	**209 051**
Income tax	25	(66 657)	(53 200)
Consolidated net income		**160 824**	**155 851**
Portion attributable to minority interests		9 729	13 670
Portion attributable to the Group		**151 095**	**142 181**

EBITDA	**1.22 & 23**	**434 516**	**444 170**
EBIT	**1.22 & 23**	**249 238**	**247 150**
Cash flow from operations	**1.22**	**338 442**	**346 432**

Earnings per share (in euros)			
Basic and diluted Group share of net earnings per share	13	3,37	3,17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
(in thousands of euros)	**2018**	**2017**
Consolidated net income	**160 824**	**155 851**
Other comprehensive income items		
Items not recycled to profit or loss :		
Remeasurement of the net defined benefit liability	6 289	25 685
Tax on non-recycled items	(1 613)	(6 421)
Items recycled to profit or loss :		
Net income from change in translation differences	(60 928)	(194 260)
Cash flow hedge instruments	759	(2 346)
Tax on recycled items	(197)	841
Other comprehensive income (after tax)	**(55 690)**	**(176 501)**
Total comprehensive income	**105 134**	**(20 650)**
Portion attributable to minority interests	(2 500)	(7 771)
Portion attributable to the Group	**107 634**	**(12 879)**

CONSOLIDATED CASH FLOWS STATEMENT			
(in thousands of euros)	**Notes**	**2018**	**2017**
Cash flows from operating activities			
Consolidated net income		**160 824**	**155 851**
Earnings from associated companies		(3 737)	(5 653)
Dividends received from associated companies		2 492	1 292
Elimination of non cash and non operating items :			
- depreciation, amortization and provisions		181 690	200 831
- deferred taxes		5 510	(2 092)
- net (gain) loss from disposal of assets		(8 582)	(3 450)
- unrealized fair value gains and losses		353	(1 671)
- other		(108)	1 324
Cash flows from operating activities	**1.22**	**338 442**	**346 432**
Change in working capital requirement		(5 394)	(3 434)
Net cash flows from operating activities (1)	**27**	**333 048**	**342 998**
Cash flows from investing activities			
Outflows linked to acquisitions of non-current assets :			
- property, plant and equipment and intangible assets		(180 224)	(179 474)
- financial investments		(28 469)	(12 324)
Inflows linked to disposals of non-current assets :			
- property, plant and equipment and intangible assets		14 049	15 529
- financial investments		3 939	4 126
Impact of changes in consolidation scope		(22 686)	(14 852)
Net cash flows from investing activities	**28**	**(213 391)**	**(186 995)**
Cash flows from financing activities			
Dividends paids		(72 976)	(69 890)
Increases in capital			(4 665)
Proceeds from borrowings		114 838	147 586
Repayments of borrowings		(177 794)	(242 723)
Acquisitions of treasury shares		(927)	(5 480)
Disposals or allocations of treasury shares		68 876	46 634
Net cash flows from financing activities		**(67 983)**	**(128 538)**
Impact of changes in foreign exchange rates		(9 766)	(16 315)
Change in cah position		**41 908**	**11 150**
Net cash and cash equivalents - opening balance	29	220 058	208 909
Net cash and cash equivalents - closing balance	29	261 969	220 058

(1) Including cash flows from income taxes € (56,948) thousand in 2018 and € (47,299) thousand in 2017.
Including cash flows from interests paid and received € (18,492) thousand euros in 2018 and € (22,954) thousand in 2017.

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, 2017	**179 600**	**11 207**	**(63 609)**	**2 275 851**	**(189 929)**	**2 213 120**	**257 054**	**2 470 174**
Consolidated net income				142 181		**142 181**	13 670	**155 851**
Other comprehensive income (1)				15 355	(170 415)	**(155 060)**	(21 441)	**(176 501)**
Total comprehensive income				*157 536*	*(170 415)*	***(12 879)***	*(7 771)*	***(20 650)***
Dividends paids				(66 341)		**(66 341)**	(7 742)	**(74 083)**
Net change in treasury shares			2 895	(496)		**2 399**		**2 399**
Changes in consolidation scope and additional acquisitions				(2 511)		**(2 511)**	(633)	**(3 144)**
Increase in share capital				2 830		**2 830**	(7 539)	**(4 709)**
Other changes (2)				39 502		**39 502**	73	**39 575**
At December 31, 2017	**179 600**	**11 207**	**(60 714)**	**2 406 371**	**(360 344)**	**2 176 120**	**233 442**	**2 409 562**
Consolidated net income				151 095		**151 095**	9 729	**160 824**
Other comprehensive income (1)				(3 888)	(39 573)	**(43 461)**	(12 229)	**(55 690)**
Total comprehensive income				*147 207*	*(39 573)*	***107 634***	*(2 500)*	***105 134***
Dividends paids				(66 180)		**(66 180)**	(6 765)	**(72 945)**
Net change in treasury shares			4 570	(3 397)		**1 173**		**1 173**
Changes in consolidation scope and additional				(10 880)		**(10 880)**	(4 806)	**(15 686)**
Other changes (3)				63 071		**63 071**	2 129	**65 200**
At December 31, 2018	**179 600**	**11 207**	**(56 144)**	**2 536 192**	**(399 917)**	**2 270 938**	**221 500**	**2 492 438**

(1) : Other comprehensive income includes mainly cumulative conversion differences from end 2003 as at end December 2018. 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.

(2) Mainly including the refund of € 38.9 million as a result of claims relating to the tax treatment of the capital gain on disposal of Soparfi securities, in 2014, by group subsidiaries (see note 2)

(3) Mainly including the payment, net of taxes, of € 67 million as part of the Soparfi capital reduction (see note 2)

Group translation reserves at December 31, 2018 and 2017 are broken down by currency as follows (in thousands of euros) :

	December 31, 2018	**December 31, 2017**
US Dollar :	36 195	19 329
Swiss franc :	178 162	156 953
Turkish new lira :	(255 638)	(215 010)
Egyptian pound :	(127 180)	(126 542)
Kazakh tengue :	(83 317)	(73 097)
Mauritanian ouguiya :	(7 399)	(7 495)
Indian rupee :	(140 740)	(114 482)
	(399 917)	**(360 344)**