Press Release

2019 Results

13 February 2020

- **Sales: €2.7 billion**
- **EBITDA up +6.9% on a reported basis**
- **A solid balance sheet with substantial deleveraging in the second half**
- **Cash flow: €425 million**
- **Proposed dividend €1.50 per share**

Paris La Défense, Thursday 13 February 2020: following the meeting of Vicat Group's Board of Directors on 12 February 2020, the company has today published its audited results for 2019.

Condensed income statement:

(€ million)	2019	2018*	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**2,740**	2,583	+6.1%	-0.8%
EBITDA**	**526**	492	+6.9%	-0.2%
EBITDA margin (%)	***19.2***	*19.1*		
EBIT***	**267**	255	+4.5%	-1.5%
EBIT margin (%)	***9.7***	*9.9*		
Consolidated net income	**160**	159	+0.8%	-7.1%
Net margin (%)	***5.8***	*6.1*		
Consolidated net income, Group share	**149**	149	-0.0%	-6.5%
Cash flow	**425**	387	+9.7%	+0.8%

* 2018 financial statements are presented on a pro forma basis after taking into account the effects of the application of IFRS 16.
** EBITDA is calculated as the sum of gross operating income and other income and expenses on ongoing business.
*** EBIT is calculated as EBITDA less net depreciation, amortisation and provisions on ongoing business.

Commenting on these figures, *Guy Sidos, the Group's Chairman and CEO,* said:
"The Vicat Group's solid performance in 2019 reflects the relevance and robustness of its business model. Strong growth in France, India, the USA, Africa and Kazakhstan helped offset difficult market conditions in Turkey and Egypt. Furthermore, in line with our strategy of targeted acquisitions, the purchase of Ciplan in Brazil, in January 2019, allowed the Group to continue its international growth in a region offering strong potential by integrating teams and assets of the highest quality. In this context, Vicat Group continues to pursue its objective of profitable growth and its policy of debt reduction, backed by a solid balance sheet and strong cash flow generation."

Disclaimer:

- *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 2018 financial year are presented on a proforma basis after taking into account the 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. Income statement

1.1. Consolidated income statement

Vicat Group's consolidated sales of 2019 came to €2,740 million, up +6.1% on a reported basis and stable (-0.8%) at constant scope and exchange rates. Movements in consolidated sales resulted from:

- a positive scope effect of +5.7% that pushed sales €148 million higher, mainly related to the acquisition of Ciplan in Brazil in January 2019;
- a positive currency effect of +1.2%, which boosted sales by €31 million. The US dollar, Swiss franc, Indian rupee 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;
- lastly, a small decline in organic sales levels of -0.8%. Against a background of higher sales prices in all markets other than Egypt, growth in France, the United States, Kazakhstan and Italy almost fully offset the contraction seen in Turkey, India, Africa and, to a lesser degree, Switzerland and Egypt.

In Cement, operational sales rose +5.7% on a reported basis but fell -2.2% at constant scope and exchange rates. In the Concrete & Aggregates business, operational sales advanced +8.6% on a reported basis and +2.0% at constant scope and exchange rates. In Other Products and Services, operational sales remained stable on a reported basis (-0.1%) and at constant scope and exchange rates (-0.9%).

Consolidated EBITDA was €526 million, up +6.9% on a reported basis and down -0.2% at constant scope and exchange rates. **At constant scope and exchange rates and excluding the impact of non-recurring income in the USA in 2018 and Brazil in 2019,** Vicat Group's EBITDA rose by 2.1% (6.8% on a reported basis) with EBITDA margin increasing slightly. Against a background of stable energy costs in the Cement business over the year as a whole (-0.5%), this improvement came from:

- a positive scope effect of +6.0% that pushed sales €30 million higher, mainly related to the acquisition of Ciplan in Brazil (€11.8 million of which was non-recurring – see below);
- a positive currency effect of +1.0%, which boosted sales by €5 million;
- lastly, virtual stability on an organic basis, with a negative impact of less than €1 million.

It should be reminded that 2018 EBITDA included a positive non-recurring item of €10.6 million in the Cement business in the USA. In 2019, EBITDA included a PIS COFIN tax credit, recognised in 2019 at Ciplan (Brazil) following a favourable legal ruling, in the amount of €11.8 million.

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

- a substantial increase in EBITDA in India (+19.9%), supported by a solid rise in average selling prices, which comfortably offset the impact of lower volumes;
- a +12.7% increase in EBITDA in the USA (excluding the settlement payment), due largely to higher selling prices;
- growth of +3.5% in EBITDA in France. This performance came from a sharp improvement in EBITDA in the Concrete & Aggregates business, supported particularly by the continued upturn in Concrete prices;
- an increase of +4.4% in EBITDA generated in Africa, which benefited from higher prices in the Cement business in Senegal over the second half;
- lastly, growth of +5.8% in EBITDA in Kazakhstan, supported by solid price increases and a slight increase in the volumes sold at a high level.

Those positive developments compensated for:

- the very sharp decrease in EBITDA in Turkey (-44.3%), 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 -45.5% decline in Egypt, where selling prices fell while production and logistics costs rose sharply;
- a -1.9% drop in EBITDA in Switzerland, under the impact of falls in sales in the Other Products & Services and Concrete & Aggregates businesses.

EBIT came to €267 million, from €255 million in 2018, an increase of +4.5% on a reported basis and a decrease of -1.5% at constant scope and exchange rates. The EBIT margin on consolidated sales came to 9.7% compared with 9.9% in 2018.
This decline at constant scope and exchange rates 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 at the Mumbai terminal in India.
Excluding the settlement payment received in the USA in 2018 and the non-recurring gain in Brazil in 2019, EBIT grew by +4.8% on a reported basis and by +3.3% at constant scope and exchange rates in 2019.

Net financial expense was €38 million. This €10 million increase in net financial expense was due primarily to:

- a €4 million increase in the cost of net debt, mainly as a result of assuming Ciplan's remaining debts. It should be noted that, due to lower interest rates, the financial cost of the Group's debt was stable at constant scope, despite increase in outstanding debt; and
- an increase of €6 million in other financial expense, due primarily to the cost of accruing Brazilian debt and a deterioration in the net currency impact.

Tax expense was stable over the year as a whole, taking account of the small increase in pre-tax income. The increase in the apparent tax rate from 29.8% to 30.6% was mainly because of the tax rate being adjusted downward for loss-making subsidiaries in 2018, the lower tax rate in 2019 for an Indian subsidiary and the inclusion in the scope of consolidation of Ciplan (Brazil) which is subject to a tax rate of 34%.

Consolidated net income was €160 million, up +0.8% on a reported basis and down -7.1% at constant scope and exchange rates. Net income, Group share was stable on a reported basis at €149 million and down -6.5% at constant scope and exchange rates.

Excluding the impact of the settlement payment in the USA recognised in 2018, and the PIS COFIN tax credit, recognised in 2019 at Ciplan (Brazil) following a favourable legal ruling, net income was +1.7% higher at constant scope and exchange rates over the year.

Cash flow came to €425 million, up +9.7% on a reported basis and +0.8% at constant scope and exchange rates.

On the basis of these full-year 2019 results and confident in the Group's ability to pursue further development, the Board of Directors decided at its meeting on 12 February 2020 to propose shareholders at the General Meeting to be held on 3 April 2020 to maintain the dividend at €1.50 per share.

1.2. Income statement analysed by geographical region

1.2.1. Income statement, France

(€ million)	**2019**	**2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**987**	950	+3.9%	+2.5%
EBITDA	**182**	175	+4.0%	+3.5%
EBIT	**102**	94	+8.5%	+8.4%

Business levels in France remained solid in 2019 against a background of favourable macroeconomic and sector conditions. Satisfactory business levels in infrastructure, industry and commercial segments offset the weakness of the residential market. In this climate, and given the inflation in energy costs, particularly for electricity, the Group was able to introduce price increases across all of its main business areas.

The EBITDA margin on consolidated sales was stable at 18.5%.

- *In the Cement business*, operational sales rose +1.7% over the year. This improvement in sales was driven by a solid increase in average selling prices. Volumes were down slightly over the period as a whole. After a particularly strong first half, due in particular to very favourable weather conditions, the second half was affected by a downturn in activity.
  With energy prices, particularly for electricity, continuing to rise over the period, the Group's EBITDA fell -0.9%, with an EBITDA margin on operational sales narrowing by 90 basis points.
- *The Concrete & Aggregates business* increased its operational sales by +3.2% at constant scope (+5.9% on a reported basis). That growth was the result of solid price increases in both Concrete and Aggregates. Volumes rose slightly in Concrete and more substantially in Aggregates. As a result of these factors, EBITDA generated by this business in France rose +11.8% at constant scope compared with 2018, and EBITDA margin on operational sales was up 100 basis points.
- *In the Other Products & Services business*, operational sales rose +3.6% at constant scope. EBITDA in this business rose +7.8% at constant scope, supported by progress in the transport market. The EBITDA margin on consolidated sales was stable (+10 basis points).

1.2.2 Income statement for Europe excluding France (Switzerland, Italy)

(€ million)	**2019**	**2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Sales	**401**	390	+2.7%	-0.8%
EBITDA	**96**	96	+0.5%	-2.8%
EBIT	**58**	61	-4.1%	-7.5%

Activity in Europe (excluding France) confirmed the trend seen over the past 18 months with a gradual stabilisation of sector conditions, notably in Switzerland, although the various business segments saw contrasting trends. Consolidated sales in Switzerland fell mainly because of a decline in the Precast business. The Cement business, by contrast, continued its recovery. The Group's performance continued to improve in Italy.

Against this background, EBITDA was stable and the EBITDA margin on consolidated sales came to 24.1% compared with 24.6% in 2018.

In Switzerland, consolidated sales fell -1.9% at constant scope and exchange rates (+1.8% on a reported basis) due to improved business levels in the second half (+2.4% at constant scope and exchange rates) compared to the same period of 2018. EBITDA was down -1.9% at constant scope and exchange rates and up +1.6% on a reported basis. In line with sales, EBITDA saw a resumption of growth in the second half. As a result the EBITDA margin on consolidated sales was stable at 24.8%.

- *In the Cement business*, operational sales rose +2.8% at constant scope and exchange rates. In the second half, operational sales saw a marked recovery with an increase of +4.9% at constant scope and exchange rates. The volume/price mix was well oriented, supported by a more favourable client mix towards the year end.
  Given a slight reduction in production costs, particularly energy costs (substitution rate of 100% at the end of the year), EBITDA generated by this business grew by +5.0% at constant scope and exchange rates. The EBITDA margin on consolidated sales was thus 70 basis points higher.
- *In the Concrete & Aggregates business,* operational sales were down -1.6% at constant scope and exchange rates. In line with the Cement business, the second half saw a marked improvement in the Group's performance in this business. Over the year as a whole, concrete volumes showed very slight growth, but there were further falls in aggregate volumes. Selling prices were lower in both Concrete and Aggregates.
  Against this background, EBITDA fell -8.6% at constant scope and exchange rates. As a result, the EBITDA margin on consolidated sales fell by 170 basis points.
- *Precast* operational sales fell -7.4% at constant scope and exchange rates, amid fierce competition in consumer products and weak business volumes in the rail sector. However, the second half of the year brought a stabilisation of business levels (0.1% at constant scope and exchange rates).
  Against this background, EBITDA from this business fell -11.1% at constant scope and exchange rates, albeit with a significant improvement in performance in the second half. The EBITDA margin on consolidated sales was down 30 basis points in 2019.

In Italy, consolidated sales rose +26.7% supported by the reallocation to the Italian operation of Vicat Prompt cement sales from the second half of 2018. The sector environment has improved gradually, bringing growth in volumes, excluding Prompt. Sales prices rose, driven by changes in the product mix. EBITDA was down significantly over the year as a whole, falling -31.9%.

1.2.3 Income statement for the Americas region (United States, Brazil)

(€ million)	2019	2018 restated	Change (reported)	Change (at constant scope and exchange rates)
Sales	**589**	404	+45.7%	+6.4%
EBITDA	**115**	83	+38.3%	-1.8%
EBITDA restated for non-recurring items*	**104**	73	+42.5%	+12.7%
EBIT	**57**	46	+23.2%	-12.3%
EBIT restated for non-recurring items*	**46**	35	+30.3%	+17.4%

*EBITDA and EBIT restatements: Restated EBITDA and EBIT exclude non-recurring items recorded in the USA in 2018 and Brazil in 2019.

The Americas region was formed following the recent acquisition of Ciplan in Brazil. Sales growth on a reported basis therefore reflects a significant positive scope effect, but also solid growth in the US business over the whole of 2019 despite poor meteorological conditions. In Brazil, where the macroeconomic and industry conditions are stabilising, the integration of Ciplan is proceeding in accordance with the Group's expectations thanks to local teams of extremely high quality and industrial facilities that are efficient but offer potential for further improvement. The initial measures introduced to improve technical performance are beginning to bear fruit.

In the United States, the macroeconomic and industry environment continued to improve. However, the year as a whole was affected by relatively unfavourable weather conditions in California and the South-East. With the market situation remaining conducive to price rises, the Group achieved a +12.3% increase in consolidated sales on a reported basis and a +6.4% rise at constant scope and exchange rates over the year as a whole.

EBITDA for the year was €86 million, down -1.8% at constant scope and exchange rates (+3.6% on a reported basis). It should be noted that 2018 EBITDA in the USA included a positive non-recurring item amounting to €10.6 million in the Cement business in the USA. Adjusted for that non-recurring item, EBITDA rose +12.7% at constant scope and exchange rates (+18.9% on a reported basis), with the EBITDA margin on consolidated sales rising 100 basis points to 19.0%.

- *In the Cement business*, operational sales rose +4.5% at constant scope and exchange rates. Having been stable in the first half of the year (+0.3% at constant scope and exchange rates), operational sales gained +8.5% at constant scope and exchange rates in the second half. Volumes were stable over the whole year period, with a strong improvement during the second half. Average selling prices increased in both California and the South-East.
  However, because of the substantial increase in energy costs of the year as a whole, and the non-recurrence of the 2018 settlement payment, EBITDA in this business fell -7.4% at constant scope and exchange rates. Adjusted for that non-recurring item, EBITDA posted a substantial

+8.5% increase at constant scope and exchange rates, with the EBITDA margin on consolidated sales rising 110 basis points.

- *In the Concrete business*, operational sales rose +9.7% at constant scope and exchange rates. Volumes were up over the period as a whole. Prices posted a solid increase, rising more strongly in the South-East than in California.
  EBITDA generated by the Concrete business rose very sharply, coming in up +37.0% at constant scope and exchange rates over the year as a whole. As a result, the EBITDA margin on operational sales rose by 100 basis points.

In Brazil, the situation is improving gradually after several years in which the macroeconomic environment was subdued. Consolidated sales generated since the Ciplan acquisition was completed on 21 January 2019 amounted to €135 million. EBITDA was €29 million. It should be noted that this figure includes non-recurring income of €11.8 million recognised in the Cement business. Restated for this non-recurring item, EBITDA was €17.2 million.

- *In Cement,* operational sales totalled €103 million, with more than 1.9 million tonnes delivered. Volumes in this business were fairly stable over the year as a whole. Sales prices gradually increased over the course of the year. EBITDA for the year was €24 million. Excluding the non-recurring income of €11.8 million, restated EBITDA was €12.2 million for the year.
- *In Concrete & Aggregates*, operational sales totalled €39 million. Concrete deliveries totalled almost 501,000 cubic metres and Aggregates volumes almost 2.1 tonnes. This business saw increases in both volumes and prices in both Concrete and Aggregates throughout the year. EBITDA for the year was €5 million.

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

(€ million)	**2019**	**2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Sales	375	399	-6.1%	-7.1%
EBITDA	89	77	+15.8%	+15.4%
EBIT	54	42	+28.4%	+28.5%

The Asia region enjoyed a positive macroeconomic and sector environment, in Kazakhstan over the whole year, supported by buoyant local and export markets. The picture in India was more mixed, with a solid market in the first half, but much weaker trends in the second half of the year following the national and regional elections held in the second quarter. Under these circumstances, the Group focused on raising selling prices and on improving its EBITDA margin.

In India, the Group posted consolidated sales of €309 million in 2019, down -10.2% at constant scope and exchange rates and down -8.0% on a reported basis. Those declines reflect the Group's strategy of prioritising raising prices over increasing volumes, but also the less favourable macroeconomic and industry conditions in the second half. Volumes sold fell by almost -16% over the year to just over 5.5 million tonnes. Selling prices rose sharply over the period as a whole, although prices were more stable over the final quarter. Given these trends, EBITDA for the year was €65 million, an increase of +19.9% at constant scope and exchange rates (+22.8% on a reported basis).
The EBITDA margin on consolidated sales therefore improved significantly over the year.

In Kazakhstan, consolidated sales moved +9.4% higher at constant scope and exchange rates and +4.0% higher on a reported basis. In the domestic market, slightly affected by the impact on major projects of the elections held in the second quarter, and the entrance of new players in the third quarter, the Group redirected some of its volumes to export markets, where price conditions were more favourable. Against that backdrop, Cement volumes grew by nearly +1%. However, average selling prices were significantly higher in both the domestic and export markets.
As a result, EBITDA for the year posted growth of +5.2% at constant scope and exchange rates (stable on a reported basis), coming in at €23 million. The EBITDA margin narrowed slightly.

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

(€ million)	**2019**	**2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Sales	171	204	-15.9%	-10.5%
EBITDA	-4	16	n.a.	n.a.
EBIT	-23	-3	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 was very unfavourable for the first nine months of the year. In Egypt, the security situation and the competitive environment remained very difficult throughout the period. Against that background, the Group made a loss of €-4 million at the EBITDA level in the region for 2019.

In Turkey, sales were €131 million, down -11.4% at constant scope and exchange rates (-20.4% on a reported basis). After a particularly difficult first half, due notably to the highly unfavourable basis for comparison, business levels saw a resumption of growth in the second half, with consolidated sales growing by +4.5% at constant scope and exchange rates and by +5.7% on a reported basis. The sales contraction over the year as a whole reflects the impact of the August 2018 devaluation on macroeconomic and industry conditions and the very sharp slowdown in industrial activity in Turkey. EBITDA amounted to €13 million, down from €26 million in 2018, a decline of -44.3% at constant scope and exchange rates (-50.0% on a reported basis).

- *In the Cement business*, operational sales fell -14.5% at constant scope and exchange rates. After a decline in operational sales in the first half (down -24.2% at constant scope and exchange rates), business levels continued to contract in the second half, albeit at a much slower rate (down -2.1% at constant scope and exchange rates). The contraction in sales over the course of the year was due to a sharp fall in volumes of over -29%, partly offset by a solid increase in average selling prices.
  Given these factors and the substantial increase in energy costs, EBITDA generated by this business fell -35.4% at constant scope and exchange rates.
- *In the Concrete & Aggregates business,* operational sales were down -3.9% at constant scope and exchange rates. After a steep decline in operational sales in the first half (down -18.2% at constant scope and exchange rates), business levels recovered in the second half, with operational sales growing +16.8% at constant scope and exchange rates. Over the year as a whole, volumes were

down more than -18% in Concrete and nearly -13% in Aggregates. Selling prices rose substantially over the period as a whole, in both Concrete and Aggregates.
Against this backdrop, EBITDA was at break-even over the year.

In Egypt, consolidated sales came to €40 million, down -6.4% at constant scope and exchange rates (up +4.6% on a reported basis). This contraction in sales came against the background of a tough macroeconomic environment and major logistical challenges in this region and the deterioration of the competitive climate. Given all these factors, volumes were stable (+1%) over the year and sales prices fell, affected by increased output from the new factory operated by the Egyptian army.
The Group recorded a loss at the EBITDA level of €-17 million in 2019, compared with a loss of €-11 million in 2018.

1.2.6 Income statement for Africa (Senegal, Mauritania, Mali)

(€ million)	**2019**	**2018 restated**	Change (reported)	Change (at constant scope and exchange rates)
Sales	217	235	-7.7%	-7.9%
EBITDA	47	45	+4.5%	+4.4%
EBIT	18	15	+23.5%	+23.3%

In the Africa region, the macroeconomic and sector environment was favourable. The construction of new homes and continuing public infrastructure projects helped to boost industry momentum. However, performance over the year was affected by presidential and parliamentary elections in Senegal and by the political decision to freeze prices. In addition, operational issues in the Cement business, and labour disputes external to the Group in Senegal's transport industry, particularly affecting Aggregates, also had an impact on performance in 2019.

- *In the Cement business*, consolidated sales for the Africa region fell -2.6% at constant scope and exchange rates. The decline was caused by a fall of over -3% in Cement volumes over the period as a whole as a result of production constraints. Prices rose over the course of the year, following an increase introduced in August 2019, but the impact of this was only felt in the final quarter of the year. Given these factors and the fall in energy costs, EBITDA generated by this business rose +30.6%.
- In Senegal, consolidated sales in the *Aggregates business* were €38 million in 2019, a fall of -26.7%. This decline resulted largely from a contraction in volumes, due notably to a temporary freeze on public tenders in the second half and a slight fall in prices. Against this background, EBITDA fell -24.8% at this business.

Lastly, during the fourth quarter of 2019, the Group began production at a new cement mill in Mali, located in Diago, 35km from Bamako, with a capacity of 800,000 tonnes per year.

2. Balance sheet and cash flow statement

At 31 December 2019, the group had a solid financial structure, with:

- substantial shareholders' equity (at €2.6 billion), which rose €115 million over the year;
- net debt reached €1,290 million at 31 December 2019 and €1,052 million excluding the effect of IFRS 16, due mainly to the acquisition of Ciplan in January 2019 and the consolidation of its debt.

On this basis, and excluding IFRS 16, gearing was 40.4% at 31 December 2019, from 27.8% a year earlier, and the leverage ratio was 2.3x at 31 December 2019, from 1.6x on 31 December 2018.
After application of IFRS 16, the Group's gearing and leverage stood at 49.7% and 2.45x respectively.
Cash flow in the period came to €425 million, up +9.7% on a reported basis and +0.8% at constant scope and exchange rates.
The Group's capital expenditure for 2019 came to €291 million after application of IFRS 16.
Excluding the effect of IFRS 16, it was €241 million, an increase on the €188 million recorded in 2018. This increase resulted primarily from the investment in the cement mill in Mali, which came into operation in the fourth quarter of 2019; from the first payment at the end of the year relating to planned investment in a new cement kiln in Ragland, USA (see below).
Financial investments amounted to €379 million.
Lastly, the Group recorded free cash flow before dividends of €159 million in 2019.

3. Outlook for 2020

3.1. Business climate

In 2020, the macroeconomic context is likely to continue to improve in most of the regions in which the Group is active, although certain emerging-market regions will continue to face an uncertain sector environment. Consumed energy prices are likely to continue to fall, given the evolution of worldwide prices and the Group's industrial strategy of replacing fossil fuels.
Against this background, the Group expects a further improvement in its EBITDA over the year as a whole.

3.2. Investment

Given the challenges of climate change, growth prospects in its markets and expected levels of cash flow over the coming years, Vicat Group has taken the decision to increase its industrial investment from 2020, with notably:

- the construction of a new kiln in the USA at the Ragland plant (South-East), to replace the existing facility. Commissioning of this project is expected during 2022, for a total industrial investment of around $260 million. The new kiln will bring forward the plant's capacity to 1.8 million tonnes per year (from 1.2 million tonnes currently) and will benefit from the latest cement industry technology. It will thus enable the Group to address the market growth expected in the South-East of the United States, considerably increase the use of substitute fuels, and significantly reduce production costs;
- an increased effort on strategic projects to reduce the Group's energy costs and carbon footprint.

Therefore, the cash outflow for industrial investments is likely to be around €300 million in 2020.

3.3. Regional details

In ***France***, the first half will be affected by an unfavourable basis of comparison, given the very strong business levels seen in the same period of 2019 and the forthcoming local elections in April. The second half is likely to be more positive for business levels, against a price background that is likely to be well oriented throughout the year.

In ***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, with a stronger increase in California than in the South-East, and a further rise in prices, albeit on a smaller scale than in recent years.
- *In Brazil*, a macroeconomic environment that is stabilising and the gradual effects of enhancements made to industrial facilities, the improvements in the Group's performances in the country are likely to be confirmed in 2020, supported by increases in volumes and selling prices.

Asia region:

- *In India*, where the macroeconomic situation offers little short-term visibility, the Group will be flexible in its commercial approach whilst awaiting the first effects of government reforms, which should benefit the entire economy and the construction sector in particular. Cement consumption is likely to continue to grow in 2020, in a competitive environment that will remain testing. Therefore, selling prices are expected to increase slightly over the year but will remain highly volatile.
- *In Kazakhstan*, the 2019 performance constitutes a high basis of comparison in a context that should nevertheless remain favourable.

Mediterranean region:

- *In Turkey,* after a year that brought significant deterioration in the macroeconomic and sector environment following the devaluation of the Turkish lira in August 2018, the Group expects a stabilisation in the environment and its performances over the year as a whole.
- *In Egypt*, the security situation is likely to remain highly volatile and operating costs are expected to remain high. The Group has set itself the target of reducing its operating losses over the year.

In West Africa, the construction market is expected to grow, while the operating environment is likely to remain competitive. There will, however, be support from the price increases seen in late 2019. In this context and supported by the improvement in operating conditions at the Rufisque plant, the Group anticipates a positive trend in Cement volumes across the region as a whole, and expects selling prices to increase in Senegal. Business levels should also benefit over the year from the launch of the Group's new mill in Mali.

Conference call

To accompany the publication of its full-year 2019 results, the Vicat Group is holding a conference call in English on **Friday 14 February 2020 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 25 09
UK: +44(0)330 336 9411
United States: +1 323-794-2588

To listen to a playback of the conference call, which will be available until 21 February 2020, dial one of the following numbers:

France: +33 (0)1 70 48 00 94
UK: +44 (0) 207 660 0134
USA: +1 719 457 0820
Access code: 7727780#

Next report:

First-quarter 2020 sales on **5 May 2020** after market closing.

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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 €2.740 billion in 2019**. The Group **operates in twelve countries**: France, Switzerland, Italy, the United States, Turkey, Egypt, Senegal, Mali, Mauritania, Kazakhstan, India and Brazil. Some 64% 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)	**2019**	2018	Change (reported)	Change (at constant scope and exchange rates)
Volume (thousands of tonnes)	*22,388*	*22,833*	*-2.0%*	
Operational sales	*1,571*	*1,486*	*+5.7%*	*-2.2%*
Consolidated sales	*1,319*	*1,252*	*+5.4%*	*-3.2%*
EBITDA	*373*	*345*	*+8.2%*	*+0.7%*
EBIT	*217*	*204*	*+6.6%*	*+1.4%*

Concrete & Aggregates

(€ million)	**2019**	2018	Change (reported)	Change (at constant scope and exchange rates)
Concrete volumes (thousands of m^3)	*9,135*	*9,039*	*+1.1%*	
Aggregates volumes (thousands of tonnes)	*22,971*	*22,657*	*+1.4%*	
Operational sales	*1,097*	*1,010*	*+8.6%*	*+2.0%*
Consolidated sales	*1,076*	*990*	*+8.6%*	*+1.9%*
EBITDA	*130*	*124*	*+4.9%*	*-2.0%*
EBIT	*46*	*45*	*+3.2%*	*-7.9%*

Other Products & Services

(€ million)	**2019**	2018	Change (reported)	Change (at constant scope and exchange rates)
Operational sales	*431*	*432*	*-0.1%*	*-0.9%*
Consolidated sales	*345*	*340*	*+1.5%*	*+0.0%*
EBITDA	*23*	*24*	*-1.9%*	*-3.2%*
EBIT	*3*	*7*	*-51.0%*	*-50.2%*

Consolidated financial statements at 31 December 2019 approved by the Board of Directors on 12 February 2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *(in thousands of euros)*	Notes	December 31, 2019	December 31, 2018 Restated (a)	January 1, 2018 Restated (a)
NON CURRENT ASSETS				
Goodwill	3	1 231 538	1 006 753	1 006 987
Other intangible assets	4	187 046	118 316	117 959
Property, plant and equipment	5	2 031 781	1 806 040	1 837 759
Rights of use relating to leases	6	219 066	223 792	200 725
Investment properties	7	15 125	15 491	16 240
Investments in associated companies	8	85 212	53 044	40 696
Deferred tax assets	24	89 938	93 394	98 603
Receivables and other non-current financial assets	9	236 142	152 831	77 557
Total non-current assets		**4 095 848**	**3 469 661**	**3 396 526**
CURRENT ASSETS				
Inventories and work-in-progress	10	401 551	385 133	351 303
Trade and other accounts	11	416 568	407 085	408 092
Current tax assets		72 811	42 215	45 001
Other receivables	11	192 776	142 745	174 251
Cash and cash equivalents	12	398 514	314 633	265 364
Total current assets		**1 482 220**	**1 291 811**	**1 244 011**
TOTAL ASSETS		**5 578 068**	**4 761 472**	**4 640 537**

LIABILITIES *(in thousands of euros)*	Notes	December 31, 2019	December 31, 2018 Restated (a)	January 1, 2018 Restated (a)
SHAREHOLDERS' EQUITY				
Share Capital	13	179 600	179 600	179 600
Additional paid in capital		11 207	11 207	11 207
Consolidated reserves		2 140 361	2 068 460	1 976 285
Shareholders' equity		**2 331 168**	**2 259 267**	**2 167 092**
Minority interests		**264 767**	**221 474**	**233 369**
Total shareholders' equity and minority interests		**2 595 935**	**2 480 741**	**2 400 461**
NON CURRENT LIABILITIES				
Provisions for pensions and other post-employment benefits	14	141 235	118 344	115 084
Other provisions	15	140 243	70 757	70 703
Financial debts and put options	16	1 109 769	879 713	928 403
Lease liabilities	16	178 398	195 751	166 596
Deferred tax liabilities	24	253 194	181 392	182 291
Other non-current liabilities		52 072	5 410	1 398
Total non-current liabilities		**1 874 911**	**1 451 367**	**1 464 475**
CURRENT LIABILITIES				
Provisions	15	10 635	9 604	8 738
Financial debts and put options at less than one year	16	391 594	152 813	138 499
Lease liabilities at less than one year	16	59 864	47 797	46 350
Trade and other accounts payable		354 652	358 753	328 450
Current taxes payable		49 162	38 273	41 188
Other liabilities	18	241 315	222 124	212 376
Total current liabilities		**1 107 222**	**829 364**	**775 601**
Total liabilities		**2 982 133**	**2 280 731**	**2 240 076**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**5 578 068**	**4 761 472**	**4 640 537**

(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.

The impacts of these restatements are presented in note 34.

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	2019	2018 Restated (a)
Sales revenues	**19**	**2.739.993**	**2.582.465**
Goods and services purchased		(1.710.592)	(1.644.858)
Added value	**1.23**	**1.029.401**	**937.607**
Personnel costs	20	(475.396)	(428.963)
Taxes		(64.592)	(59.431)
Gross Operating Income	**1.23**	**489.413**	**449.213**
Other operating income (expense)	22	36.718	43.105
EBITDA	**1.23**	**526.131**	**492.318**
Net charges to operating depreciation, amortization and provisions	21	(259.488)	(237.259)
EBIT	**1.23**	**266.643**	**255.059**
Other non-operating income (expense)	22	13.622	(7.407)
Net charges to non-operating depreciation, amortization and provisions	21	(19.206)	1.184
Operating income (expense)		**261.059**	**248.836**
Cost of net financial debt	23	(33.367)	(29.359)
Other financial income	23	12.577	20.024
Other financial expenses	23	(17.266)	(18.708)
Net financial income (expense)	**23**	**(38.056)**	**(28.043)**
Earnings from associated companies	8	5.096	3.737
Profit (loss) before tax		**228.099**	**224.530**
Income tax	24	(68.229)	(65.867)
Consolidated net income		**159.870**	**158.663**
Portion attributable to minority interests		11.049	9.781
Portion attributable to the Group		**148.821**	**148.882**
Earnings per share *(in euros)*			
Basic and diluted Group share of net earnings per share	13	3,31	3,32

(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. The impacts of these restatements are presented in note 34.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	**2019**	**2018 Restated (a)**
Consolidated net income	**159 870**	**158 663**
Other comprehensive income items		
Items not recycled to profit or loss :		
Remeasurement of the net defined benefit liability	(17 457)	6 289
Tax on non-recycled items	4 391	(1 613)
Items recycled to profit or loss :		
Net income from change in translation differences	(7 421)	(61 365)
Cash flow hedge instruments	11 305	759
Tax on recycled items	(2 919)	(197)
Other comprehensive income (after tax)	**(12 101)**	**(56 127)**
Total comprehensive income	**147 769**	**102 536**
Portion attributable to minority interests	9 554	(2 454)
Portion attributable to the Group	**138 215**	**104 990**

(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. The impacts of these restatements are presented in note 34.

CONSOLIDATED STATEMENT OF CASH FLOW

(in thousands of euros)	Notes	2019	2018 Restated (a)
Cash flows from operating activities			
Consolidated net income		**159 870**	**158 663**
Earnings from associated companies		(5 096)	(3 737)
Dividends received from associated companies		1 486	2 492
Elimination of non cash and non-operating items:			
- depreciation, amortization and provisions		284 347	233 671
- deferred tax		5 852	4 720
- net (gain) loss from disposal of assets		(4 639)	(8 582)
- unrealized fair value gains and losses		(22)	353
- other		(16 702)	(108)
Cash flows from operating activities	**1.23**	**425 096**	**387 472**
Change in working capital requirement		(42 789)	(5 394)
Net cash flows from operating activities (1)	**26**	**382 307**	**382 078**
Cash flows from investing activities			
Outflows linked to acquisitions of non-current assets:			
- Tangible and intangible assets		(237 484)	(180 224)
- Financial investments		(48 621)	(28 469)
Inflows linked to disposals of non-current assets:			
- Tangible and intangible assets		14 671	14 049
- Financial investments		17 361	3 939
Impact of changes in consolidation scope		(322 994)	(22 686)
Net cash flows from investing activities	**27**	**(577 067)**	**(213 391)**
Cash flows from financing activities			
Dividends paids		(73 458)	(72 976)
Increases/decreases in capital		500	
Proceeds from borrowings	16	428 933	114 838
Repayments of borrowings	16	(43 902)	(177 794)
Repayement of lease liabilities	16	(52 519)	(49 030)
Acquisitions of treasury shares		(7 502)	(927)
Disposals or allocations of treasury shares		8 927	68 876
Net cash flows from financing activities		**260 979**	**(117 013)**
Impact of changes in foreign exchange rates		486	(9 766)
Change in cash position		**66 705**	**41 908**
Net cash and cash equivalents - opening balance	28	261 969	220 058
Net cash and cash equivalents - closing balance	28	328 674	261 969

(1) :
-Including cash flows from income taxes: €(73.7) million in 2019 and €(56.9) million in 2018.
-Including cash flows from interest paid and received: € (22.3) million in 2019 including € (3.3) million for financial expenses on IFRS 16 leases and € (18.5) million in 2018 including € (2.5) million for interest expense on IFRS 16 leases.

(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.
The impacts of these restatements are presented in note 34.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDER'S EQUITY

(in thousands of euros)	Capital	Additional paid in capital	Treasury shares	Consolidated reserves	Translation reserves	**Shareholders' equity**	Minority interests	**Total shareholders' 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**
Restated net income				148 883		**148 883**	9 780	**158 663**
Other comprehensive income (1)				(3 888)	(40 004)	**(43 892)**	(12 234)	**(56 126)**
Total comprehensive income restated				*144 995*	*(40 004)*	***104 991***	*(2 454)*	***102 537***
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 acquisitions				(10 880)		**(10 880)**	(4 806)	**(15 686)**
Other changes (2)				63 071		**63 071**	2 129	**65 200**
At December 31, 2018 restated (a)	**179 600**	**11 207**	**(56 144)**	**2 524 952**	**(400 348)**	**2 259 267**	**221 474**	**2 480 741**
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				148 821		**148 821**	11 049	**159 870**
Other comprehensive income (1)				(5 111)	(5 495)	**(10 606)**	(1 495)	**(12 101)**
Total comprehensive income				*143 710*	*(5 495)*	*138 215*	*9 554*	*147 769*
Dividends paids				(66 434)		**(66 434)**	(7 030)	**(73 464)**
Net change in treasury shares			3 728	(1 707)		**2 021**		**2 021**
Changes in consolidation scope and additional acquisitions (3)				(1 713)		**(1 713)**	40 635	**38 922**
Other changes				(188)		**(188)**	134	**(54)**
At December 31, 2019	**179 600**	**11 207**	**(52 416)**	**2 598 620**	**(405 843)**	**2 331 168**	**264 767**	**2 595 935**

(1) Breakdown by nature of other comprehensive income:
Other comprehensive income includes mainly cumulative conversion differences from end 2003. 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 gain, net of tax, of 67 million realized in connection with Soparfi capital reduction (see note 2)

(3): mainly including the minority interests connected to the acquisition of Ciplan in Brazil (see note 2)

(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.

The impacts of these restatements are presented in note 34.

Group translation reserves are broken down by currency as follows at December 31, 2019 and 2018:

(in thousands of euros)	**December 31, 2019**	**December 31, 2018**
US Dollar	42 965	35 830
Swiss franc	202 323	178 128
Turkish new lira	(267 777)	(255 674)
Egyptian pound	(124 787)	(127 180)
Kazakh tengue	(89 672)	(83 317)
Mauritanian ouguiya	(8 676)	(7 399)
Brazilian real	(15 348)	-
Indian rupee	(144 871)	(140 736)
	(405 843)	**(400 348)**