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2020

H1 RESULTS



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VICAT

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- ▼ This presentation 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.
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- ▼ In this presentation, and unless indicated otherwise, all changes are stated on a consolidated, year-on-year basis (2020/2019), and at constant scope and exchange rates.
- ▼ The audited consolidated financial statements for the first half of 2020 and the notes are available in their entirety on the Company's web site www.vicat.fr.



Highlights

H1 2020 results

Analysis by geographical region

Cash flow statement
and balance sheet

2020 outlook

H1 2020 highlights: Controlled impact from Covid-19



Sales at **€1,304 million**

-3.2% at constant scope and exchange rates



Cash flow :

€175 million

Free cash flow :

€100 million



EBITDA at **€213 million**

-5.8% at constant scope and exchange rates



Solid financial structure

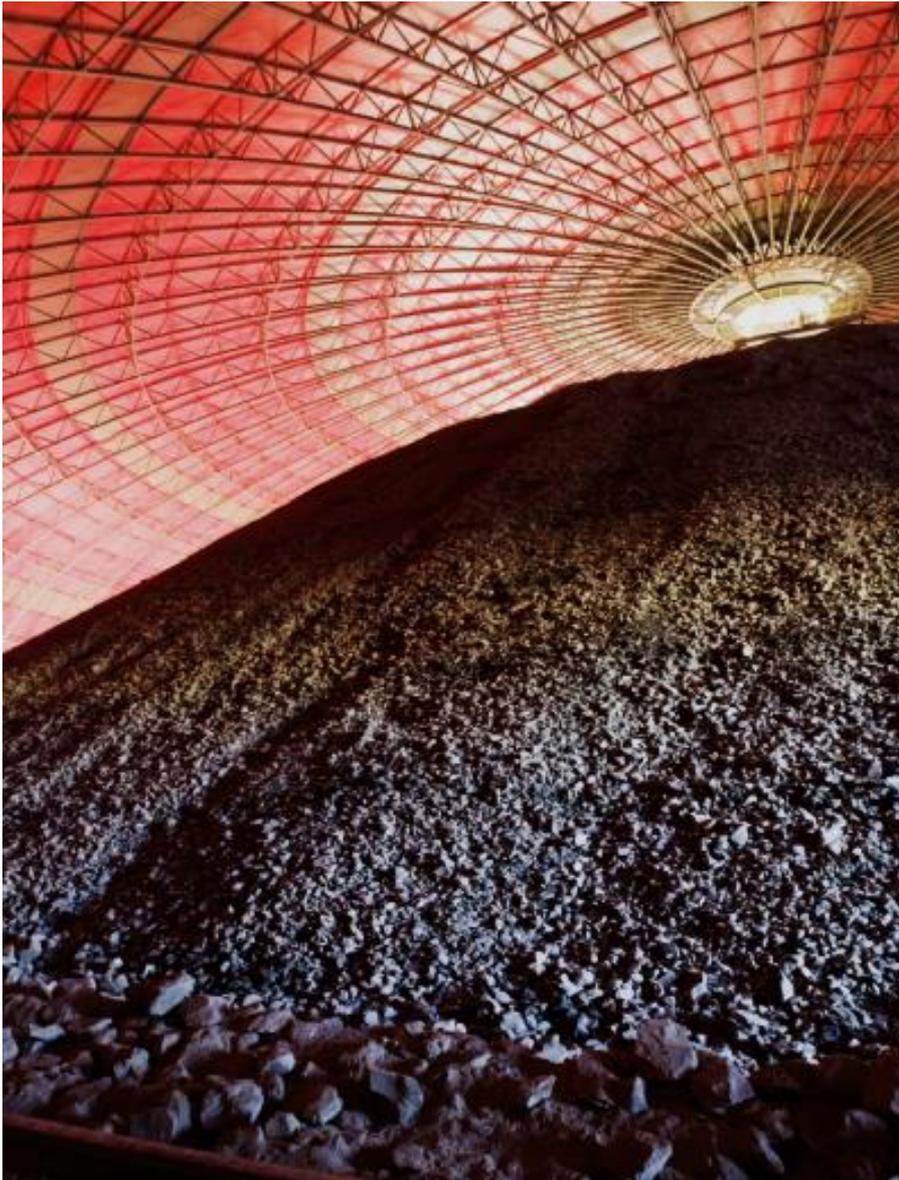
Leverage at 2.49x



€175 million

US private placement

with a 15-year maturity



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Simplified income statement



(€ million)	H1 2020	H1 2019	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	1,304	1,340	-2.7%	-3.2%
EBITDA	213	228	-6.7%	-5.8%
EBIT	76	97	-21.9%	-19.2%
Consolidated net income	29	48	-38.8%	-30.7%
Net income, Group share	27	46	-41.4%	-36.4%

▼ Sales down -3.2%

▼ EBITDA decrease of -5.8% at constant scope and exchange rates mainly due to:

- The pandemic's impact in France, India and Italy, and in Kazakhstan in Q2 resulting in a volume contraction
- A persistently downbeat environment in Turkey and Egypt

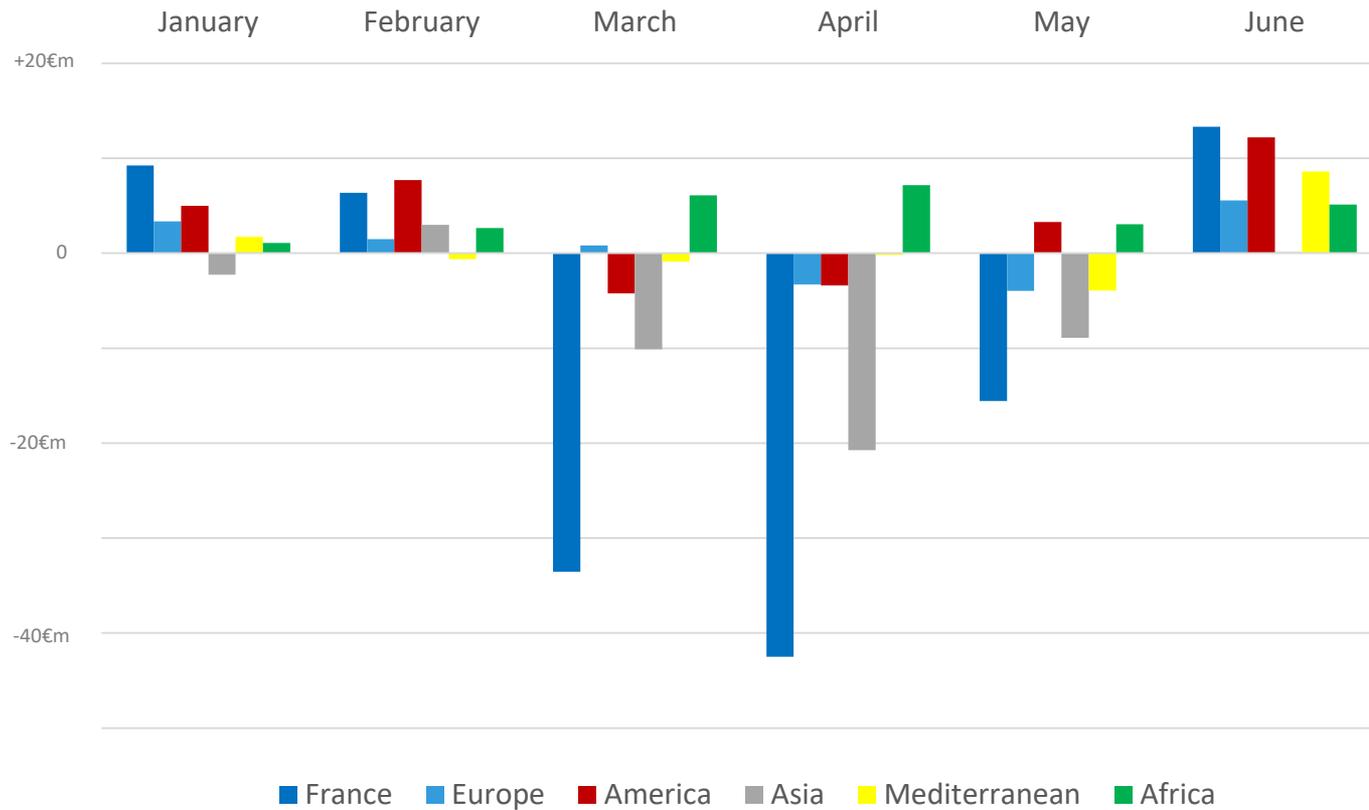
These factors were partly compensated by:

- The initial benefits of the cost-cutting plan (almost +€13 million in the first half of 2020)
- A near -11% drop in energy costs in the Cement business (excluding volume and currency effects) for almost -€13 million
- A very substantial improvement in EBITDA across the Americas, particularly in Brazil
- Significant growth in Africa

Strong recovery in June



2020 monthly regional variation in sales*



*On a published basis

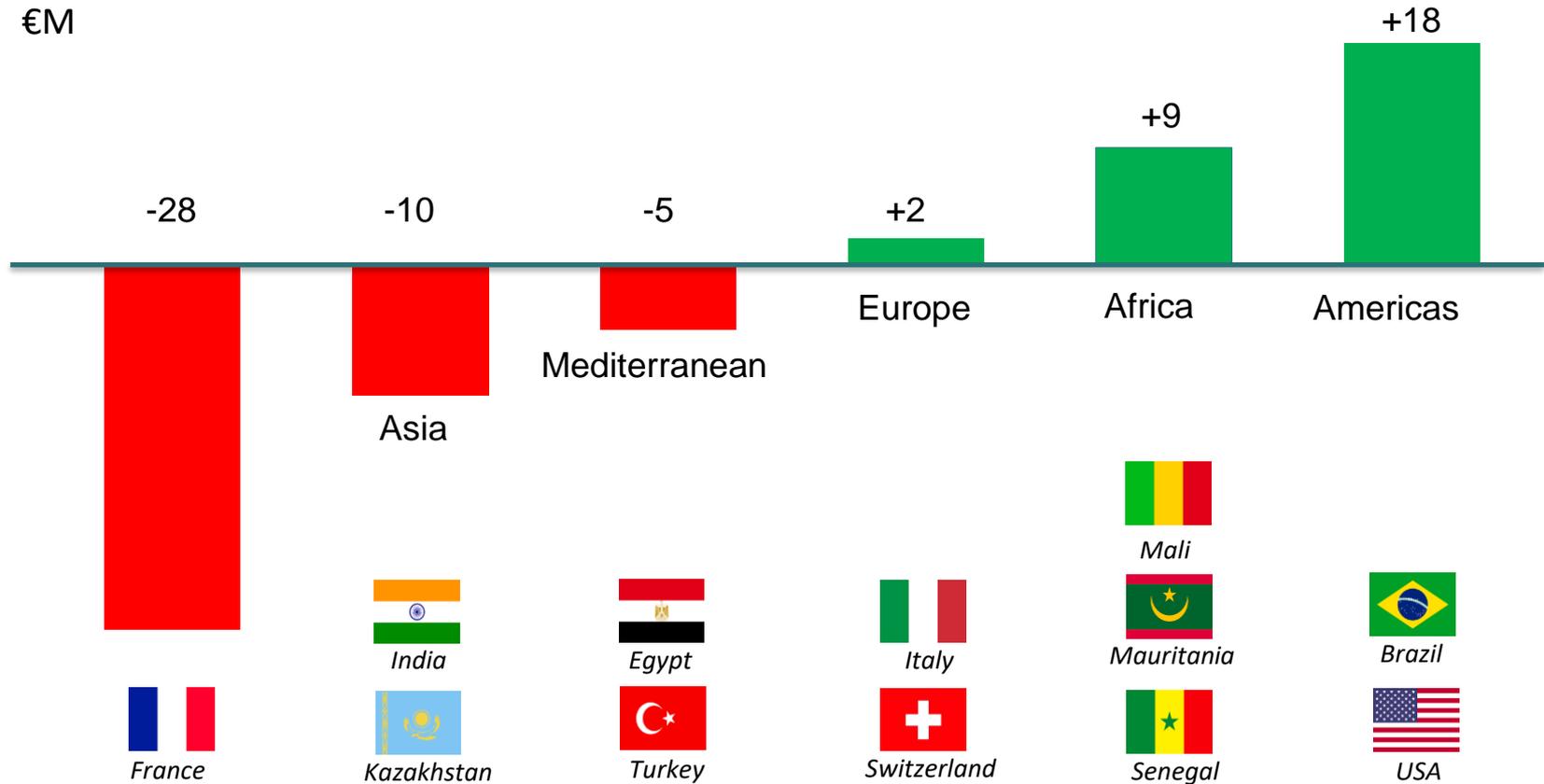
H1 2019/H1 2020 EBITDA variations

By region



▼ **Controlled impact from Covid-19** but considerable differences from one region to another

€M





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Analysis by region

France



(€ million)	H1 2020	H1 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	444	500	-11.3%	-12.5%
EBITDA	56	84	-33.1%	-33.3%
EBIT	14	44	-68.9%	-68.1%

- ▼ Significant impact of the pandemic on the Group's performance in France
 - ▼ Very sharp slowdown in March and throughout April
 - ▼ Gradual improvement of the situation with solid business growth again in June
 - ▼ Sharp decline in EBITDA
 - Positive impact of lower energy costs and initial benefits of the cost-cutting plan fail to offset downturn in business levels
- ▼ *In the Cement business*, operational sales dropped -6.1%
 - EBITDA contraction of -28%
 - ▼ *In the Concrete & Aggregates business*, operational sales moved -17%
 - EBITDA down -42%
 - ▼ *Other Products & Services* sales down -11.5%
 - EBITDA down -35%

Analysis by region

Europe: Switzerland and Italy



(€ million)	H1 2020	H1 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	198	182	+9.0%	+2.1%
EBITDA	40	38	+4.4%	-1.4%
EBIT	20	19	+1.9%	-3.8%

SWITZERLAND

- ▼ Market not significantly affected by the pandemic
- ▼ Sales up +3.7% and stable EBITDA
 - In the Cement business, operational sales rose +2.6% and EBITDA rose +11.4%
 - In the Concrete & Aggregates business, operational sales rose by +13.3% and EBITDA up +3.1%
 - In the Precast business, stable operational sales (-0.5%)

ITALY

- ▼ Operational sales declined -23% and EBITDA -32%
 - Activity totally stopped for several weeks

Analysis by region

Americas: United States and Brazil



(€ million)	H1 2020	H1 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	298	275	+8.2%	+9.1%
EBITDA	56	39	+45.3%	+51.1%
EBIT	26	8	+239.6%	+265.6%

UNITED STATES

- ▼ Broadly supportive market conditions despite pandemic crisis
 - Severe weather conditions in the South East during Q1 offset by favourable base of comparison in California
- ▼ Sales up +5.5%
- ▼ EBITDA up +22.6% at €41 million
- ▼ *Cement*
 - Operational sales up +11.2%
 - EBITDA up + 30%, with fall in energy costs
- ▼ *Concrete*
 - Operational sales up +2.6%
 - EBITDA up +1.7%

BRAZIL

- ▼ Pandemic struck while environment was stabilizing
 - Sales of €63 million, up +22%
 - *In the Cement business*
 - Operational sales at €52 million with volumes and prices up
 - Significant increase of EBITDA to €13 million (fall in energy costs and favourable €5 million tax ruling)
 - *In the Concrete & Aggregates business*
 - Operational sales at €15 million (+1.9%) with volumes and selling prices up
 - EBITDA up + 31%

Analysis by region

Asia: India and Kazakhstan



(€ million)	H1 2020	H1 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	149	193	-22.8%	-20.2%
EBITDA	38	48	-21.0%	-18.3%
EBIT	19	31	-39.1%	-37.0%

INDIA

- ▼ **Worst hit country in the Group's portfolio**
 - Strict lockdown measures led to a complete one month shutdown of Group's facilities and prevented a more rapid pick-up in construction projects
- ▼ **Sales of €119 million down -24%**
 - -22% decline in volumes and contraction in selling prices, especially in Q1
 - Recovery in June but situation remains highly volatile
- ▼ **EBITDA down -18.4% with EBITDA margin up to 23.6%**
 - Rapid cost-cutting and optimization plan
 - Drop in energy costs

KAZAKHSTAN

- ▼ **Stable sales (-0.2%)**
 - After a strong Q1, Q2 significantly affected by the pandemic in both the domestic and export markets
- ▼ **EBITDA down -18% at €10 million**
 - Significant rise in energy costs

Analysis by region

Mediterranean: Turkey and Egypt



(€ million)	H1 2020	H1 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	75	75	+0.3%	+6.2%
EBITDA	-9	-4	-118.1%	-96.3%
EBIT	-18	-14	-31.7%	-26.1%

TURKEY

- ▼ Sales at €54 million, up +6%
 - Sales up +11.2% in Q2, after a -1.4% contraction in Q1
- ▼ EBITDA at breakeven
- ▼ *Cement business*
 - Operational sales up +6.5%: upturn during Q2
 - Positive EBITDA
- ▼ *Concrete & Aggregates*
 - Operational sales up +12.5%
 - EBITDA down slightly

EGYPT

- ▼ Sales at €21 million, up +7%
 - Pandemic exacerbated already unfavourable environment
- ▼ EBITDA loss of -€9 million
 - Group is pushing further its work on both kilns to lift operating performance

Analysis by region

Africa: Senegal, Mali and Mauritania



(€ million)	H1 2020	H1 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	140	115	+21.8%	+21.8%
EBITDA	32	23	+37.3%	+37.3%
EBIT	15	8	+80.2%	+80.3%

▼ Positive macroeconomic and sector environment despite pandemic's substantial impact

▼ *Cement:*

– Sales increased +39%

- Very strong growth in volumes thanks to improvement in plant performance in Senegal and ramp-up of the new mill in Mali
- Selling prices improved sharply, as a result of Q3 2019 hike in Senegal

– EBITDA up +122%

- Via improvement in plant performance and lower energy costs

▼ *Aggregates (Senegal):*

– Sales down -46% due to volume contraction on government-funded projects

– EBITDA down -61%



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**Cash flow statement
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Financial position

Cash flow



Cash flow of €175 million
compared to €173 million at end-June 2019

-

Capital expenditure of €122 million
(of which close to a third for the new kiln-line at Ragland, Alabama, USA)
compared to €108 million at end-June 2019

-

Free Cash flow of €100 million
supported in particular by a strong reduction in WCR

Financial position

Balance-sheet items (under IFRS 16)



Net debt of €1,271 million
versus €1,465 million at end-June 2019

Consolidated equity of €2,404 million
compared with €2,461 million at end-June 2019

Gearing of 52.86%
versus 59.54% at end-June 2019

Leverage of 2.49x
versus 2.95x at end-June 2019

US private placement



15-year maturity - €175 million financing agreement

- ▼ On 30 July 2020, the Group entered into an agreement structured as a US private placement with a leading US investor
 - 15-year maturity
 - Fixed rate of 2.07%
 - To be drawn down on 30 November 2020 to repay the maturing US private placement established in 2010
- ▼ Given the interest rate agreed, this will deliver significant financial expense savings for the Group from 2021 onwards



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- ▼ In 2020, macroeconomic conditions in all of the countries where the Group is active are likely to be significantly affected by the Covid-19 crisis, to varying degrees depending on health conditions and the governmental responses.

- ▼ The following items should help curb the crisis' impact on the Group's results and financial position:
 - The upturn in activity levels, particularly in France and India
 - The decrease in costs for a total amount of -€51 million for the full year,
 - mainly linked to the drop in energy costs expected to exceed -8% (excluding volume and currency effects) representing a total impact of -€23 million.
 - The introduction of a structural cost-cutting programme now expected to deliver €28 million in savings
 - A clear focus on the working capital requirement
 - A scaling-down of the original capital expenditure plans

- ▼ Taking all these factors, the lack of visibility and the high level of volatility linked to the current situation into account, the Group anticipates a moderate decline in EBITDA over the full year subject to the effects that any second wave of the pandemic might have

2020 outlook (1)



- ▼ The detailed information concerning the 2020 outlook for the Group's various markets is available in the H1 2020 press release on our website www.vicat.com