H1 results– 2022

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➢ **Highlights**

2022 Half-year results

Analysis by geographical region

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H1 2022 Highlights

Solid sales growth

Profitability adversely affected by the significant increase in energy costs and non-recurring industrial costs

Solid cash generation and robust balance sheet

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Condensed income statement

(€ million)	H1 2022	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**1 755**	1 560	+12.5%	**+14.5%**
EBITDA	**269**	300	-10.4%	**-9.8%**
EBITDA margin (%)	***15.3%***	*19.2%*		
EBIT	**128**	171	-24.9 %	**-23.5%**
EBIT margin (%)	***7.3%***	*11.0%*		
Consolidated net income	**88**	102	-13.8%	**-20.0%**
Net margin (%)	***5.0%***	*6.5%*		
Net income, Group share	**78**	94	-16.8%	**-22.7%**

- Strong organic growth
- EBITDA well above its pre-pandemic level (€229 million in the first half of 2019)

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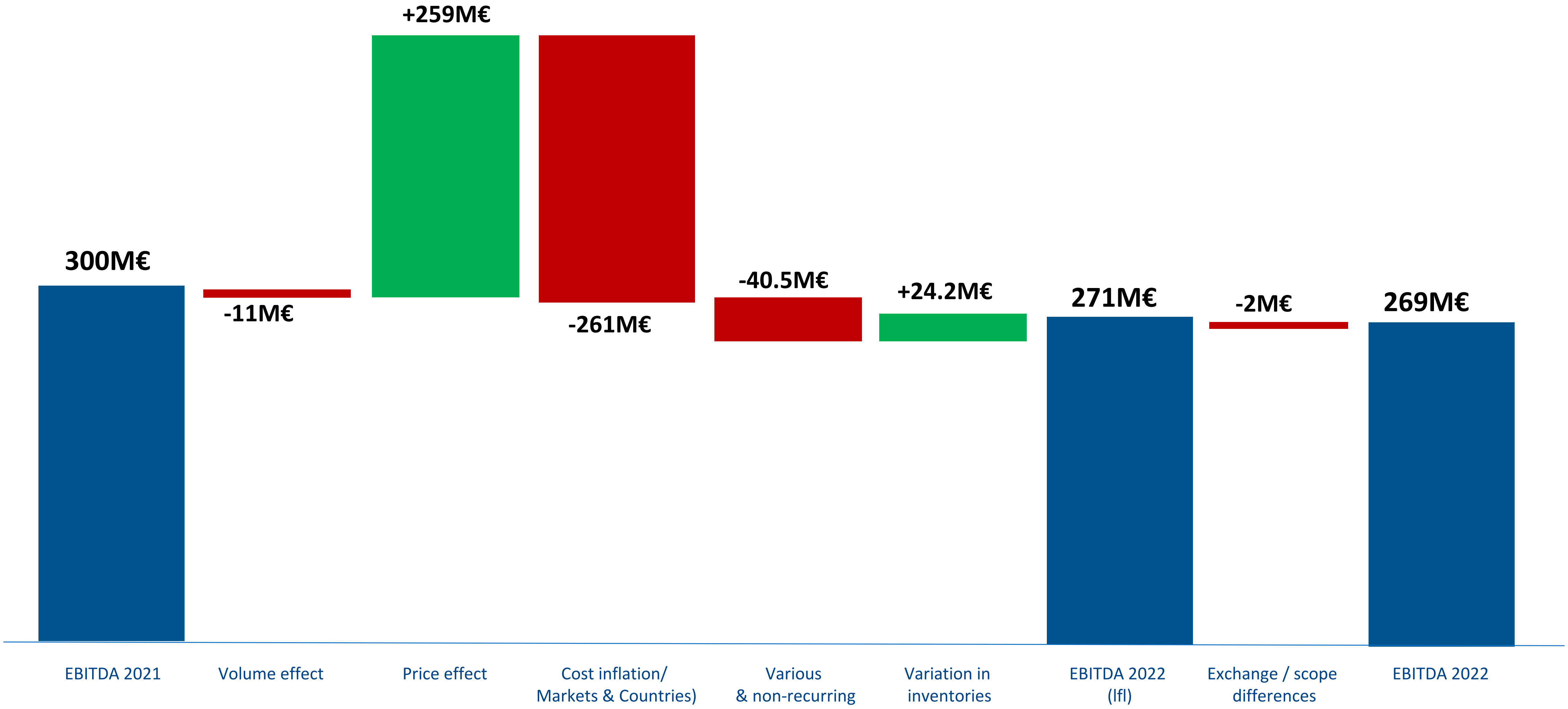
Change in EBITDA
(by factor)



- Strong price increases, almost fully offsetting cost inflation

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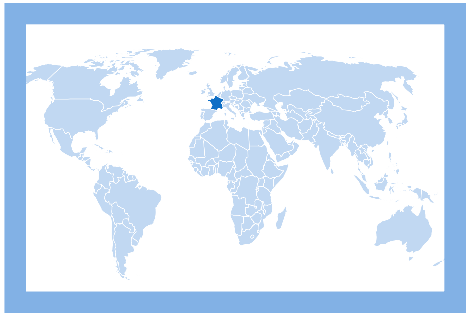
Analysis by region: France



France

(€ million)	H1 2022	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**606**	562	+7.9%	+5.1%
EBITDA	**80**	104	-22.5%	-23.8%

- France sales moved higher
  - Despite small reduction in demand from the record levels seen in the first six months of 2021

- *Cement,* operational sales up +7%
  - Sharp rise in selling prices
  - Very strong rise in energy costs, especially electricity
  - One off maintenance operation costs
  - EBITDA down -26%
- *Concrete & Aggregates* operational sales: +5%
  - Significant improvement in selling prices
  - EBITDA down -24%
- *Other Products & Services* sales: +8%
  - EBITDA down -12%

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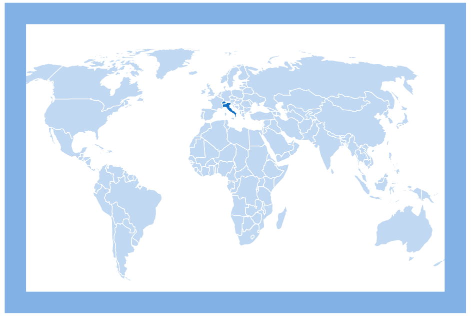
Analysis by region: Europe



Europe:
Switzerland and Italy

(€ million)	H1 2022	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**184**	203	-9.6%	+5.7%
EBITDA	**41**	39	+6.1%	+5.8%

SWITZERLAND

- Consolidated sales up +4%, EBITDA up +2%
- *Cement*, operational sales up +3% with contraction in demand offset by a solid increase in selling prices
  - EBITDA up +7%
- *Concrete & Aggregates*, operational sales down -1% with higher prices but lower volumes in Concrete
  - EBITDA: -12%
- *Other Products & Services*, operational sales up +1%
  - EBITDA up +32%

ITALY

- Consolidated sales rise +39%
  - Strong price increase
  - EBITDA up +110%

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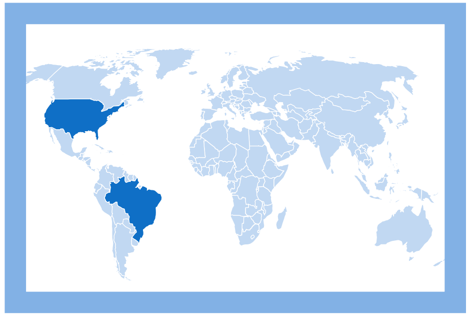
Analysis by region: Americas



Americas:
United States and
Brazil

(€ million)	H1 2022	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**401**	319	+25.8%	+12.1%
EBITDA	**55**	70	-22.1%	-30.7%

UNITED-STATES

- Sector environment remained favourable
- Q2 performance adversely affected by the start-up of Ragland plant's new kiln in Alabama
- Progressive ramp up in H2
- Sales at €273 million, up +4% and EBITDA totalled €35 million, down -31%
  - In *Cement*, operational sales grew +5% with significant increase in prices
  - In *Concrete*, operational sales rose +4%, positive market trends and higher selling prices

BRAZIL

- Consolidated sales at €128 million, up +35% and EBITDA down -29.5% to €20 million
- Demand remained supportive
- Hike in prices has to date only partially offset the rise in production costs
- In Cement, operational sales, up +30%
- In Aggregates, operational sales up +54%

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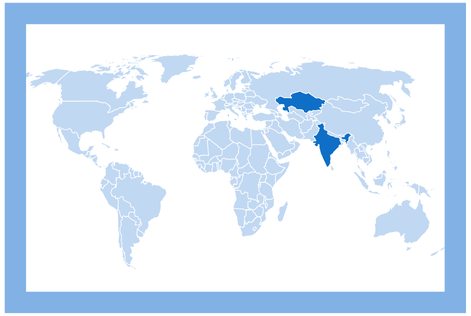
Analysis by region: Asia



Asia:
India and Kazakhstan

(€ million)	H1 2022	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**249**	206	+20.7%	+14.0%
EBITDA	**52**	58	-9.6%	-14.4%

INDIA

- Sales at €214 million, up +14.0%
- Consistently solid demand
- Higher selling prices only partially made up for the very strong inflation in energy costs
- Preparations for the debottlenecking at the Kalburgi Cement plant
  - Increase of capacity
  - Non-recurring operating expenses

KAZAKHSTAN

- Sales at €35 million, up +14%
- Significant increase in selling prices largely offset the decline in volumes delivered over the period and cost inflation

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Analysis by region: Mediterranean

Mediterranean: Turkey and Egypt

(€ million)	H1 2022	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**145**	103	+41.4%	+113.9%
EBITDA	**16**	-6	n.s	n.s

TURKEY

- With strong increase in selling prices, sales totalled €91 million
  - EBITDA at €15 million, up from €2 million
- In *Cement*, operational sales climbed +135% to €65 million and EBITDA at €10 million versus just under €2 million in H1 2021
- In *Concrete & Aggregates,* operational sales rose +164% to €45 million
  - EBITDA generated by the business came to €4 million, compared with breakeven EBITDA in H1 2021

EGYPT

- Consolidated sales totalled €54 million, up +60%
- Following the market regulation, selling prices in the domestic market continued to improve
- EBITDA topped €1 million (versus a loss of -€8 million in the same period of 2021)

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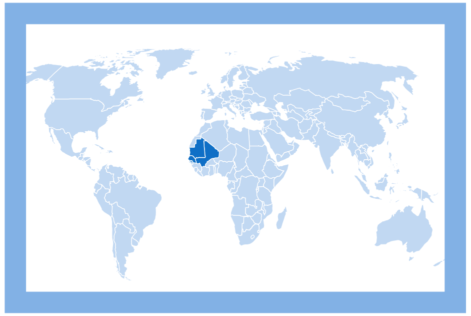
Analysis by region: Africa



Africa:
Senegal, Mali and Mauritania

(€ million)	H1 2022	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**170**	167	+1.7%	+1.1%
EBITDA	**24**	35	-32.7%	-33.4%

- Dynamic sector environment despite the knock-on effects of the geopolitical crisis in Mali
- In *Cement*, operational sales fell -4%
  - Price increase significantly restricted by the authorities in Senegal in the context of the election period
- Given the very strong inflation in production costs, EBITDA declined -38%

- In Senegal, the *Aggregates business*, supported by private sector, recorded operational sales of €18 million, up +19.5%
- Selling prices moved lower due to an unfavourable product and customer mix
- EBITDA decreased by -7%

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Financial position at 30 June 2022

- **At 30 June 2022, the Group's financial structure remained solid, with a large rise in equity and net debt under control**
- **Consolidated equity** totalled €2,896 million

- **Net financial debt** stood at €1,671 million
  - €120 million rise in the increase of working capital requirement compared with that of the first semester of 2021
  - The sharp increase in the working capital requirement stems from both the growth in sales but also from the impact of inflation on inventories (594 million euros at end June 2022 compared to 390 million euros at end June 2021)

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CAPEX and Free Cash Flow

- **Disbursed industrial capital expenditure** totalled €178 million in the first six months of 2022
- The new kiln at the Ragland plant accounted for a significant proportion

- **Free cash flow** was -€202.6 million, versus -€52.5 million in the first half of 2021
- Reduction stems from the large increase in the working capital requirement attributable to raw materials cost inflation

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Recent events

Start-up of the Ragland plant's new kiln in the United States

- The construction of a new 5,000-tonne/day kiln at the Ragland plant in Alabama, which began in 2019, completed in Q2 2022
- The commissioning of this new production facility required a period of fine-tuning and adjustment that came to an end in early July, paving the way for a gradual ramp-up in production from Q3 onwards

Construction of a new kiln in Senegal

- The Group launched at end 2021 a €240 million investment plan to build a new kiln line
- The new production facility is scheduled for commissioning in 2024

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Further developments in the development of “CARAT”, the 1st zero carbon binder

- « CARAT », the first carbon-negative binder, will enrich Vicat’s DECA range of low-carbon solutions, raising the prospect of very low-carbon concrete, with a reduction of close to 90% in the carbon footprint per m3 of concrete
- With this innovation, the Group has delivered a practical response to the new RE2020 regulations in France
- « CARAT » will be produced at the Montalieu-Vercieu cement plant in France and available to begin with in the Auvergne-Rhône-Alpes region
- Eventually, Vicat plans to manufacture it at other Group facilities to meet demand across other markets

- Vicat’s innovation team has developed cement products with two key ingredients:
  - the Group’s clinker with the smallest possible carbon footprint;
  - biochar, a well-known means of sequestering carbon, manufactured from forestry and agricultural waste. These materials replace part of the clinker in the binder and thus contribute to its very small carbon footprint
- Vicat has completed larger-scale demonstration projects in March and April 2022 confirming performance at a low temperature.
- The ATEx (technical trial assessments) are currently in progress, with permits expected to be issued during 2023

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2022 outlook (1)

In 2022, the Group anticipates a strong increase in its sales underpinned by an increase in its activity levels and a sharp progression in selling prices.

EBITDA generated by the Group in 2022 is likely to grow, but not by as much as in 2021.

In light of these factors, the Group expects erosion in its EBITDA margin in 2022.

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2022 outlook (2)

- The following key trends are anticipated in the second half of 2022:
  - a less unfavourable basis for comparison, especially for energy costs;
  - the full impact of the various price hikes introduced in France and Switzerland at the end of the first six months and in the United States at the beginning of the third quarter;
  - further steady price hikes in emerging markets, except for Senegal and Egypt, since decisions to raise prices in these countries are subject to government approvals;
  - The gradual ramp-up in the Ragland plant's new kiln line and the non-recurrence of the additional start-up costs linked to its commissioning;
  - The increase in capacity of Kalburgi Cement after debottlenecking operations;
  - The ramp up of the new production line of the VPI Auneau plant;

- During the second half of 2022, the Group will keep up its investment drive, focusing chiefly on:
  - the start of construction work on the new kiln (Kiln 6) in Senegal;
  - the pursuit of projects to meet carbon footprint reduction targets (e.g. the Argilor project in France or the construction of a Waste Heat Recovery system in Turkey);
  - debottlenecking operations to boost capacity at production facilities at Kalburgi in India and to invest in new terminals to expand its market and lower logistics costs;
  - Accordingly, capital expenditure is expected to be higher than in 2021 at around €400 million, including €130 million in "maintenance" investments and €270 million in "strategic" investments

The detailed information concerning the 2022 outlook for the Group's is available in the H1 2022 press release on our website www.vicat.com

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QUESTIONS

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