

# Annual report 2018



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# Vicat

## 200 years of innovation

Vicat is an international group of companies and a French family-run business, one that was founded 165 years ago, after Louis Vicat invented artificial cement in 1817.

Vicat has always looked to the future and continues to develop a range of high-performing materials, products, and services tailored to match the evolutions taking place in the construction industry. Through its cement plants, aggregate quarries, concrete batching plants, factories producing finishing products for the building industry, etc., wherever it is located, the Group is devoted to furthering local development, fostering local employment, and treating the environment responsibly.

Through the technical expertise, commitment, and passion of its workforce, Vicat nurtures relationships of ongoing trust with customers and partners on a daily basis.

Contributing to progress in the art of construction: that is Vicat's everyday objective for every project and in every place.





**GUY SIDOS**  
CHAIRMAN AND CEO

**“In a changing world  
we must more  
than ever stay agile  
and innovative.”**

**Cement was demystified by Louis Vicat 200 years ago. Does it still have a future?**

**G.S.** There is quite simply no alternative to cement for meeting needs for construction materials in the years to come. At the scale of today’s demographic growth, cement, being produced locally, is the only material available in the right quantities and at the right cost.

While cement has made decent housing affordable for the greatest number and has provided users with shelter and comfort for two centuries, its manufacture and applications are changing to reflect considerations of sustainable development and circular economy.

**What are the strengths of the family identity of the Group, the only French-owned cement manufacturer? How do you explain its longevity?**

**G.S.** Since the mysteries of artificial cement were unveiled in 1817, seven generations of family entrepreneurs have succeeded each other to develop the Vicat group through a process of consolidation, vertical integration, then international development. Each generation has known



**33%**  
share of sales in  
emerging countries

**63%**  
share of sales  
outside France

how to adapt the company to the contingencies of its time, to develop it with fervent passion and transmit it to the next generation, together with the tradition of esteem for the admirable work of the Group's equally fervent employees without whom growth would not have been possible. In a world environment where the economic cycles of different countries may not develop at the same pace, geographical diversification imparts resilience to our business model.

### **The Group now works across the globe, in 12 countries; what are your priorities in terms of international development?**

**G.S.** The Group began its international expansion more than 45 years ago when it set foot in the United States. Now present in six parts of the world (France, Europe (excluding France), Americas, West Africa, the Mediterranean, and Asia), the company will continue to develop in emerging countries, where demand for construction materials will be highest in the years ahead of us. In some countries the Vicat group has also developed into other businesses that complement its core activities (Cement, Concrete & Aggregate). By this means it benefits from synergies, optimizes production costs, and enhances customer service. Construction chemicals, precast concrete products, and transport are such complementary businesses; not only did they account for 15% of the Group's sales in 2018, but they also bring value-added to other company products.

### **What is your view of the Group's performance in 2018?**

**G.S.** The year just ended marks a resurgence of our external growth, with the acquisition of Brazilian cement manufacturer Ciplan. This expansion is our first venture into South America, a continent with the greatest potential. This move was a further step in our strategy for balanced development which, through a geographical distribution of risks, helps us better negotiate the economic turbulence of

our unstable world. As a result, the Group's long-term stability is heightened. The Vicat group's results for 2018 are stable, despite the substantial volatility of currency pairs caused by geopolitical tensions. Last summer, for example, the fantastic first-half growth of Turkey was stopped in its tracks by the brutal depreciation of the Turkish lira in August. Overall, even if there are contrasts from one country to another, the year's results are satisfactory, with progress above all in France, the United States, and Kazakhstan.



### **What, for you, is the relevance of sustainable development for the Group?**

**G.S.** Sustainable development is an unwavering part of the Vicat group's global strategy. Actions undertaken to reduce the drain on natural resources, to encourage recycling of construction materials, and to convert waste into energy are part of this drive. Our cement plants are links in short-supply-chain waste streams in a circular economy. More than 20% of the cement leaving our plants is obtained by transforming products that were once disposed of in landfill sites. What used to be considered as useless waste now provides energy, as a substitute for fossil fuels, or is a source of raw materials for the process. In France, we have set up "Vicat Circulère" to encourage more

widespread application of our know-how which, through our determined, responsible, and cost-effective approach, helps make appropriate use of raw materials and repurposing of waste feasible as an industrial venture.

At the same time, the Group is active in promoting biodiversity and the preservation of ecosystems where it works. We have built up expertise in the reclamation of our quarries, not just after but also during the quarrying phase. All this is made possible by the attention devoted to relations with all stakeholders, be they external or internal. We are convinced that this environmentally-friendly industrial approach will be genuinely applauded by our customers.

### **In the tradition of Louis Vicat, innovation is one of the keys to Vicat's success. What are the priorities for your innovation strategy?**

**G.S.** Our R&D is focused on the performance of materials, the environment, the ease of use of our products, and sparing of resources. The Vicat group works on all aspects of the constructive system, including issues like sustainable urban mobility ('Transpolis' laboratory city), biodiversity ('Odyssée' project), connectivity, 3D printing, solar functionalities of concrete, and solutions for rapid repair of pavements or for insulating buildings. The end-purpose of innovation in the construction sector is about rethinking living conditions and the city, and coming up with new, affordable cohabitation and mobility models that treat the environment and biodiversity responsibly.

# Trends in a changing world



## 1. Ecological and energy transition

Climate emergency, preservation of biodiversity, circular economy, reduction in environmental footprint, etc., these are the issues in whose interests the men and women of the Vicat group take daily action.

## 2. Technological transition

Digital technology and artificial intelligence are opening up new prospects. Manufacturing processes are changing, as are the ways materials and products are being used as they acquire new functions.

## 3. Demographic growth and urbanization

In 2050 the planet's population will be 10 billion, close to 75% of whom will live in cities. There is no alternative to cement for building the world of tomorrow.

Due to the effects of strong trends structuring our societies and modifying our behavior, the world in which we live is transforming and rebuilding itself at an ever faster pace. Vicat is gearing up to meet these challenges.



1.



2.

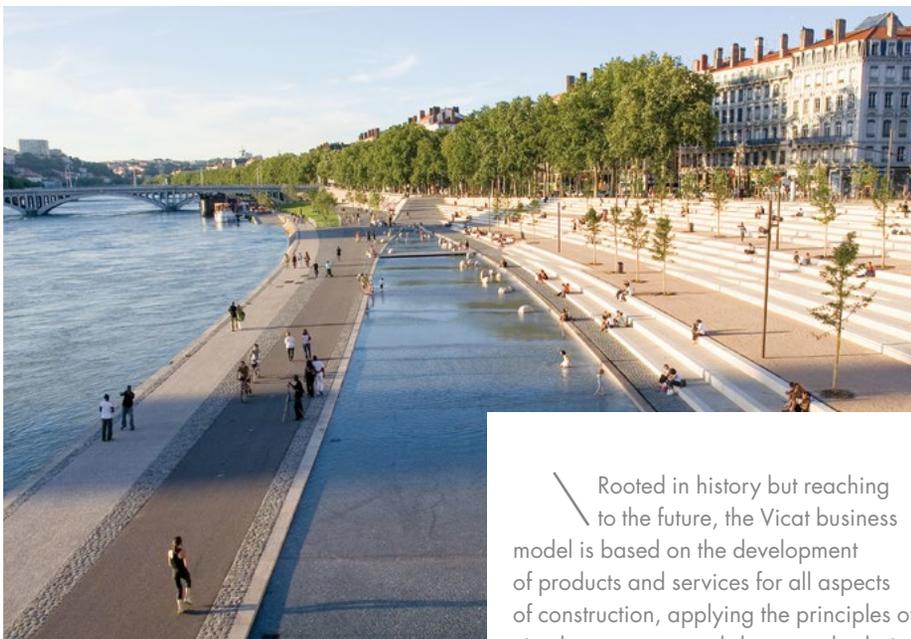
**“The environment in which we live is changing. Rooted in history but reaching to the future, Vicat innovates to get the jump on and facilitate the environmental, technological, and societal transformations this entails.”**



3.

# THINKING AND ACTING DIFFERENTLY

Our industries will be shaped by the needs created by demographics and will be governed by climate change. There is no single answer, but ideas are hatching out. Vicat is putting its money on proximity, repurposing, and sparing of resources.



• Rhône riverbank, Lyons (France).

Rooted in history but reaching to the future, the Vicat business model is based on the development of products and services for all aspects of construction, applying the principles of circular economy and short supply chains. Our commitments are hinged on three components: ecological and energy transition; demographic transition and growing urbanization; and social transition.

## Ecological and energy transition

Our cement plants are links in short-supply-chain waste streams in a circular economy. The development of new technologies for industrial processes, increased use of raw materials obtained through recycling, and local repurposing of waste are all means of limiting our environmental footprint. At the same time, the Group takes action to support biodiversity and to preserve ecosystems in the places where it works.



As seen by

**SÉVERINE PAYOT,**  
Digital Transformation  
manager, France

What does digital transformation involve for the Vicat group?

Digital technologies pervade almost every aspect of our lives, e.g. click-and-collect shopping, e-tickets, even ordering flowers on-line. Our customers are simply individuals who have stepped into an office; in their professional capacity they have the same habits and needs for time-saving and mobility as in their private lives. The purpose of digital transformation is to make our customers the focus of our businesses and to meet their needs. To achieve this, three programs were initiated in France in 2018: PIM (product information management), knowing the customer, and customer experience.

## Demographic transition and growing urbanization

Construction materials are the foundation on which smart cities grow. By virtue of its abundance, its durability, its low cost, its ease of use, and its ability to integrate a broad range of functions, cement is the construction material of choice for the city of tomorrow.

## Social transition

Making employees a focus of attention remains a priority for the Group which is enhancing its safety culture wherever it works. The deployment of an enterprising policy for training, qualification, inclusion, and mainstreaming takes account not just of the requirements of our workforce, but also of the specific conditions applicable in the areas where our facilities are located.

# Builder for the long term

AS A FRENCH FAMILY-OWNED GROUP OF COMPANIES FOUNDED 165 YEARS AGO THAT ENJOYS ITS INDEPENDENCE, WE BUILD FOR THE LONG TERM. WE CAPITALIZE ON THE CONFIDENCE PLACED IN US BY ALL OUR PARTNERS, WHETHER CUSTOMERS, SUPPLIERS, PROJECT OWNERS, LOCAL OFFICIALS, SCIENTISTS, ETC.

## VISION



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Vicat in brief

# AN OFFERING TAILORED TO ONGOING CHANGE IN THE CONSTRUCTION INDUSTRY



## CEMENT

Cement, a highly sought after construction material, is used principally to make concrete. Vicat manufactures a wide range of artificial cements, together with a natural quick-setting cement, to meet the needs of all those involved in construction.

Cement sold (millions of tons)	22.8
Cement plants	16
Grinding plants	5



## CONCRETE

Be it decorative or self-consolidating, for roads or complex architecture, for bridges or tunnels, and everything in between, Vicat has a thorough offering of ready-mixed concretes meeting every imperative relating to environmental, quality, and safety concerns that will meet the specific needs of every project.

Concrete sold (millions of m <sup>3</sup> )	9
Batching plants	256



Vicat proposes a range of high-performing materials, products, and services tailored to match the evolutions taking place in the construction industry. We come up with innovative, sustainable constructive solutions to meet the challenges of construction and to meet your requirements, wherever you might be.



## AGGREGATE

Whether natural or recycled, aggregate is a raw material for sustainable construction. It is vital for making concrete and road pavements.

Aggregate sold (millions of tons)	22.7
Aggregate quarries	72



## OTHER PRODUCTS & SERVICES

In some countries Vicat also has complementary businesses that generate value-added for its customers. These include precast concrete products in Switzerland, transport in France, and the manufacture of bags in France and India.

% consolidated sales	15
----------------------	----

Complementary businesses: finishing products for the building industry, waste management, concrete additives, precasting, pumping, transport and logistics, packaging and paper, engineering and quality control.

Vicat in brief

# A MULTI-LOCAL GROUP

Present in six parts of the world, Vicat will continue to develop its business in emerging countries, where demand for construction materials will be highest in the years ahead of us.

## 1 AMERICAS

United States, Brazil

- > 3 cement plants
- > 53 concrete batching plants
- > 2 aggregate quarries

## 2 FRANCE

- > 5 cement plants
- > 3 grinding plants
- > 146 concrete batching plants
- > 40 aggregate quarries

## 3 EUROPE (excluding France)

Switzerland, Italy

- > 1 cement plant
- > 1 grinding plant
- > 19 concrete batching plants
- > 20 aggregate quarries

## 4 WEST AFRICA

Mali, Senegal, Mauritania

- > 1 cement plant
- > 1 grinding plant
- > 1 concrete batching plant
- > 2 aggregate quarries

## 5 MEDITERRANEAN

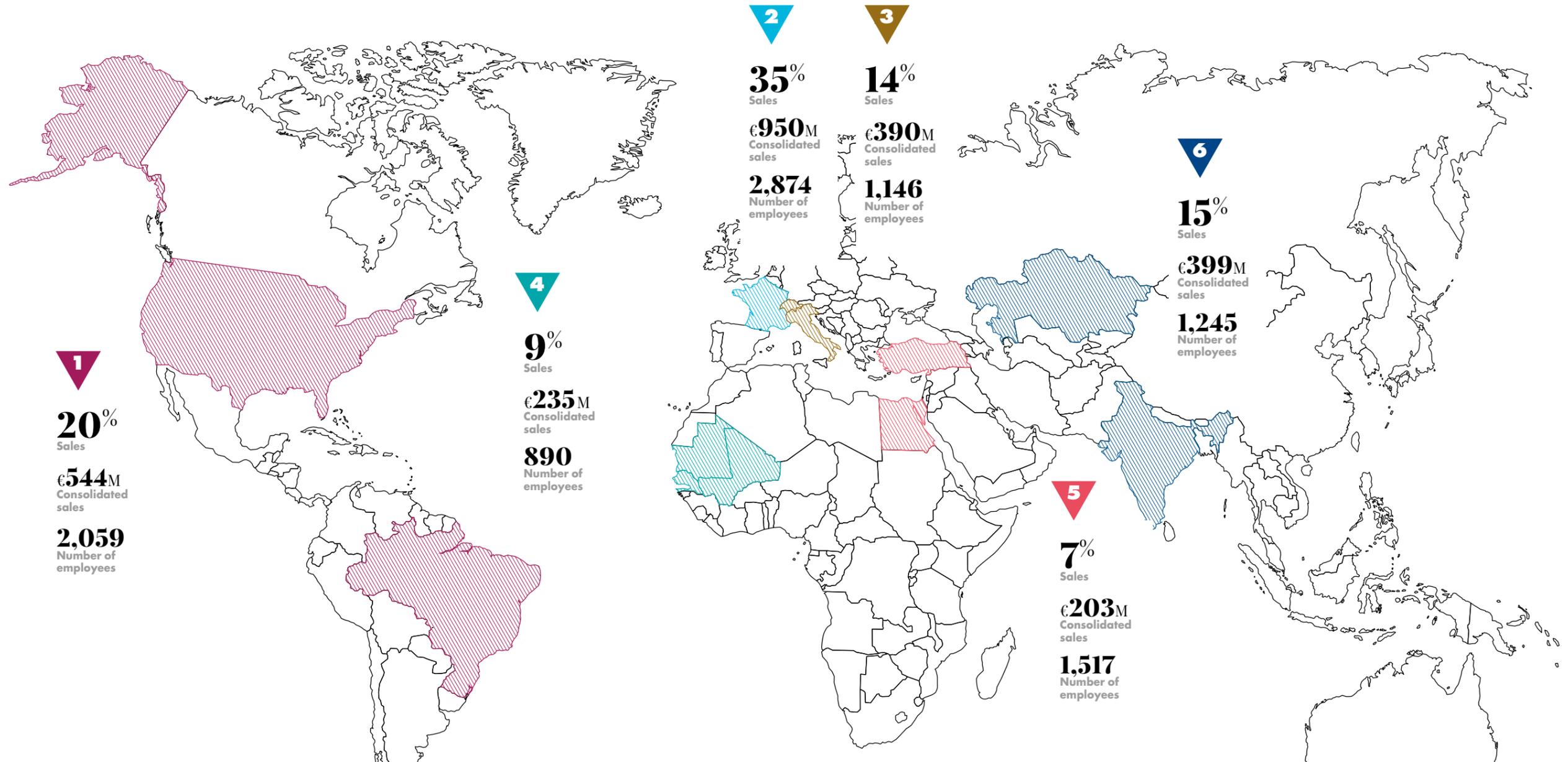
Turkey, Egypt

- > 3 cement plants
- > 37 concrete batching plants
- > 7 aggregate quarries

## 6 ASIA

Kazakhstan, India

- > 3 cement plants
- > 1 aggregate quarry



Data includes Brazilian cement company Ciplan, acquired in 2019.

# GOVERNANCE & SHAREHOLDERS



## BOARD OF DIRECTORS

Jacques Merceron-Vicat  
Honorary chairman

Guy Sidos  
Chairman & CEO



1.



2.



3.



4.



5.



6.



7.



8.



9.

1. Delphine André
2. Xavier Chalandon
3. Sophie Fégueux
4. Jacques Le Mercier
5. Louis Merceron-Vicat
6. Emmanuelle Salles
7. Bruno Salmon
8. Sophie Sidos
9. Éléonore Sidos

## MANAGEMENT OPERATIONAL EXECUTIVES

Guy Sidos  
Chairman & CEO

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Didier Petetin  
Chief operating officer  
Senior executive in charge  
of business in France  
(excluding Paper)

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## SENIOR EXECUTIVE VICE PRESIDENTS

Éric Bourdon  
Chief scientific officer  
Performance and investment director

---

Philippe Chiorra  
Chief legal officer

---

Éric Holard  
Director, United States

---

Jean-Pierre Souchet  
Advisor  
to the Chairman & CEO

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## ZONE/COUNTRY DIRECTORS

Lukas Epple  
Switzerland

---

Yves Keller  
West Africa  
(Mali, Mauritania, Senegal)

---

Philippe Latournerie  
Brazil

---

Pietro Cala  
Asia (Kazakhstan, India)

---

Gianfranco Tantardini  
Mediterranean (Turkey, Egypt)

---

## AUDITORS INCUMBENTS

KPMG Audit

---

Wolff & Associés SAS

---

## AUDITORS ALTERNATES

Cabinet Constantin

---

Exponens Conseil et Expertise

---

## AUDIT COMMITTEE

Jacques Le Mercier  
Chairman

---

Delphine André

---

Xavier Chalandon

---

Éléonore Sidos

---

## COMPENSATION COMMITTEE

Xavier Chalandon  
Chairman

---

Jacques Le Mercier

---

Bruno Salmon

---



## SHARE CAPITAL

As of December 31, 2018,  
the company's share  
capital amounted to  
179,600,000 euros,  
consisting of  
44,900,000 shares  
with par value  
of four euros each.

**60.6%**  
family shareholders

**1.5%**  
treasury shares

**37.9%**  
public  
(including  
1.26% employees)

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Strategic focuses

# CONTROLLED DEVELOPMENT



• Bharathi Cement plant, Andhra Pradesh (India).

### Group's development controlled

For the long term, the Group stresses controlled development of its different businesses, associating a fine balance of dynamic organic growth with a policy of selective external growth.

Internal growth is driven by capital expenditure for upgrading production capacity to meet market and customer demand and by research and innovation

**33%**  
sales in emerging countries

**63%**  
sales outside France

for expanding our range of products and enhancing their quality. The external growth policy is aimed selectively at tackling new markets with attractive growth potential and at consolidating the Group's presence on its current markets through vertical integration. This development can be applied to existing businesses or to the construction of new (greenfield) cement plants on markets with strong growth. This growth remains in all respects consistent with the size of the Vicat group and its financial and operational capacity to absorb the investment. Its purpose is to create value for shareholders and, through its profitability, to allow the company to expand even more. It was in pursuance of this policy that the Group recently announced its acquisition of Brazilian cement manufacturer Ciplan, thereby setting foot in a new market with strong potential for growth.

### Business-specific development

The Vicat group focuses primarily on its historical area of expertise, cement, and expands into the ready-mixed concrete and aggregate markets through vertical integration in order to secure access to cement consumption markets. Cement, the company's core business, underpins profitability. Development into the ready-mixed concrete business is a function of the maturity of markets and the degree to which construction contractors integrate industrially produced concrete.

## Deploying a balanced strategy has enabled the Group to pursue further growth in an uncertain macroeconomic environment.

The objective is to establish a network of concrete batching plants around cement plants and near consumption centers. The Group's presence in the aggregate sector is intended to provide a global response to its customers' construction materials requirements and to provide secure, local supplies of aggregate for development of the ready-mixed concrete business.

Seizing opportunities that have presented themselves, Vicat also has a number of complementary businesses on some markets, such as precast concrete products in Switzerland, transport in France, and bag production in France and in India, through which it supports its product offering and strengthens its regional positioning.

### Balanced geographical development

The Vicat group's strategy is designed to diversify its geographical exposure and to spread risk judiciously through a combination of investment in developed countries, which generate a steadier stream of cash flow, and in emerging countries which, while offering greater potential for long-term growth, may be exposed to stronger market or exchange-rate fluctuations.

The Group currently operates in twelve countries. It generates 63% of its sales outside France: 15% in the rest of Europe, 15% in the United States, and 33% in emerging countries (Egypt, Mali, Mauritania, Senegal, Turkey, Kazakhstan, and India).



• Sococim Industries personnel (Senegal).



### SALES VOLUMES IN 2018

**22.8M**  
tons of cement

**9.0M**  
cubic meters  
of concrete

**22.7M**  
tons of aggregate



• Bandia quarry (Senegal).

# 2018 IN PICTURES



France



## GESTE D'OR AWARDS: SHOWCASE OF VICAT KNOWHOW

At the International Heritage Fair in Paris, the *Geste d'Or* association recognized exemplary operations that have embellished and preserved built heritage. Six of the eight projects Vicat entered won prizes in two different categories, the Tradesman Prize series and the Innovation Prize series.

## ORIGINE FRANCE GARANTIE FOR VICAT CONCRETE

Vicat is the first company in its field to be granted *Origine France Garantie* (guaranteed French) certification for its concrete manufacturing business. The distinction rewards not just 100% French know-how but also an industrial policy favoring short supply chains in a circular economy.



France



Senegal



## SOLAR FARM TO POWER CEMENT PLANT

Sococim Industries has made a move along the way to energy transition by deciding to install Africa's first photovoltaic power station supplying the private power system of a cement plant. It will be in Rufisque. Urbasolar has been appointed to carry out this innovative project.

## LAUNCH OF THE VICAT BRAND IN INDIA

The Group has launched the Vicat brand outside France for the very first time, in the form of two products that complete the premium range of products in India: Vicat Optimate and Vicat Duramate. Aimed at construction professionals, these cements are used in many infrastructure projects.



India



**Brazil**

## BEM VINDO AO BRASIL!

Vicat has strengthened its international position by taking a majority shareholding in Brazilian cement manufacturer Ciplan. With this acquisition the Group has again implemented its strategy of selective external growth. It will benefit from a competitive industrial facility, a well reputed local brand name, vast quarry reserves, and strong positioning to meet the needs of a fast-growing market.



**India**



## VICAT REINFORCES DURABLE PRESENCE IN INDIA

During an official visit by the president of France to India, Vicat signed two framework agreements with the Indian states of Andhra Pradesh and Karnataka aimed at supporting their economic development. The agreements call for investment by the Group to strengthen its position locally.

## CONSTRUCTION OF NEW CEMENT MILL IN MALI

Cement consumption in Mali has progressed regularly over the years. To support this growth, the Vicat group is backing a project for construction of a grinding plant capable of producing 500,000 tons of cement per year, in Diago, 25 km from the capital, Bamako. It is a reflection of the policy for vertical integration in conjunction with the Sococim Industries cement plant in Senegal.



**Mali**



**United States**



## VERNON, LARGE BATCH PLANT FOR REBUILDING DOWNTOWN LOS ANGELES

Located just minutes from downtown Los Angeles, the Vernon batch plant is one of the largest ready-mixed-concrete production facilities in the US. With its multiple storage silos and conveyors, it can produce a broad range of special concretes in record time.

VICAT IN BRAZIL



# NEW ACQUISITION

Vicat finalizes the acquisition  
of Brazilian cement manufacturer  
Ciplan, thereby strengthening  
its position on the international scene.



- Juscelino Kubitschek Bridge (Brazil).



• Ciplan employees (Brazil).

### Acquisition of Ciplan

On January 21, 2019, the Group announced its acquisition of Brazilian cement manufacturer Cimento do Planalto (“Ciplan”) through a reserved capital increase of around 295 million euros. Ciplan boasts strong positioning on local markets and a well reputed brand name. It runs a modern, high-performance plant very close to Brasilia that is capable of producing 3.2 million tons of cement per year from a plentiful supply of high-quality mineral reserves. Ciplan also operates a network of nine batching plants and five quarries, including two aggregate quarries.



### Ciplan business

Ciplan works on the west-central market, around Brasilia, chiefly selling its cements in bags through a network of retailers that provide dense coverage of its market catchment. Its solid market share makes it the third-largest supplier in the region. Its two quarries, Sobradinho and Guapo, produce aggregate for making ready-mixed concrete. In 2018, Ciplan sold 2 million metric tons of cement and produced 2 million tons of aggregate and 420,000 cubic meters of concrete.

### Economic context

Brazil went through a period of sustained and relatively regular economic growth from 2002 to 2014, followed by a spell of quite pronounced recession in 2015 and 2016. The GDP increased by 1% in 2017; an improvement of around 1.3% is expected for 2018.

• Sobradinho quarry (Brazil).



### CIPLAN IN BRIEF

**1968**  
founded in Brasilia

**9**  
concrete batching plants

**1**  
cement plant

**2**  
aggregate quarries

**Production capacity**  
**3.2M**  
tons of cement per year

**887**  
employees

## VICAT IN BRAZIL



The rate of unemployment was 13% in 2016 but is currently declining. Inflation is stabilizing at around 4%. Real interest rates stand at between 3% and 4%. 2018 was marked by presidential elections and the victory of Jair Bolsonaro in October. This was well received by financial markets and economic circles.

### Business background

Today's cement market in Brazil is fragmented, with more than 20 manufacturers: several international corporations, large national operators, and companies like Ciplan operating at a regional scale.

As a consequence of the economic and political crisis of recent years, cement consumption fell to 52.9 million metric tons in 2018, which equates to around 260 kg/year/person, resulting in plant utilization rates of close to 50%. Renewed economic growth and demographic pressures are likely to see the highest previous levels of cement consumption being attained once more.



• Ciplan cement plant (Brazil).



As seen by

**SÉRGIO BAUTZ,**  
CEO of Ciplan

“We are ready for new growth of the cement market.”

### Tell us briefly about Ciplan

Ciplan was founded in 1968, early in the construction of Brasilia. At that time, the Brazilian population was approximately 95 million; currently it is 215 million. While the Brazilian population has doubled over the last 50 years, Ciplan's installed capacity has increased from 190 thousand tons to 3.2 million tons per year. This was possible due to a combination of factors such as the search for new business and the entrepreneurial spirit of its founders, who wanted to be prepared for market growth. Ciplan invested in the businesses of aggregate, concrete, transportation, and more recently, in mortar. Besides the important investments in production, major outlays have been made in health and safety, the environment and technical training of employees.

### What are your predictions for the development of the cement industry in Brazil?

We are ready for new growth of the cement market in Brazil. We have invested in the development of new products (cement, mortar, artificial sand, aggregate), created new tools that simplify the purchasing of cement and the transportation process, and optimized the loading of trucks. In other words, we have created new opportunities based on the needs of our customers. After some difficult years in Brazil, we believe a new growth cycle is imminent; a high housing deficit (estimated at more than 7 million homes) and precarious infrastructure networks now require the implementation of substantial investment programs. The acquisition by Vicat comes at the right time, for our region and for Ciplan, as a substantial increase in cement consumption is expected in this new cycle.

# Committed expert in a changing world

WE INNOVATE TO NURTURE AND GET THE JUMP ON TECHNICAL, SOCIAL, AND ENVIRONMENTAL CHANGES. WE PROMOTE LOCAL RECRUITMENT AND TAKE THE UTMOST CARE TO PROTECT OUR SURROUNDINGS.

## EXPERTISE



Reducing carbon  
footprint Page 22  
Acting responsibly Page 24

## Reducing carbon footprint

# OUR CONSTRUCTIVE SOLUTIONS

Vicat's research into means of introducing further reductions of its environmental impact and carbon emissions is ongoing.



• Test in progress at the Louis Vicat Technical Center in L'Isle d'Abeau (France).

One of the aims of the 90 research scientists developing innovative products and processes at the Louis Vicat Technical Center is to reduce the environmental impact of construction. For Vicat, reducing its carbon footprint is an unwavering global course of action. The Group's research and development policy focuses on three main factors: development of innovative 'low-carbon' cements and concretes; deployment of more ecologically friendly production processes, particularly through short supply chains and repurposing of waste; and incessant innovation to come up with solutions for the future through eco-design.

### Development of innovative 'low-carbon' cements and concretes

The ultra-high-performance ('Ultra Performant') cements of the UP range, including SMART<sup>UP</sup>, make it possible to concentrate excellent mechanical performance in a small volume, and therefore to use less material to achieve the same function.

The UP range also includes PROMPT<sup>UP</sup> natural quick-setting cement and ALPENAT<sup>UP</sup> (an innovation developed by the Vicat research laboratory). Both of these cements—the first of

which is outstanding due to its setting time, the second for its strength gain—are produced with a lower firing temperature and involve different chemistry to conventional Portland cement; together, these factors generate up to 30% savings in CO<sub>2</sub> emissions.

Then there is ULTIMAT<sup>UP</sup>, a cement specially formulated to allow potentially reactive recycled aggregate to be used to make concrete, thereby avoiding disposal of repurposable products and putting to good effect the qualities of a high-performing cement that stands up to sulfate attack. Vicat research also investigates the development of materials with high thermal or acoustic insulation properties. Such more ecological construction materials (hemcrete and cement foam, for instance) make for substantial energy savings, improve the comfort of occupants, and reduce indoor air pollution.

### Global improvement of the industrial process from extraction of raw materials through to construction

The main source of CO<sub>2</sub> emissions in the cement industry is the production of clinker, the semi-finished product from which artificial cement is made. The raw materials for making clinker have to be heated to a high temperature for the chemical and mineralogical reactions required to take place.

Replacing the fossil energy used to produce the heat for firing clinker is therefore a top priority for reducing CO<sub>2</sub> emissions.

At Vicat's French cement manufacturing sites these days, biomass and repurposing of waste replaces 50% of the fossil fuels



• Robotic 3D printing by Creabeton Matériaux (Switzerland).

that were once used. The target is to reach a substitution rate of 60% by 2020. The alternative fuels and raw materials used are mostly procured by setting up short supply chains for repurposing waste. Not only does this initiative reduce the level of CO<sub>2</sub> emissions due to firing, but it also prevents disposing of waste as a landfill material when it can actually be of value as raw materials or a source of energy.

Increasing the amount of additions to cement reduces its clinker content. The Group thus emphasizes the use of additions that do not involve CO<sub>2</sub> emissions such as crushed limestone and pozzolans. By-products from other industries, such as blast-furnace slag or fly ash from coal-fired power plants, are also used, within reason. Lastly, Vicat is doing the utmost to reduce the consumption of diesel fuel for transporting rock to cement plants. The Montalieu plant, for instance, benefited from capital expenditure of over 25 million euros in the period 2014–2015 to build the longest overland conveyor in Europe; it is 6.5 kilometers long and saves consumption of 1,000 liters of diesel per day.

### Preparing the future: R&D projects

Consistent with France's Grenelle environmental legislation and more recent legislation concerning energy transition for green growth, Vicat carries out research to keep reducing its environmental impact and carbon emissions. Current studies are seeking to find solutions for capturing part of the CO<sub>2</sub> emissions discharged from kiln stacks and using them beneficially. Innovation for the future also looks at the design of 'smart concretes and constructive systems' allowing optimized energy management in buildings (insulation, inertia) and favoring the use and generation of renewable energy while at the same time guaranteeing the sustainability and recyclability of the materials of which they are made. In addition, the analysis capabilities of the Louis Vicat Technical Center make it possible to diagnose the disorders of concretes used in the 19<sup>th</sup> and 20<sup>th</sup> centuries and to propose remedial solutions. As a member of the Cercle des Partenaires du Patrimoine (heritage partners circle) of the French Ministry of Culture and Communication, Vicat takes part in research operations related to the restoration of old buildings.



90

scientists, engineers, and technicians work in the Group's laboratories

3

laboratories anticipating and meeting the demands of customers



### Printed concrete for construction sites

#### Vicat advances the future of construction.

In Switzerland, by using innovative 3D printing technology, it took Creabeton Matériaux just 45 minutes to meet its customer's demand for construction of a 3D-printed concrete telecoms chamber. In France, in Rheims, Vicat is part of the 'Viliaprint' project for construction of five 3D-printed homes, for which it is supplying its concrete 'ink' developed by the Louis Vicat Technical Center.

Acting responsibly

# CORPORATE SOCIAL RESPONSIBILITY: OUR COMMITMENTS



• Sassenage quarry (France).

Vicat aspires to be the local yardstick as a partner and supplier of innovative materials, products, and services for building the world of today and tomorrow on the basis of the principles of short supply chains and circular economy. The Group makes its CSR endeavors part of its general policy and carries them out for the good of the areas where it works and the people who live there. The principle of circular economy applied to production processes, preservation of biodiversity, and the combat against climate change are the first aspect of the Group's CSR strategy. The second is the determination to ensure that employees work in safe surroundings where diversity

and equal opportunity are embraced. Lastly, Vicat is a family-run industrial concern operating internationally yet exercising strong community focus; the Group unrelentingly implements multiple concrete actions for the good of its surroundings.

## ENVIRONMENTAL Circular economy at the heart of production processes

Natural resources (raw materials and water) and energy are vital for the Group's production processes. Conscious that they are not limitless and that they must be consumed as wisely and sparingly as possible, Vicat has, over many years, developed industrial expertise in making best use of all available materials and energies. Through its application of the principles of circular economy and the development of new technologies that have modernized industrial processes, Vicat is attentive to the preservation of natural resources.



**25.6%**  
proportion of  
alternative fuels

**43M**  
m<sup>3</sup> Group water  
requirement

## Commitments in terms of social, societal, and environmental responsibility respond to the issues of energy, ecological, demographic, and social transition.

The Group's general policy includes optimization of its energy consumption. The proportion of alternative fuels in the energy mix is rising (25.2% in 2017, 25.6% in 2018). The Reuchenette plant (Switzerland) and the Créchy plant (France), the Group's most advanced cement plants in this respect, recorded substitution rates of 87.3% and 77% respectively. The proportion of recycling-derived raw materials used in industrial processes is growing regularly. Vicat Circulère, launched at the Pollutec 2018 trade fair in France, provides local authorities and stakeholders in the building industry with a virtuous, innovative, made-to-measure solution based on three strands of action: local management of construction-site waste, repurposing of local energy-rich waste and mineral materials in cement plants, and redevelopment of public spaces with repurposed waste-derived materials found close at hand. Cement plants are links in short-supply-chain waste streams in a circular economy. Vicat Circulère capitalizes on this know-how. Judicious use of raw materials and recycled waste is reaching a new level of industrialization with this ambitious, environmentally responsible, and profitable undertaking.

### Preserving biodiversity and acting against climate change

The businesses of the Group, especially its quarrying activities, imply responsibility with respect to biodiversity. For years now, Vicat has been implementing protective measures. All the Group's acumen is deployed to minimize the impact its

operations have on natural surroundings and to create inviting new habitats for different species, whether during the operational phase or afterwards. The Group has a long record of working with various stakeholders—local authorities, nature associations, and hunters', anglers', and farmers' federations—to achieve these aims.

Vicat is a member of the Natural Capital Accounting workshop of the Business and Biodiversity platform stemming from the European Union's Strategic Plan for Biodiversity 2011–2020. In 2018, the 'Odyssee' initiative supported the planting of a second conservation orchard of 43 trees on a 3,500-m<sup>2</sup> site, in conjunction with association Les Croqueurs de Pommes, and the installation in quarries and at batching plants of 15 concrete 'bug-hotel' planters where wild bees can nest.



• Bagging plant employee at the Créchy cement works (France).



### Solar farm to power cement plant

**Senegal has made diversification of its sources of electricity generation and reduction of its carbon footprint one of the top priorities of its Emerging Senegal Plan (ESP).**

Sococim Industries has already made a move along the way to energy transition by deciding to install Africa's first photovoltaic power station supplying a private power system; it will be at the Rufisque cement plant. Urbasolar, a French group specializing in photovoltaics, has been appointed to carry out this innovative project. The first sod will be turned in 2019.

## “Our cement plants are links in short-supply-chain waste streams in a circular economy.”

The use of a new concrete to make this special planter is currently undergoing trials with France’s national institute for agricultural research (INRA).

The Group is aware of the carbon impact of its businesses. It has drawn up a low-carbon roadmap for reducing its carbon footprint through new organizational methods, incorporation or development of new technologies derived from its Research and Development drive, and better use of materials in the construction of housing and mobility infrastructures.

The Vicat group is a member of Shift Project, a French think tank specializing in energy transition.

In-house, the 'CO<sub>2</sub>' workgroup made up of representatives from each line of business oversees the initiatives already set up and structured around lower energy consumption, recovery of waste heat from facilities, development of raw-materials and energy streams—particularly biomass—, and marketing of 'low-carbon' products or constructive solutions. As part of the drive

for changing its energy mix to include increasingly large amounts of renewable energy, in Senegal the Group has appointed French contractor Urbasolar to build a solar farm that will power its Rufisque cement plant.

### SOCIETAL

#### Working close to the community

Vicat is a socially responsible business engaged in the development of the communities where it works. The Group carries out an increasing number of initiatives for local populations. Access to schooling and culture, preventive health care, and sporting achievement are just some of the targets the Group has set. On the basis of the requirements of the population close to Group facilities, actions are carried out either as complements to the policies enacted by local authorities or in partnership with local associations or NGOs. In the field of education, Vicat helps support the policies implemented by the local governments. For instance, improvement of schooling (India), award of merit scholarships (Senegal), and corporate visits whereby pupils and students can discover the jobs available in Vicat companies are some of the programs backed by the Group. In France, the Louis Vicat Foundation is helping with an educational project of the Louis Vicat vocational high school in Souillac (southwest France).

The Group and its two foundations help open doors to culture. For example, Fondation Sococim (Senegal) sponsors a number of concerts, including 'Loge des Poètes' by a Rufisque rapper it has been encouraging for several years. In France, Fondation Louis Vicat supported the Berlioz Festival in the Isère region.

The Group also assists a large number of local sports clubs. In the Lyons region, for instance, reflecting the importance it assigns to the development of sport for women, Vicat has longstanding solid ties with the Olympique Lyonnais women’s soccer team.



• 'Lynx' e-dumper, the world's largest electric vehicle (Switzerland).



• Employee of the VPI plant in Montluel (France).



**8,844**  
Group employees

Vicat also pays special attention to the need for local medical care, particularly in countries whose populations are most exposed to risk. Aware of major public-health issues, the Group has created a socio-medical center in the village of Chatrasala (State of Karnataka, India), near the Kalburgi cement plant, that provides remote consultations with the most highly qualified specialists. The number of consultations has increased constantly since it opened; there were 8,000 in 2018.

### SOCIAL

The kinds of industrial activities carried out by the Group generate large numbers of jobs both upline and downline of its own manufacturing. In developed countries, the ratio between direct and indirect jobs related to a cement plant is one to ten. The payroll of the Vicat group was 8,844 on December 31, 2018, up 4.5% relative to 2017. Continued sound business in France, growth in the Aggregate business in Senegal, and internalization of clinker

production at the Egyptian cement plant are the main factors behind this increase.

### Working in safe surroundings

The health and safety of Group employees, together with the employees of subcontractors, is of primary concern. Vicat's safety culture is shared by the entire workforce. The 'zero accident' strategy remained in place in 2018. The Group boosted its occupational health and safety culture by inciting exemplarity, discipline, and commitment by all. The accident-frequency rate hit a new all-time low, at 6.2, down from 8.1 in 2017. This improvement is the result of everyone pulling together. In Switzerland, for example, the accident-frequency rate was halved, while in Turkey, subsidiary Konya Hazir Beton has now had not a single lost-time accident for more than three years. Overall the number of lost-time accidents has dropped substantially (-23% from 2017 to 2018), also hitting an all-time low. The accident severity rate went from 0.31 in 2017 to 0.34 in 2018.

**Honoring and fostering all talents:  
a socially inclusive corporation**

The Group's human-resources policy respects and encourages the values on which Vicat's corporate culture is based. It engenders actions in favor of diversity and combating discrimination, and aims to provide the workforce with stable employment (94% of employees are on open-term contracts). Ensuring staff loyalty is seen as an important means of cultivating talent within the Group. It is developed through in-house promotion and by enhancing employability.

The Group is applauded for its social-inclusion achievements through long-term employment and the training it provides in rural and 'peripheral' areas, where most of its facilities are located. The actions Vicat carried out in 2018 include joining P.A.Q.T.E., a scheme aimed at facilitating job placement for young people alienated from the workplace. Vicat has always recognized the positive impact of women in the workforce. The Group's results with respect to gender equality raised it to 23<sup>rd</sup> place (28<sup>th</sup> in 2017) in the rankings for women in managerial positions in companies on the Paris Bourse's SBF 120 index. And in 2018 the Group was a member of the test panel of companies studied to determine the 'Gender Equality Index', a measure proposed to eliminate pay-level inequalities. When the Index was presented, the Minister for Labor, Muriel Pénicaud, stressed how good an example the Group sets in France.\



As seen by

**SOPHIE SIDOS,**

Chairwoman of the Louis Vicat Foundation

“We are the trustees  
of an exceptional heritage.”

**\ The Louis Vicat Foundation has just celebrated its first anniversary. What is your view of the work it does?**

The Louis Vicat Foundation was founded in 2017, marking the bicentennial of the revelation of the secrets of artificial cement. It set itself the task of continuing the work of Louis Vicat through initiatives showcasing his discoveries or supporting the societal values he espoused through his many commitments. As the trustees of an exceptional heritage, we have engaged a process of memorialization focused on cement that is intended to keep the spirit alive in all Group facilities as well as amongst the public. The result has been very positive and we will keep working along these lines.

**\ Could you go over what you did in 2018?**

The Foundation decided to purchase the house where Louis Vicat lived in Souillac, in southwest France, and to restore it as a place of commemoration devoted to his life and the history of cement. The house, where he developed the formula for artificial cement, is in the center of the town. The Foundation also sponsored artistic creation using concrete by supporting contemporary French artists, and took part in the International Heritage Fair in Paris where it organized seminars on cement and Louis Vicat. On top of that, we supported solidarity and education initiatives, one of which was the 'Cement of success' project carried out by pupils of the Louis Vicat vocational high school in Souillac.

# A year of breakthroughs

FOR NEARLY TWO CENTURIES, THE COMPANY AND ITS PERSONNEL HAVE BEEN DRIVEN BY A PASSION FOR THE PRODUCTS AND PROFESSIONS OF THE CONSTRUCTION INDUSTRY. THROUGH THE TECHNICAL EXPERTISE AND COMMITMENT OF ITS WORKFORCE, VICAT NURTURES RELATIONSHIPS OF ONGOING TRUST WITH CUSTOMERS AND PARTNERS ON A DAILY BASIS. CONTRIBUTING TO PROGRESS IN THE ART OF CONSTRUCTION: THAT IS VICAT'S EVERYDAY OBJECTIVE FOR EVERY PROJECT AND IN EVERY PLACE.

## ACHIEVEMENTS



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**CEMENT**

**5**  
cement plants

**2.9M**  
tons sold

• Montalieu cement plant (France).

# FRANCE

Vicat conducts business in all three of its activities in France, the historic cradle of the Group, and generated 37% of its sales there in 2018.



• Biosys, the first certified hempcrete block.

The construction business remained firm throughout 2018, despite a gradual slowdown in the numbers of new housing project startups. 'Non-residential' construction rose 2.2%, and the public works sector also improved consistently. Cement consumption is estimated to have been over 19.6 million tons, up more than 2.1% compared to 2017. The concrete business grew 3% and the aggregate business gained 1.5%.

“We’re actively involved in the digital and technological transformation of the construction industry.”

▼ Didier Petetin

### CEMENT

**Sales volumes on the domestic market rose 2.7% to nearly 2.9 million tons.**

Domestic sales benefited from the vigor of the ready-mixed concrete market, construction generally, and an upturn in projects requiring soil binders. At the same time, the average net ex-plant selling price was slightly higher than in 2017. Export sales fell to 0.15 million tons in 2018. On the industrial front, continued deployment of the operational-performance improvement plan in plants succeeded in keeping production-cost increases in check. The fuel substitution rate improved once more, reaching 57% across all plants. 2018 saw the gasifier at the Créchy plant enter its test phase. The installation, for which Vicat has a patent, converts solid waste (biomass in particular) into gas.

### CONCRETE & AGGREGATE

**Concrete sales volumes fell nearly 2% to 3.3 million cubic meters.**

The Group pursued its strategy for re-establishing the former profitability of the business, particularly by implementing a sales policy giving preference to higher selling prices. The proportion of special concretes sold continued to rise. After the effects of poor weather early in the year, aggregate sales volumes rose as of spring, reaching 10 million tons for the year as a whole, up 2.4%, and the market for handling of excavation spoil remained buoyant in the main regions where the Group works. The average selling price increased slightly. A feature of 2018 was the commissioning and ramping up of the new Planaz facility in the Alps.



• In the control room at the La Grave de Peille cement plant (France).



### CONCRETE & AGGREGATE

**146**

batching plants

**3.3<sup>M</sup>**

cubic meters sold

**40**

aggregate quarries

**10<sup>M</sup>**

tons of aggregate sold

## ACHIEVEMENTS

### OTHER PRODUCTS & SERVICES

**In France, Other Products & Services covers businesses complementary to the Group's cement, concrete, and aggregate businesses.** It includes Transport and Major Works with the company SATM, Construction Chemicals with Vicat Produits Industriels (VPI), and Paper with Papeteries de Vizille.

#### TRANSPORT & MAJOR WORKS

The sales of SATM Transport rose close to 18%, chiefly through organic growth, but also as a result of a takeover. Dump-truck business, which accounts for 48% of sales, was up 27% compared to 2017, due particularly to major excavation projects producing inert spoil.

The business of SATM Grands Travaux improved in both sales (+31.3%) and volume (+42.6%) in comparison to 2017 due to further work on several projects of the Grand Paris Express scheme and the New Coastal Road on Réunion Island. Sales came to more than 28 million euros.

#### PAPETERIES DE VIZILLE

Sales volumes in printing and writing papers rose 1.4% to 17,385 tons in 2018. Sales of new products—special industrial papers, greaseproof papers, and decor paper—stabilized at 70% of the total tonnage sold. Export markets account for 63% of total sales, in accordance with the Group's strategy of positioning its products on growing niche markets.

“Setting up Vicat Circulère means we can make beneficial use of demolition-derived waste.”

▼ Didier Petetin

• 'Oxygène' concrete mixer truck.



### OTHER PRODUCTS & SERVICES

**25%**  
of sales

**+31.3%**  
increase in sales for Major Works

**+63%**  
export share of Papeteries de Vizille sales



Demand for bags in 2018 was very inconsistent, including notably a drop in the second half of the year. Although sales volumes overall were down, increased selling prices were able to limit the drop in sales.

#### CONSTRUCTION CHEMICALS

VPI's business was brisk, up 2.2% with sales of close to 76 million euros as a result of continued liveliness on building markets and a slight increase in selling prices. \



**"Circulère", a customized offer from deconstruction to reconstruction**

**It was at Pollutec 2018, the trade fair devoted to stakeholders in energy and the environment, that Vicat Éco-Valorisation was renamed Vicat Circulère,** offering local solutions for management of construction waste.

How can site waste be transformed and incorporated into innovative, environmentally responsible products that can be used for sustainable redevelopment? Solving that issue is the ambition of Vicat Circulère, a new offering based on three angles of attack.

- **Deconstruct:** Vicat takes charge of optimized local management of the recycling of waste from construction sites.
- **Repurpose:** our industrial facilities provide a local solution for repurposing waste in full compliance with environmental and quality requirements.
- **Regenerate:** Vicat contributes to the redevelopment of public spaces by producing materials derived from waste streams and developing innovative and environmentally responsible constructive solutions.



#### As seen by

#### **DIDIER PETETIN,**

Chief operating officer, senior executive in charge of business in France (excluding Paper)

**“Greater operational proximity, cross-functionality, and efficiency.”**

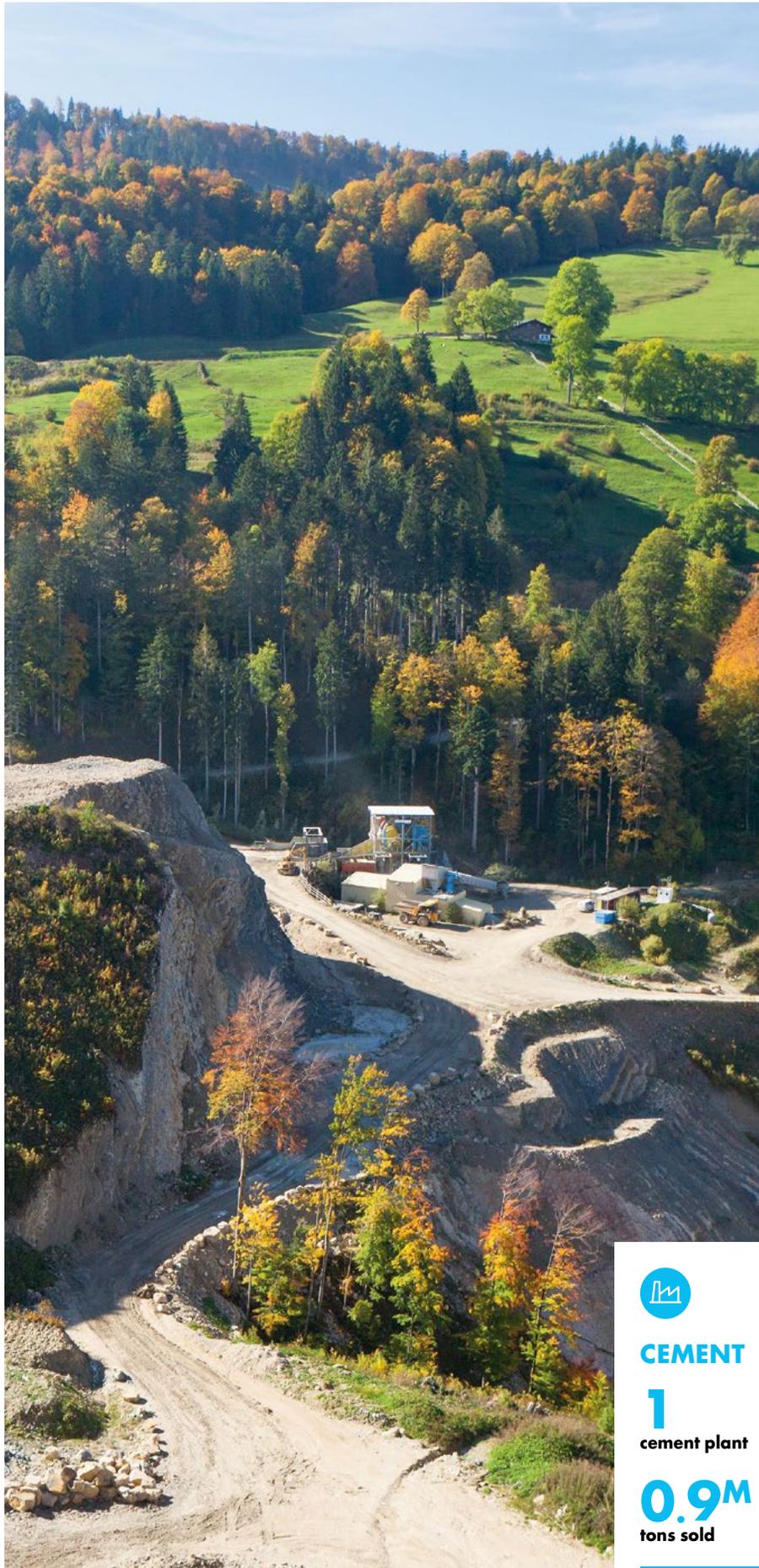
#### **\ How would you analyze the performance of the Vicat group in France in 2018?**

2018 saw greatly improved overall profitability for our operations in France, for the second year running, especially in the ready-mixed concrete business where our strategy of reinstating our previous sales margins paid off. We have realigned our national governance for greater operational proximity, cross-functionality, and efficiency. Our commercial offering has filled out with new products, particularly special concretes with high value-added.

Our involvement in major projects of national importance such as, through the implication of SATM Grands Travaux, the Grand Paris Express rapid-transport system and the TELT project (Lyons-Turin tunnel) vindicates our choice of strategy. This economic performance has not compromised occupational safety, for a new record was achieved, with the number of lost-time accidents being divided by four in ten years.

#### **\ What initiatives undertaken or continued in 2018 would you care to highlight?**

Endeavors to reduce our environmental footprint were pursued further, through targeted investment such as, for example, the commissioning of the gasifier at the Créchy plant; this enables us to ramp up even more our use of alternative energy sources in substitution for fossil fuels. Setting up Vicat Circulère means we can make beneficial use of demolition-derived waste. We're also actively involved in the digital and technological transformation of the construction industry. The partnership with a subsidiary of the Action Logement group for construction of 3D-printed social housing is an example of this.



- Vigier's Reuchenette cement plant (Switzerland).

# EUROPE

## (EXCLUDING FRANCE)

The Group has been operating in Switzerland since 2001, when it acquired Vigier, and in Italy since 2003. Vicat generated 15% of its sales in Europe (excluding France) in 2018.

## SWITZERLAND

After something of a boom in 2017, the construction business dipped in 2018. Across the country, cement consumption shrank 1.2% to 4.9 million tons. Domestic deliveries remained stable at 4.3 million tons. Imports, on the other hand, dropped 11% to 0.6 million tons.

### CEMENT

**After the excellent performance of 2017,** the third-best year in its history, Vigier's cement sales volumes were 7.1% down, at 870 thousand tons. Apart from general market trends, this fall can chiefly be explained by a drop in the number of major projects in the regional markets where Vigier is present. Selling prices moved in the right direction throughout the year. Plant operation was adapted to commercial requirements. Special attention was given to reducing variable costs. Consumption of alternative fuels rose again in 2018, particularly as a result of more extensive use of end-of-life wood.



**CEMENT**

**1**

**cement plant**

**0.9M**  
**tons sold**



## CONCRETE & AGGREGATE

**19**

batching plants

**0.7M**

cubic meters sold

**20**

aggregate quarries

**2.5M**

tons of aggregate sold



• Rail tie casting line (Switzerland).

## CONCRETE & AGGREGATE

**After the stability of 2017,**

the volumes of concrete delivered decreased somewhat to 0.7 million cubic meters in 2018. Aggregate sales volumes fell 5% to 2.5 million tons.

The waste-handling business managed to maintain high levels of activity, at 2 million tons, despite a slowdown. In terms of selling prices, the different businesses kept on track to higher levels.

## OTHER PRODUCTS & SERVICES

### PRECASTING

**After a period of severe pressure from importers (aided by the strength of the Swiss franc in 2017), precasting suffered from greater competition amongst domestic manufacturers in 2018.**

On this competitive market, the Group saw its sales volumes stabilize at 411 thousand tons. The pace of construction of projects for the Swiss rail operator generated a substantial rise in sales of railroad ties.

“Plant operation was adapted to commercial requirements.”

## ITALY

Activity in construction lost ground in 2018, despite a positive start to the year. All the same, cement consumption rose 0.8% relative to 2017, at 18.4 million tons.

### CEMENT

**Sales volumes increased 7.3% to 177 thousand tons.**

In what is still a vigorously competitive environment, CCS clawed back volume and higher selling prices on regional markets. \



## CEMENT

**1**

grinding plant

**0.2M**

tons sold



**CEMENT**

**2**

**cement plants**

**2.1M**

**tons sold**

• Lebec cement plant (United States).

# UNITED STATES

The Group operates on two separate regional markets: in the Southeast, chiefly in Georgia and in Alabama, where it has been active since 1974, and in California, near Los Angeles, since 1987. Vicat generated 15% of its 2018 sales in the country.

In 2018 construction expenditure increased more than 4.9% relative to 2017. This improvement concerned all market segments, i.e. residential, commercial, and, above all, public works which rose 8.5%.

Nationwide, cement consumption increased more than 2% to 96 million tons. The rise was even more pronounced on the Group's markets: cement deliveries increased about 4% in California and in the southeastern region.

Although increases were inconsistent from region to region, concrete consumption across the country also rose more than 2% in 2018, reaching 274 million cubic meters.

“The new Vernon batching plant came on line at the end of the year. It has capacity for producing around 400,000 cubic meters per year.”

### CEMENT

**In 2018, cement sales volumes rose 3.7% to over 2 million tons.**

While sales volumes in cement fell 1.4% to 1.0 million tons in California, as a result of a slowdown in the second part of the year, largely due to poor weather and the end-of-year wildfires, the buoyancy of the market in the Southeast meant sales volumes there rose to 1.2 million tons, up 8.7% compared to 2017. Selling prices were up quite significantly on those of 2017 in both regions.

Both plants continued to enhance their technical performance in 2018, in large part due to improved utilization rates. Production prices were adversely affected by the inflation of energy costs.

### CONCRETE

**The concrete business in California lost headway in 2018 for the same reasons as the slowdown for cement.**

In the Southeast sales volumes were only slightly higher than in 2017, the good sales performance up until the fourth quarter being adversely affected by unfavorable weather subsequently. Overall, Group sales volume amounted to nearly 2.2 million cubic meters, down 2.7%. Selling prices rose in both regions, relative to 2017, though rather more so in California. The new Vernon batching plant came on line at the end of the year. It has capacity for producing around 400,000 cubic meters per year. It will be able to supply large projects in downtown Los Angeles.\



• Parking garage on Broadway, Los Angeles (United States).



**CONCRETE**

**44**  
batching plants

**2.2M**  
cubic meters sold

# AFRICA & MIDDLE EAST

The Group has been working in West Africa (Senegal, Mali, Mauritania) since 1999 and in Egypt since 2003. Vicat generated 11% of its 2018 sales in this region.

## EGYPT

As the country's political situation stabilizes, Egypt's economic situation has gradually been improving. The return of foreign investment and the build-up of currency reserves are making it easier to control inflation and to benefit from renewed economic growth. The cement market was stable at around 53 million tons. Difficulties in the construction sector induced by higher imported steel prices were compensated by large numbers of infrastructure projects ordered by the government.

- Sinai Cement plant near El Arish (Egypt).



**CEMENT**

**1**

**cement plant**

**1.3M**

**tons sold**



• Sococim Industries employee (Senegal).

“In Senegal, major infrastructure projects are being built under the *Emerging Senegal Plan*.”

## CEMENT

### Because of major military operations undertaken by the government in the Sinai

in the first half of 2018 and the resulting lockdown of the zone for several weeks, sales volumes shrank substantially relative to 2017, dropping more than 47% to 1.3 million tons. Selling prices rose over the year, but insufficiently to fully compensate the rise in production costs, particularly energy costs.

Despite very poor security in northern Sinai, security at the plant remained satisfactory. Sinai Cement's production costs were severely affected by the impact the devaluation of the Egyptian pound had on the cost of imported fuels. For 2019 the company plans to make corrective maintenance and productivity investments in order to improve the performance of its plant.

## SENEGAL

The construction market in Senegal remained buoyant throughout 2018, in large part due to the major infrastructure projects being built under the 'Emerging Senegal Plan'. Cement consumption is estimated to have been 4.1 million tons, up an impressive 11% compared to 2017.



### CEMENT

**1** cement plant      **2.6M** tons sold



• Sococim Industries cement plant (Senegal).

“The Group already commands a strong position in Mali, with a product of renowned quality in the form of imported Sococim cements.”

▼ Elhadji Seck

**CEMENT**

**The cement sales volumes of Sococim Industries rose about 1% relative to 2017, exceeding 2.6 million tons.**

The increase was chiefly generated by the domestic market where volumes grew 20%, to the detriment of exports—mostly to Mali—due to price optimization and saturation of production facilities. Net selling prices remained stable; price hikes were made impossible by regulations addressing the cement industry.

In 2018 the plant recorded stable clinker production—requiring that kiln No. 3 be started up again—and slightly higher cement production (+2%). 2018 saw a very high rise in the cost of the heat input from primary fuels. Of particular note is the startup during the year of the following three strategic investment projects: a roller

press for increasing and optimizing cement milling capacity, a mechanical conveyor for increasing alternative-fuel consumption and thereby reducing the use of fossil fuels, and a 6.9-MWp photovoltaic power plant that will run the cement plant on carbon-free energy.

**AGGREGATE**

**The aggregate business continued to grow vigorously, with sales volumes rising 11% to over 3.9 million tons.**

This increase relative to 2017 is the result of ongoing major infrastructure projects that created high demand for basalt, the selling price of which increased. Higher production figures were made possible by the new Gécamines quarrying and crushing plant which was operational as of March 2018.

• New cement grinding facility under construction (Mali).



**AGGREGATE**

**2**  
aggregate quarries

**4.0M**  
tons sold



## MALI

Cement consumption increased just 1% in 2018, rising to 2.6 million tons, as a result of labor movements in the road transportation sector and a temporary economic slowdown in the lead-up to elections.

### CEMENT

Against this backdrop, Group cement sales volumes lost 46% relative to 2017, at just 0.4 million tons, because of an increase in local production and also a preferential focus on the Senegalese market. The Group progressed with its project for construction of a grinding plant with annual capacity of 0.5 million tons near Bamako: once the necessary approvals were given, construction started, and commissioning is expected in the second half of 2019.



### CEMENT

**0.4M**  
tons sold

## MAURITANIA

Against a sluggish economic background, cement consumption slowed down in 2018, losing 1.6% on 2017 figures and falling to 1.0 million tons.

### CEMENT

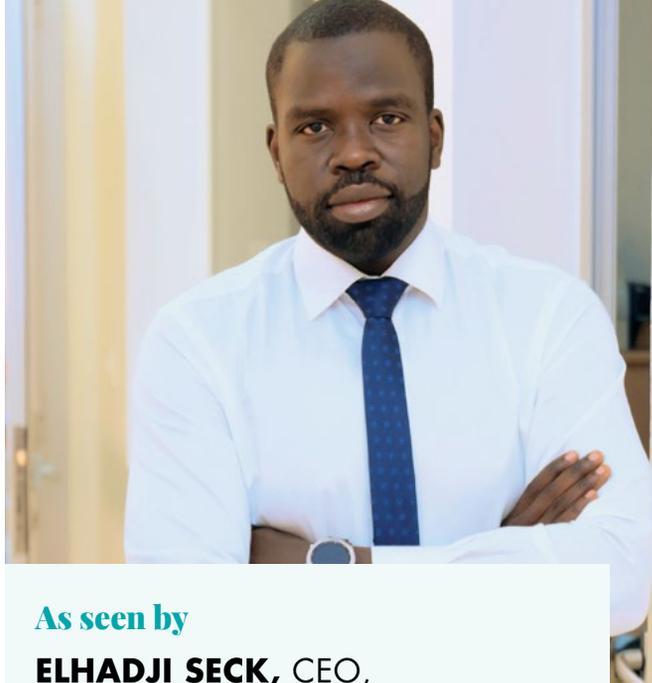
Sales volumes slumped 25% to 0.2 million tons as a result of the arrival of a new manufacturer, which also caused selling prices to fall. Production costs diminished following modifications to the power supply system and the effect of a favorable exchange rate on clinker supplies.



### CEMENT

**1**  
grinding plant

**0.2M**  
tons sold



### As seen by

**ELHADJI SECK**, CEO,  
Ciments et Matériaux du Mali (CMM)

“Population growth and accelerated urban development are creating major needs for infrastructure and housing.”

#### What justifies the Vicat group's interest in the cement market in Mali?

The Malian economy is progressing well, despite a difficult security situation. Population growth and accelerated urban development are creating major structural needs for infrastructure and housing. This explains the constant rise in cement consumption. Yearly demand rose from 1.5 million tons in 2012 to over 2.6 million tons today. In 2018, 71% of the demand was met by imports, mostly from Senegal. The Vicat group already commands a strong position on the market, with a product of renowned quality in the form of imported Sococim cements. The Group's project in Mali will strengthen that position.

#### What does the Vicat group's project entail?

The Group's project, developed through Ciments et Matériaux du Mali, involves building a cement mill with capacity for producing 500,000 tons per year, with an option for extending that to 1 million tons. It is located in Diago, 25 km from the capital, Bamako. The mill will feature tried and tested technologies and high environmental standards pertaining to dust emissions. Moreover, we will be opening a dolomitic limestone quarry with reserves for more than 80 years. Production is scheduled to start in the third quarter of 2019. This project is a central part of our strategy for the region. It constitutes vertical integration with the Group's cement plant in Senegal that will supply the clinker. The new facility will root us more firmly on the cement market in Bamako and the country's southern regions by providing a readily available, Malian-made product of a quality equivalent to the best imported cements.



**CEMENT**

**2**

**cement plants**

**4.3M**

**tons sold**

- Baştaş Çimento cement plant (Turkey).

# ASIA

The Group has been working in Turkey, where it has two cement plants, since 1991, in Kazakhstan since 2007, and in India since 2008. It generated 22% of its sales in Asia in 2018.

## TURKEY

After a very lively first half of the year, business became very sluggish in the second half due to devaluation of the country's currency. Nationwide, cement consumption fell 8% to around 68 million tons as a result of the abrupt halt in the residential construction sector and the reduction in investment budgets announced by the government. The volume of concrete sold fell 12% to 101 million cubic meters, and the consumption of aggregate is estimated at around 330 million tons, down about 25%.

“In Turkey, plant performance was robust in the first half.”

#### CEMENT

After a particularly lively first half, the rest of the year saw a pronounced change as a direct consequence of the devaluation of August 2018 and its effect on the macro-economic and business environments. Accordingly, after an almost 12% rise in cement sales volumes in the first half, there was an almost 22% slump in the second half, resulting in an 8% drop for the year as a whole. Selling prices improved markedly, but not sufficiently to compensate swelling production costs. While plant performance in the first half was robust, in terms of both volumes produced and fuel substitution targets achieved, which improved for the year as a whole, the slowdown in business required that plant operation

configurations be adjusted in the second half to take account of the fall in the volume of cement sold and the steep hike in energy costs.

#### CONCRETE & AGGREGATE

As for the cement business, the effect of devaluation kicked in from the third quarter and intensified during the fourth. As a result, for the entire year sales volumes shrank more than 14% for concrete and more than 30% for aggregate. For their part, average selling prices stepped up appreciably, for both concrete and aggregate, compensating the impact of lower volumes and higher production and logistics costs.



• Konya Çimento Hazır Beton batching plant (Turkey).



#### CONCRETE & AGGREGATE

**37**  
batching plants

**2.9M**  
cubic meters sold

**7**  
aggregate quarries

**5.5M**  
tons of aggregate sold

## KAZAKHSTAN

Domestic cement consumption in 2018 fell 5% to 8.6 million tons, with strong regional variations. Despite this decline, demand on export markets, especially in Kyrgyzstan and Uzbekistan, boosted Kazakh production: exports by local producers doubled in 2018, exceeding 1.9 million tons.



### CEMENT

1

cement plant

1.5<sup>M</sup>

tons sold

### CEMENT

**Drawn on by high export growth, the sales of Jambyl Cement shot up 14.6% in 2018, reaching a record high of 1.5 million tons.**

Against such favorable market conditions, accentuated by the high seasonality of consumption, selling prices rose sharply. Once again the plant broke its previous clinker and cement production records, with 1.1 and 1.5 million tons respectively. These volumes, which are higher than the nominal capacity of the plant, demonstrate the excellent industrial proficiency of the workforce, and solid industrial performance meant inflation of logistics costs for raw materials was held in check.

“Record cement and clinker production figures in Kazakhstan demonstrate the excellent industrial proficiency of the workforce.”

## INDIA

Cement consumption in the Group's market catchment, i.e. the states of southern India (Andhra Pradesh, Telangana, Tamil Nadu, Karnataka, Kerala, and Goa) and the State of Maharashtra, is estimated to have been 110.6 million tons in 2018, up 18% on the previous year. Despite this strong upsurge in cement consumption, a state of excess production capacity induced a certain volatility in selling prices. Whereas prices in the southern states were down on those of 2017, prices in the State of Maharashtra remained stable.

### CEMENT

**The sales volumes of the Group's two companies in India rose 20%**

to 6.6 million tons. Growth on the domestic market, up 33% to 6 million tons, occurred chiefly in the states of Maharashtra, Telangana, and Andhra Pradesh. Bharathi Cement's clinker and cement exports fell to 521 thousand tons as a result of a more restrictive credit policy and high domestic demand.

- Jambyl Cement plant (Kazakhstan).





• Kalburgi cement plant (India).

▼  
Inauguration of the new Mumbai terminal

**The new terminal in Mumbai came into operation in August 2018. Capable of handling 1.2 million tons of cement per year, it has a storage capacity of 12,000 tons.**

Supplied by train, and redistributing cement to the Mumbai market by truck, either in bulk or in bags, it is designed to serve customers in less than 24 hours. It complies with environmental and safety standards. Operations are now totally automated, using RFID and GPS technologies to meet the logistics challenges of India's largest city that concentrates 35% of the total demand for cement in the State of Maharashtra (western India).



**CEMENT**

**2** cement plants      **6.6M** tons sold



**AGGREGATE**

**1** aggregate quarry      **0.6M** tons sold

Kalburgi Cement suffered an average drop in selling prices of 2%, but this was fully compensated by the positive effect of higher sales volumes. Per-ton cement production costs increased appreciably due to a strong rise in energy costs.

**AGGREGATE**

**The Group operates an aggregate quarry about 50 kilometers from Bangalore, in the State of Karnataka.**

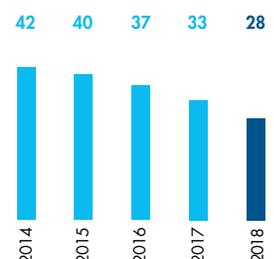
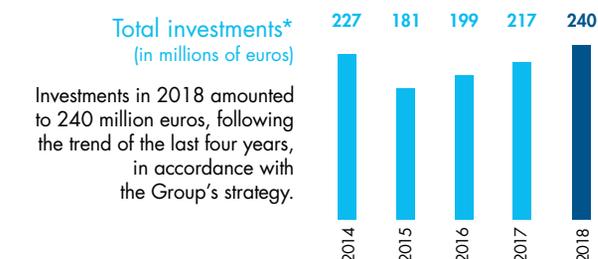
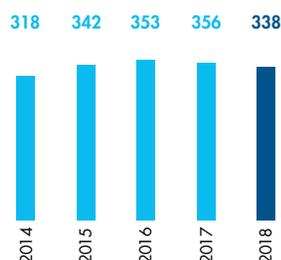
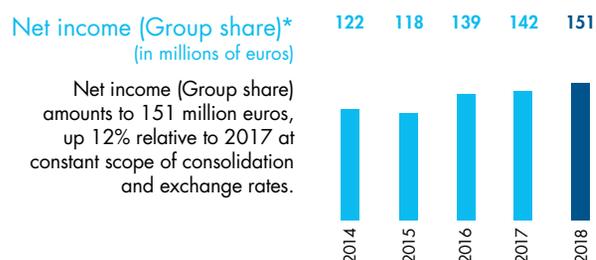
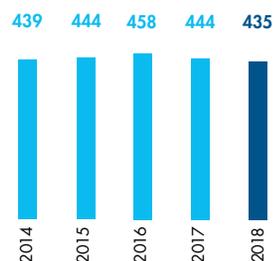
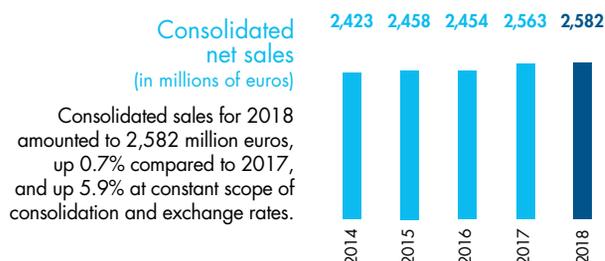
Sales volume increased 54% to 641 thousand tons in 2018. Bharathi Rock Products kept up with brisker business in the construction sector.

**OTHER PRODUCTS & SERVICES**

**The Group also has a plant that produces moisture-proof laminated polypropylene cement bags.**

In 2018, sales of bags by Bharathi Polymers (a wholly-owned subsidiary of Bharathi Cement) leveled out at 51.7 million bags, more than half of these being for the Group's Indian companies.\

# FINANCIAL INDICATORS



\* The figures for 2014 and 2015 have been restated in accordance with the new accounting standard applied to greenhouse gas emissions rights. The restatement and its impacts are presented in note 1.7 of the consolidated financial statements.

(1) EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization): the total of gross operating income and other ordinary income and expenses.

(2) Gearing is a financial ratio that compares net debt to consolidated shareholders' equity.

## BREAKDOWN PER BUSINESS IN 2018\*

### OPERATING SALES (in %)



- CEMENT **51%**
- CONCRETE & AGGREGATE **34%**
- OTHER PRODUCTS & SERVICES **15%**

### EBITDA (in %)



- CEMENT **76%**
- CONCRETE & AGGREGATE **20%**
- OTHER PRODUCTS & SERVICES **4%**

### NET CAPITAL EMPLOYED (in %)



- CEMENT **71%**
- CONCRETE & AGGREGATE **23%**
- OTHER PRODUCTS & SERVICES **6%**

## BREAKDOWN PER GEOGRAPHICAL AREA IN 2018\*

### FRANCE

Consolidated sales  
**€950<sup>M</sup>**

Employees  
**2,874**

**37%**  
Operating sales

**34%**  
EBITDA

**21%**  
Net capital employed

### EUROPE (EXCLUDING FRANCE) Switzerland, Italy

Consolidated sales  
**€390<sup>M</sup>**

Employees  
**1,146**

**15%**  
Operating sales

**20%**  
EBITDA

**17%**  
Net capital employed

### UNITED STATES

Consolidated sales  
**€404<sup>M</sup>**

Employees  
**1,155**

**15%**  
Operating sales

**17%**  
EBITDA

**12%**  
Net capital employed

### AFRICA & MIDDLE EAST Egypt, Senegal, Mali, Mauritania

Consolidated sales  
**€274<sup>M</sup>**

Employees  
**1,311**

**11%**  
Operating sales

**7%**  
EBITDA

**18%**  
Net capital employed

### ASIA Turkey, Kazakhstan, India

Consolidated sales  
**€564<sup>M</sup>**

Employees  
**2,282**

**22%**  
Operating sales

**22%**  
EBITDA

**32%**  
Net capital employed

\* Data does not include Brazilian cement company Ciplan, acquired in 2019.

## EVOLUTION OF SALES VOLUMES

### CEMENT

(in millions of tons)

2017 **22.9**

2018 **22.8**



**-0.5%**

### CONCRETE

(in millions of cubic meters)

2017 **9.7**

2018 **9.0**



**-6.7%**

### AGGREGATE

(in millions of tons)

2017 **24.4**

2018 **22.7**



**-7.2%**

## DIVIDEND

Based on results in 2018, and confident in the Group's ability to sustain its ongoing development, the Board of Directors has decided to propose that the Annual General Meeting of shareholders on April 11, 2019 vote to maintain the same dividend, i.e. 1.50 euros per share.

### SHARE INFORMATION

(in euros)

Earnings per share

Dividend per share

2016 **€2.63**

2016 **€1.50**

2017 **€3.17**

2017 **€1.50**

2018 **€3.37**

2018 **€1.50**

## STOCK MARKET INFORMATION

Vicat shares have qualified for trading under the Service du Règlement Différé (SRD) deferred settlement market since February 26, 2008. Vicat has been included in the SBF 120 index of the Paris Bourse since March 21, 2011.

### SHARE PRICE TREND

(in euros)





## FINANCIAL REPORTING CALENDAR

APRIL 11, 2019

Annual General Meeting

MAY 6, 2019

(posted after close)

Q1 2019 sales

AUGUST 1, 2019

(posted after close)

H1 2019 sales and earnings

NOVEMBER 6, 2019

(posted after close)

9 months 2019 sales

## SHAREHOLDER INFORMATION

### SHAREHOLDER AND INVESTOR RELATIONS

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Symbol: VCT

ISIN Code: FR0000031775

Sicovam: 03177

Bloomberg: VCT.PA

Reuters: VCTP.PA

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French-registered company with share capital of €179,600,000  
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