Press release

L'Isle d'Abeau, 3 November 2020

Nine-month 2020 sales

- **Growth of +2.1% in consolidated sales at constant scope and exchange rates in the first nine months of 2020**
- **Rebound in activity levels in France and India, further strong momentum in the Americas and Africa**
- **Savings plan, tight cost control and WCR management in line with objectives**
- **Increase in EBITDA* and in EBIT* over the first nine months of the year****
- **Relocation of head office at l'Isle d'Abeau (Isère, France) and strengthening of Group Governance**

Consolidated sales (€ million)	**Nine-months 2020**	Nine-months 2019	Change (reported)	Change (at constant scope and exchange rates)
France	**713**	750	-5.0%	-5.8%
Europe (excluding France)	**317**	294	+7.8%	+2.5%
Americas	**471**	442	+6.7%	+12.9%
Asia	**245**	286	-14.4%	-9.2%
Mediterranean	**122**	126	-3.0%	+9.2%
Africa	**198**	161	+22.8%	+23.1%
Total	**2,066**	2,059	+0.3%	+2.1%

Commenting on these figures, Guy Sidos, the Group's Chairman and CEO said: "*The Vicat group's performance over the first nine months of 2020 demonstrated its resilience and its tremendous ability to seize growth opportunities arising in its markets.*
The impact of COVID on the Group's operating profitability was eliminated by the end of July. The good momentum observed since then, particularly in the Group's most recent operations in India and Brazil, lead to envisage that the Group's operating profitability may increase significantly at constant scope and exchange rates in 2020. Nevertheless, the Group is continuing its efforts to reduce its structural costs, symbolised by the relocation on 1 October of its head office to l'Isle d'Abeau in Isère.
Balance sheet liquidity was strengthened by the early renewal of credit lines on excellent terms.
Against this backdrop, the Group is continuing its technological and financial efforts to successfully accelerate its ecological and digital transition and offer its customers its low carbon products under the DECA label, launched in October on its Ready Mix Concrete business in France.
The Group's governance has been strengthened by the appointment of a second Chief Operating Officer, Lukas Epple, Director of Strategy, and two new Deputy CEO, Hugues Chomel, Chief Financial Officer, and Christophe Bérenger, Director of Human Resources".

** The alternative performance measures (APMs), such as "at constant scope and exchange rates", "operational sales", "EBITDA", "EBIT", "net debt", "gearing" and "leverage" are defined in the appendix to this press release.*
** Given the current situation, the Group has decided to publish profitability figures for the nine-months to 30 September 2020 as an exception to its normal practices.

Disclaimer:

- *In this press release, and unless indicated otherwise, all changes are stated on a year-on-year basis (2020/2019), and at constant scope and exchange rates.*
- *This press release may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets. These statements are by their nature subject to risks and uncertainties as described in the Company's annual report available on its website (www.vicat.fr). These statements do not reflect the future performance of the Company, which may differ significantly. The Company does not undertake to provide updates of these statements.*

Further information about Vicat is available from its website (www.vicat.fr).

In the first nine months of 2020, the Vicat Group's consolidated sales came to €2,066 million, stable (+0.3%) on a reported basis and up +2.1% at constant scope and exchange rates compared with the same period of 2019. This performance reflects the combined effects of:

- a negative currency effect of -2.5% as a result of the sharp depreciation in the Brazilian real, the Turkish lira, the Indian rupee and the Kazakhstani tenge;
- a scope effect of +0.8% arising mainly from the acquisition of Ciplan in Brazil in late January 2019, and
- an organic increase of +2.1%.

Trends in operational sales by business were as follows:

- Cement posted a +4.7% increase on a reported basis and an +8.4% rise at constant scope and exchange rates;
- Concrete & Aggregates recorded falls of -3.4% on a reported basis and -3.3% at constant scope and exchange rates;
- Other Products and Services posted a contraction of -1.1% on a reported basis and -1.9% at constant scope and exchange rates.

During the **third quarter**, consolidated sales came to €762 million. That represented an increase of +6.0% on a reported basis and of +12.0% at constant scope and exchange rates. In line with trends in June 2020, this rise was driven by a solid upturn in activity levels once the strict lockdown measures were lifted and by a catch-up effect over the summer, which delivered a boost to all the Group's activities.

1. Analysis of consolidated sales in the nine months of 2020 by geographical region

1.1. France

(€ million)	**Nine-months 2020**	Nine-months 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**713**	750	-5.0%	-5.8%

During the first nine months of 2020, the pandemic had a significant impact on the Group's performance in France. Following a very sharp slowdown in late March and throughout April, the situation gradually improved, with the Group recording solid business growth again in June, which continued into the third quarter (+7.7% at constant scope).

- *In the Cement business*, operational sales rose +2.2% over the full nine-month period. Volumes decreased slightly over the period as a result of the sharp slowdown in activity between March and May, usually very busy months. A healthy upswing in June, which carried forward into the third quarter, with operational sales advancing +19.1%, helped offset part of this downturn. Selling prices moved higher in the domestic market.
- The operational sales recorded by the *Concrete & Aggregates business* dipped -10.4% at constant scope (down -8.8% on a reported basis). This evolution was the result of volume declines in concrete and aggregates. Conversely, average selling prices moved higher in both concrete and aggregates. During the third quarter, business recorded a healthy recovery in its sales, which moved +1.8% higher at constant scope.
- *In the Other Products & Services business*, operational sales dropped -6.0% over the full nine-month period. Following the same pattern, sales in this business picked up significantly in the third quarter (+4.9%).

1.2 Europe (excluding France)

(€ million)	**Nine-months 2020**	Nine-months 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**317**	294	+7.8%	+2.5%

Activity in Europe (excluding France) again takes into account starkly contrasting trends in Switzerland and Italy. The Swiss market was not significantly affected by the pandemic in the first nine months, with consolidated sales moving higher. In Italy, however, the Group recorded a very steep decline in its business over the first nine months as a result of the very challenging pandemic and macroeconomic situation there. In the third quarter, the region's activity levels clearly picked up, with an increase of +3.1% at constant scope and exchange rates and +5.8% on a reported basis.

In **Switzerland**, the Group's consolidated sales climbed +3.5% at constant scope and exchange rates (+9.1% on a reported basis). Business there continued as normal with no major impact on sector conditions arising from the pandemic. In the third quarter, sales rose +3.2% at constant scope and exchange rates.

- *In the Cement business*, operational sales grew +3.7% at constant scope and exchange rates thanks to a steady improvement in volumes and selling prices. In the third quarter, operational sales advanced by +5.8% at constant scope and exchange rates.
- *In the Concrete & Aggregates business,* operational sales rose +9.9% at constant scope and exchange rates. Concrete volumes rose significantly, albeit in a more competitive environment that saw average selling prices move lower. Higher aggregates prices helped to make up for a small decline in volumes. In the third quarter, business grew by +4.3% at constant scope and exchange rates.
- *The Precast business* posted stable consolidated sales (-0.5%) at constant scope and exchange rates. Market conditions were again unfavourable for consumer products as a result of a fiercely competitive environment. Conversely, the recovery continued in the railway sector.

In **Italy**, consolidated sales declined -16.2% over the first nine months of the year as a result of the business shutdown for several weeks in the first half. This downturn resulted from the steep volume contraction, partly offset by a clear improvement in selling prices. In the third quarter, conditions improved significantly, with an end to the lockdown measures, leading to a +0.7% rise in sales.

1.3 *Americas*

(€ million)	**Nine-months 2020**	Nine-months 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**471**	442	+6.7%	+12.9%

Reported figures for the region benefited from the positive effect of consolidating the business in Brazil over the entire first quarter of 2020. In 2019, Brazil was only consolidated from 24 January.

Despite a public health situation still causing concern, activity levels in both the United States and Brazil continued to move in the right direction, with growth gaining momentum in Brazil during the third quarter. Sales in the region were boosted by a solid increase in volumes, with the exception of concrete in the South-Eastern US, and higher average selling prices. Upbeat third-quarter performance across the Americas region (+19.2% at constant scope and exchange rates) took into account the impact of the unfavourable climate conditions in the South-Eastern US and the wildfires in California.

In the **United States**, the macroeconomic and sector environment remained favourable throughout the nine-month period. The Group's consolidated sales rose +4.2% at constant scope and exchange rates. During the third quarter, activity levels were slightly affected, particularly in concrete, by unfavourable weather conditions in the South-Eastern US and by the Californian wildfires. Even so, sales rose +1.9% at constant scope and exchange rates.

- *In the Cement business*, operational sales rose +9.4% at constant scope and exchange rates over the first nine months of 2020. Volumes recorded a strong increase, especially in California. Selling prices edged higher over the first nine months. Third-quarter activity levels remained upbeat (+6.6% at constant scope and exchange rates) despite unfavourable weather conditions in the South-Eastern US and wildfires in California. The hike in selling prices in California, initially planned for April, but then pushed back as a result of the pandemic situation, was in the end introduced in the third quarter and is expected to have a positive impact from the fourth quarter onwards.

- *In the Concrete business*, operational sales were stable (+0.2% at constant scope and exchange rates). The price hikes recorded in California and in the South-Eastern US made up for the volume contraction, especially in the South-Eastern region. Third-quarter sales were down -3.7% at constant scope and exchange rates as a result of lower volumes in California caused by the impact of more restrictive public health measures in the region, offset partially by higher selling prices in both the South-Eastern US and in California.

In Brazil, consolidated sales came to €113 million, up +15.5% on a reported basis and up +43.4% at constant scope and exchange rates over the first nine months. Activity levels accelerated during the third quarter (+74.7% at constant scope and exchange rates) from the already upbeat levels recorded in the first half.

- *In the Cement business*, operational sales were €93 million, an increase of +54.0% at constant scope and exchange rates driven by a strong improvement in volumes and selling prices.
- *In the Concrete & Aggregates business*, operational sales came to €30 million, an increase of +32.6% at constant scope and exchange rates. The significant increase in volumes at constant scope was accompanied by a rise in selling prices, particularly in aggregates.

1.4 Asia (India and Kazakhstan)

(€ million)	**Nine-months 2020**	Nine-months 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**245**	286	-14.4%	-9.2%

The Asia region was affected by the pandemic crisis, which had a fairly significant impact on the macroeconomic and sector environment from the end of the first quarter onwards. Amid these tough conditions, the Group focused on implementing cost-cutting and protecting its margins. The situation improved significantly during the third quarter, with sales rising +3.0% on a reported basis and +13.5% at constant scope and exchange rates.

In **India**, the strict lockdown measures imposed by the government had a very major impact on business particularly during the second quarter. Activity levels have since picked up with a very gradual start-up in construction projects. As a result, the Group posted consolidated sales of €195 million in the first nine months of 2020, down -11.6% at constant scope and exchange rates. This trend reflects a marked volume decline, offset to some extent by a firming-up in average selling prices since the second quarter. In the third quarter, activity levels picked up very substantially. Sales grew +16.9% at constant scope and exchange rates compared with the third quarter of 2019, thanks to a boost from a significant increase in selling prices and volumes that led to record levels of profitability despite the effects of a strong Monsoon.

Consolidated sales in **Kazakhstan** came to €51 million, up +1.2% at constant scope and exchange rates. Volumes moved higher throughout the period, making up for the slight erosion in selling prices. In the third quarter, consolidated sales advanced +3% at constant scope and exchange rates on the back of firmer selling prices.

1.5 Mediterranean (Egypt and Turkey)

(€ million)	**Nine-months 2020**	Nine-months 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**122**	126	-3.0%	+9.2%

The Mediterranean region was affected by the macroeconomic and sector downturn in Turkey, although the situation is now stabilising gradually. In Egypt, the security and competitive environment remained a challenge throughout the period. In the third quarter, activity levels rose +13.5% at constant scope and exchange rates (-7.5% on a reported basis).

In **Turkey**, although the continuing depreciation in the Turkish lira since August 2018 and the pandemic crisis continued to affect the macroeconomic and sector environment, the recovery in the construction market remained on track. Sales totalled €89 million, up +10.4% at constant scope and exchange rates (down -7.8% on a reported basis).

- *In the Cement business*, operational sales rose +10.3% at constant exchange rates over the first nine months. The firmer trends seen in the second quarter continued into the third, pushing operational sales up +15.5% at constant scope and exchange rates.
- Operational sales in the *Concrete & Aggregates business* rose +15.2% at constant scope and exchange rates over the first nine months of the year. During the third quarter, operational sales in the business posted a substantial increase of +19.3% at constant scope and exchange rates compared with the third quarter of 2019.

In **Egypt**, consolidated sales totalled €33 million, up +5.2% at constant scope and exchange rates (up +13.0% on a reported basis). The pandemic has accentuated the effects of what was already an unfavourable situation, with macroeconomic trends barely improving, severe logistical constraints and fierce competition. Volumes rose over the first nine months of the year but were still at a low level. Selling prices continued to fall as a result of the pressure created by the Egyptian Army's new plant. In the third quarter, sales rose +2.3% at constant scope and exchange rates.

1.6 *Africa*

(€ million)	**Nine-months 2020**	Nine-months 2019	Change (reported)	Change (at constant scope and exchange rates)
Sales	**198**	161	+22.8%	+23.1%

In Africa, the Group reaped the full benefit of a favourable sector environment despite the pandemic crisis, operational improvements at its Rufisque plant, a supportive pricing environment and, lastly, the ramp-up in its new grinding station in Mali. Third-quarter trends remained on track, with sales advancing 26.1% at constant scope and exchange rates despite the weather conditions and an unfavourable base of comparison for prices in Senegal.

- *In the Cement business*, operational sales in the Africa region grew +36% at constant scope and exchange rates notably supported by the ramp-up in the new grinding station in Mali. This performance reflected a strong increase in Cement volumes. Selling prices in Senegal also rose significantly given the price increases introduced in 2019. Third-quarter operational sales moved 16.2% higher thanks to a volume increase despite less favourable wintering than in 2019 and an expected decline in selling prices as a result of the introduction of a new levy on cement.
- In Senegal, consolidated sales in *the Aggregates business* were €17.7 million, a fall of -41.9% over the period. Volumes dropped sharply as a result of the shutdown of numerous state-financed construction projects amid the pandemic crisis. Third-quarter sales declined -28.6%.

2. Trends in operational profitability and financial structure in the first nine months of 2020

2.1 *Trends in the Group's operational profitability in the first nine months of 2020*

Given the current situation, the Group has decided to publish, as an exception to its usual practice, the EBITDA and EBIT it generated in the first nine months of 2020.

Hence, Group EBITDA came to €403 million in the first nine months of 2020 versus €373 million in the same period of 2019, representing an increase of +8.1% on a reported basis and +11.7% at constant scope and exchange rates. The Group EBIT came to €201 million in the first nine months of 2020, versus €175 million in the same period of 2019, up +14.6% on a reported basis and +20.5% at constant scope and exchange rates. This increase reflects a continuing improvement in operating margins across the Americas, Africa, Europe (excluding France) and Asia. The clear rebound in activity levels in France during the third quarter was not enough to make up for the decline in the first six months, and so profitability was lower year-on-year over the first nine months of the year. The Mediterranean region was alone in recording a further decline in its operating margin during the third quarter and also over the first nine months.

2.2 *Trends in the Group's financial structure in the first nine months of 2020*

At 30 September 2020, the Group's equity stood at €2,381 million and its net debt at €1,265 million versus €1,407 million at 30 September 2019. On this basis, and taking account of IFRS 16, gearing was 53.1% versus 54.9% at 30 September 2019. Leverage ratio was 2.27x compared with 2.88x at 30 September 2019.

Excluding IFRS 16, the standard still used for the calculation of certain covenants, gearing at 30 September 2020 was 44.8% versus 45.4% at 30 March 2019, and leverage was 2.15x, versus 2.61x at 30 September 2019.

The Group continued its refinancing operations, with the signature on October 30, 2020 of a CHF 200 million syndicated loan and a €50 million bilateral line of credit. These two facilities have a 5-year maturity. After taking these two lines into account, the Group has further strengthened the liquidity of its balance sheet and has confirmed unused financing lines of €493 million euros.

3. Outlook for 2020

In 2020, macroeconomic conditions in all of the countries where the Group is active have been affected by the Covid-19 pandemic, with varying impacts depending on the public health situation and the government responses.

Business continues to be conducted strictly within the framework of the procedures adapted to the public health situation in each country where the Group is present. It is important to note that:

- The twelve countries where the Group operates remain affected by the pandemic, but to different degrees;
- The sharing of experience between countries allows efficient operating modes to be introduced to address the situation in each country while ensuring business is conducted as effectively as possible;
- given the current environment, business trends remain highly volatile and visibility has reduced significantly.

Nonetheless, subject to any developments in the public health situation in the regions where it is active and weather conditions at the end of the year, the Group now anticipates **marked growth in its EBITDA at constant scope and exchange rates** over the full year taking into account:

- the recovery in activity levels, especially in France and India and strong momentum in the Americas and Africa regions;
- the -8% reduction in energy costs (impact estimated at -€24 million excluding volume and currency effects);
- the programme to cut structural costs (by an estimated -€28 million).

In addition, in order to reinforce its financial strength, the Group is focusing clearly its attention to reducing its working capital requirement and keeping a tight grip on its capital expenditure. Capital expenditure is now expected to total around €280 million over the full year.

Conference call

To accompany the publication of its nine-month 2020 sales, the Vicat group is organising a conference call in English that will take place on **4 November 2020** at **3pm** Paris time (2pm London time and 9am New York time).

To take part in the conference call live, dial one of the following numbers:

France:	+33 (0)1 76 77 22 57
United Kingdom:	+44 (0)330 336 9411
United States:	+1 323-994-2082
Access code:	9719073#

To listen to a playback of the conference call, which will be available until **11 November 2020**, dial one of the following numbers:

France:	33 (0)1 70 48 00 94
United Kingdom:	+44 (0) 207 660 0134
United States:	+1 719 457 0820
Access code:	9719073#

Next report:

The Group will report its full-year 2020 results on 15 February 2021 after the market close.

Investor relations contact:

Stéphane Bisseuil
Tel. +33 1 58 86 86 05
stephane.bisseuil@vicat.fr

Press contacts:

Marie-Raphaëlle Robinne
Tel. +33 (0)4 74 27 58 04
marie-raphaelle.robinne@vicat.fr

About Vicat

The Vicat Group has over 9,000 employees working in three core divisions, Cement, Concrete & Aggregates and Other Products & Services, which generated consolidated sales of €2.740 billion in 2019. The Group operates in twelve countries: France, Switzerland, Italy, the United States, Turkey, Egypt, Senegal, Mali, Mauritania, Kazakhstan, India and Brazil. Some 64% of its sales are generated outside France.

The Vicat Group is the heir to an industrial tradition dating back to 1817, when Louis Vicat invented artificial cement. Founded in 1853, the Vicat Group now operates three core lines of business: Cement, Ready-Mixed Concrete and Aggregates, as well as related activities.

Vicat group – Financial data – Appendix

Definition of alternative performance measures (APMs):

- Performance **at constant scope and exchange rates** is used to determine the organic growth trend in P&L items between two periods and to compare them by eliminating the impact of exchange rate fluctuations and changes in the scope of consolidation. It is calculated by applying exchange rates and the scope of consolidation from the prior period to figures for the current period.
- A geographical (or a business) segment's **operational sales** are the sales posted by the geographical (or business) segment in question less intra-region (or intra-segment) sales.
- **Value-added**: value of production less consumption of materials used in the production process.
- **Gross operating income**: value-added, less staff costs, taxes and duties (other than on income and deferred taxes) plus operating subsidies.
- **EBITDA** (earnings before interest, tax, depreciation and amortisation): sum of gross operating income and other income and expenses on ongoing business.
- **EBIT:** (earnings before interest and tax): EBITDA less net depreciation, amortisation, additions to provisions and impairment losses on ongoing business.
- **Cash flow**: net income before net non-cash expenses (i.e. predominantly depreciation, amortisation, additions to provisions and impairment losses, deferred taxes, gains and losses on disposals and fair value adjustments).
- **Free cash flow:** net operating cash flow after deducting capital expenditure net of disposals.
- **Net debt** represents gross debt (consisting of the outstanding amount of borrowings from investors and credit institutions, residual financial liabilities under finance leases, any other borrowings and financial liabilities excluding options to sell and bank overdrafts), net of cash and cash equivalents, including remeasured hedging derivatives and debt.
- **Gearing** is a ratio reflecting a company's financial structure calculated as net debt/consolidated equity.
- **Leverage** is a ratio reflecting a company's profitability, which is calculated as net debt/consolidated EBITDA.

Analysis of nine-month 2020 sales by business

Cement

(€ million)	**Nine-months 2020**	Nine-months 2019	Change (reported)	Change (at constant scope and exchange rates)
Volume (thousands of tonnes)	**18,013**	16,661	+8.1%	
Operational sales	**1,232**	1,176	+4.8%	+8.5%
Consolidated sales	**1,045**	991	+5.4%	+9.5%

Concrete & Aggregates

(€ million)	**Nine-months 2020**	Nine-months 2019	Change (reported)	Change (at constant scope and exchange rates)
Concrete volumes (thousands of m^3)	**6,652**	6,767	-1.7%	
Aggregates volumes (thousands of tonnes)	**16,294**	17,760	-8.3%	
Operational sales	**791**	819	-3.4%	-3.3%
Consolidated sales	**768**	804	-4.5%	-4.7%

Other Products & Services

(€ million)	**Nine-months 2020**	Nine-months 2019	Change (reported)	Change (at constant scope and exchange rates)
Operational sales	**324**	328	-1.1%	-2.0%
Consolidated sales	**253**	263	-3.8%	-5.4%