



Sales to 31 March 2018

- Sales of €573 million, up +10.8% at constant scope and exchange rates
- Stronger business levels in all countries except Egypt and Europe (excluding France)
- Currency headwinds leading to a highly negative impact of €40 million on consolidated sales during the first quarter



Paris La Défense, 2 May 2018: the Vicat Group (Euronext Paris: FR0000031775 – VCT) has today reported its sales for the period ended 31 March 2018 of €573 million, up +3.9% on a reported basis and up +10.8% at constant scope and exchange rates.

Consolidated sales by business segment:

(€ million)	31 March 2018	31 March 2017	Change (%)	
			Reported	At constant scope and exchange rates
Cement	290	283	+2.5%	+10.9%
Concrete & Aggregates	211	204	+3.4%	+9.4%
Other Products and Services	72	65	+11.7%	+15.0%
Total	573	551	+3.9%	+10.8%

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Commenting on these figures, the Group's Chairman and CEO said: "Our business recorded significant growth during the first quarter even if it should not be considered representative of the performance we anticipate over the full year given the seasonal nature of our business. We posted significant business growth in Turkey, the United States and Kazakhstan, excluding currency effects. The gradual recovery continued in France, and India was boosted by the start-up of new infrastructure projects. Conversely, we recorded a business contraction in Switzerland during the first quarter as a result of adverse weather conditions, especially in March, and the completion of a number of major projects. The Group's business trends in Egypt were hampered by the military operations underway to restore security in its production area. These will benefit the market, which remains promising from a medium-term perspective."



In this press release, and unless indicated otherwise, all changes are stated on a year-on-year basis (2018/2017), and at constant scope and exchange rates.

Consolidated sales during the first quarter of 2018 came to €573 million, up +3.9% and up +10.8% at constant scope and exchange rates compared with 2017.

Over the same period, the Cement business posted an increase of +10.1% in its operational sales (consolidated sales up +10.9%) at constant scope and exchange rates, while the operational sales recorded by the Concrete & Aggregates business grew +9.0% (consolidated sales up +9.4%). In the Other Products & Services business, operational sales advanced +14.0% (consolidated sales up +15.0%).

A breakdown of first-quarter operational sales between the Group's various business lines shows a slight dip in the contribution from the Cement business to 52.6% of operational sales from 53.3% in the first quarter of 2017. The Concrete & Aggregates business contributed 33.1% of operational sales, down from 33.3%, while the contribution from Other Products & Services rose to 14.3% of operational sales from 13.4% in the first quarter of 2017.

1. Geographical breakdown of sales to 31 March 2018

1.1. France

(€ million)	31 March 2018	31 March 2017	Change (%)	
			Reported	At constant scope
Consolidated sales	208	196	+6.4%	+5.9%

Consolidated sales in France in the three months to 31 March 2018 grew by +6.4% and by +5.9% at constant scope to €208 million. Sector conditions continued to improve during the quarter, even though weather conditions were slightly less favourable than in 2017.

By business:

- *In the Cement business*, operational sales rose +3.8% and consolidated sales +4.4%. Against a backdrop of very gradual improvement in the sector environment, volumes moved almost +3% higher despite slightly worse weather conditions than in 2017 and a steep fall in export sales. Against this backdrop, selling prices were stable given the unfavourable geographical mix during the quarter.
- *In the Concrete & Aggregates business*, operational sales grew by +4.1% on a reported basis and by +3.1% at constant scope. Consolidated sales advanced +4.2% on a reported basis and +3.3% at constant scope. Vicat's performance in this business reflected its stable concrete and aggregates volumes as a result of the more severe weather conditions than in 2017 and the introduction of a more selective business strategy. Taking these factors into account, selling prices moved higher in both concrete and aggregates.
- *In the Other Products & Services business*, operational sales climbed +12.1% (+14.0% on a consolidated basis).



1.2. Europe (excluding France)

(€ million)	31 March 2018	31 March 2017	Change (%)	
			Reported	At constant scope and exchange rates
Consolidated sales	74	80	-8.3%	-1.9%

In **Switzerland**, the Group's consolidated sales declined -1.6% at constant scope and exchange rates (-8.3% on a reported basis).

- *In the Cement business*, operational sales slipped -8.8% (-16.3% on a reported basis). Consolidated sales slid -7.1% lower at constant scope and exchange rates (-14.7% on a reported basis). Severe winter weather conditions, the reduction in the number of working days compared with 2017 and the completion of some major projects contributed to the significant decline of close to -15% in first-quarter volumes. The effects of this volume contraction on sales were partially offset by firmer selling prices.
- *In the Concrete & Aggregates business*, operational sales slipped -10.1% lower at constant scope and exchange rates (-14.4% on a reported basis). Consolidated sales declined -10.6% at constant scope and exchange rates (-14.7% on a reported basis). In this business, too, severe weather conditions, the lower number of business days and dearth of major infrastructure projects sparked a very tangible decline in volumes of close to -18% in concrete and over -20% in aggregates. Conversely, selling prices moved higher in both concrete and aggregates.
- Consolidated sales recorded by the *Precast business* surged +18.5% higher at constant scope and exchange rates (up +8.8% on a reported basis). This increase was powered by volume growth running at over +8% thanks to an encouraging start to the year in rail products and civil engineering. Selling prices firmed up thanks to the appreciation in the euro against the Swiss franc, which boosted the competitiveness of local products.

In **Italy**, consolidated sales dropped -8.5%. Volumes dropped over -9% owing to severe weather conditions in a still challenging sector environment. Selling prices firmed up slightly.



1.3. United States

(€ million)	31 March 2018	31 March 2017	Change (%)	
			Reported	At constant scope and exchange rates
Consolidated sales	87	84	+3.7%	+19.7%

Business levels in the United States rose +19.7% relative to the first quarter of 2017, with upbeat macroeconomic and sector conditions continuing to provide support.

- *In the Cement business*, operational sales rose +14.4% at constant scope and exchange rates, (-0.9% on a reported basis). Consolidated sales climbed +13.7% higher at constant scope and exchange rates (down -1.5% on a reported basis). Volumes moved up by more than +9%. The key driver behind this increase was very strong business growth in California since business in the first quarter of 2017 had been depressed by heavy rainfall. Volumes picked up slightly in the Southeast region, where weather conditions were less favourable than in 2017. Selling prices increased in both regions relative to the first quarter of 2017.
- *In the Concrete business*, consolidated sales surged +23.7% at constant scope and exchange rates and increased +7.1% on a reported basis. Volumes rose by over +19% across the country, with a larger rise in California than in the Southeast region, which continued to grow rapidly, however. Against this backdrop, selling prices posted a healthy increase in California and were stable in the Southeast region.

1.4. Asia (Turkey, India and Kazakhstan)

(€ million)	31 March 2018	31 March 2017	Change (%)	
			Reported	At constant scope and exchange rates
Consolidated sales	136	110	+23.5%	+40.5%

In **Turkey**, consolidated sales came to €42.2 million, up +58.4% at constant scope and exchange rates (up +32.9% on a reported basis). This strong increase partly reflected the low base of comparison, since weather conditions were far more supportive in the first quarter of 2018 than in the corresponding period of 2017, which brought one of the harshest winters of the past 30 years in the Anatolian plateau.

- *In the Cement business*, the Group's operational sales leapt +57.3% higher at constant scope and exchange rates (up +32.0% on a reported basis). Consolidated sales surged +66.5% at constant scope and exchange rates (+39.8% on a reported basis). Given the milder weather conditions than in 2017 and the still supportive sector environment, volumes expanded markedly, with a significant increase across both regions, albeit a larger one in the Konya region, where weather conditions were particularly bad in 2017. As a result, average selling prices rose significantly, especially in the Konya region.
- The operational sales recorded by the *Concrete & Aggregates business* increased +42.2% at constant scope and exchange rates (up +19.3% on a reported basis). Consolidated sales in



the business grew +48.1% at constant scope and exchange rates (+24.3% on a reported basis). Benefiting from more favourable weather conditions and an upbeat construction sector, volumes advanced markedly in concrete, with a far larger increase in the Konya region, as well as in aggregates. Average concrete and aggregates selling prices both moved significantly higher.

In **India**, the Group recorded consolidated sales of €88 million in the first quarter of 2018, up +30.7% at constant scope and exchange rates and up +17.8% on a reported basis. With 1.7 million tonnes sold in the quarter, volumes rose close to +34% reflecting the start-up of new infrastructure projects by the Indian government. Amid further intense competitive pressure and significant variations from one region to another, selling prices dipped slightly compared with the first quarter of 2017.

In **Kazakhstan**, consolidated sales came to €6.4 million over the period, up +80.4% at constant exchange rates and up +56.0% on a reported basis. Volumes delivered during the quarter rose by over +84% on the back of healthy growth in the domestic market and a very strong increase in export volumes. As a result, average ex-works selling prices were broadly stable over the period.

1.5. Africa and Middle East

(€ million)	31 March 2018	31 March 2017	Change (%)	
			Reported	At constant scope and exchange rates
Consolidated sales	67	81	-16.5%	-14.5%

In **Egypt**, consolidated sales came to €6.8 million, down -61.6% at constant scope and exchange rates and down -66.4% on a reported basis. A total curfew was introduced right across the region for two months during the military operations in Northern Sinai launched in early February, which triggered the shutdown of the plant for several weeks. Sales resumed very progressively at the end of March. Cement volumes delivered fell by over -69%. Given this environment and the shutdown of a number of plants across the country, a situation of cement shortage occurred, which drove selling prices significantly higher. They remained highly volatile, however. According to the authorities, the situation, which is expected to last for another few weeks with the very gradual lifting of the curfew, should bring greater security in the market, which has a promising potential from a medium-term perspective.

In **West Africa**, sales grew by a modest +1.4% at constant scope and exchange rates and by +0.4% on a reported basis. Cement volumes rose by close to +6% during the period. After a hefty increase in 2017, aggregates volumes declined by close to -12% in the first quarter owing to the temporary restrictions on production caused by work to increase capacity. Selling prices dipped slightly in cement but advanced significantly in aggregates.



2. Breakdown of first-quarter 2018 sales by business

2.1. Cement

(€ million)	31 March 2018	31 March 2017	Change (%)	
			Reported	At constant scope and exchange rates
Volume (thousands of tonnes)	5,206	4,888	+6.5%	
Operational sales	342	335	+2.0%	+10.1%
Eliminations	(52)	(52)		
Consolidated sales	290	283	+2.5%	+10.9%

2.2. Concrete & Aggregates

(€ million)	31 March 2018	31 March 2017	Change (%)	
			Reported	At constant scope and exchange rates
Concrete volumes (thousands of m ³)	2,020	1,846	+9.4%	
Aggregates volumes (thousands of tonnes)	5,188	5,007	+3.6%	
Operational sales	215	209	+2.9%	+9.0%
Eliminations	(4)	(5)		
Consolidated sales	211	204	+3.4%	+9.4%

2.3. Other Products & Services

(€ million)	31 March 2018	31 March 2017	Change (%)	
			Reported	At constant scope and exchange rates
Operational sales	93	84	+10.2%	+14.0%
Eliminations	(21)	(19)		
Consolidated	72	65	+11.7%	+15.0%



3. Changes in Vicat's consolidated financial position at 31 March 2018

It is worth noting that historically the first quarter has not been representative of the Group's full-year financial performance.

Net debt came to 39% of consolidated shareholders' equity at 31 March 2018 versus 40% at 31 March 2017.

Given the level of the Group's net debt, bank covenants do not pose a threat to either the Group's financial position or its balance sheet liquidity. At 31 March 2018, Vicat complied with all financial ratios required by covenants in financing agreements.

4. Outlook

In 2018, the macroeconomic environment is likely to be characterised by brisk economic growth, mitigated by political uncertainties in certain emerging markets and appreciation in the euro against most currencies. In addition, energy prices are expected to continue heading higher. The same is likely to apply to US and, to a lesser extent, European interest rates.

Against this backdrop, the Group has set itself the primary objective of improving its operating performance by implementing a proactive, but balanced commercial policy. More specifically, it will focus on expanding its sales volumes, raising its selling prices where the competitive environment permits, and continuing to pursue its policy of optimising production costs.

The Group is providing the following guidance concerning its regional markets:

In **France**, Cement consumption is expected to continue to recover in an improving macroeconomic and industry environment. Against this backdrop, cement volumes in the domestic market are expected to move higher, with selling prices firming up slightly. In the Concrete and Aggregates business, the volume and pricing improvements seen in 2017 are likely to continue in 2018.

In **Switzerland**, the Group expects volumes to remain stable and selling prices to edge higher in the Cement business against the backdrop of a macroeconomic environment forecast to grow very slightly and a still fiercely competitive industry environment. Pressure is likely to remain visible in the Concrete & Aggregates business, but to a lesser extent than in 2017.

In **Italy**, the Group will continue to pursue its selective business strategy in market conditions likely to improve very gradually. Against this backdrop, selling prices and volumes are expected to edge higher.

In the **United States**, the improvement in market conditions should continue in 2018 amid a supportive macroeconomic and industry environment. Accordingly, volumes and selling prices are expected to make further headway.

In **Turkey**, the construction sector, especially infrastructure, is expected to remain buoyant and support the increase in cement volumes in 2018 amid favourable pricing conditions.

In **India**, the effects of the reforms undertaken by the government should show up gradually and benefit the entire economy. The Group expects cement volumes to grow amid an industry environment benefiting from the vast infrastructure and housing projects set in motion. Amid persistently fierce competition, selling prices are expected to remain highly volatile, while still moving broadly higher over the year as a whole.

In **Kazakhstan**, the sector's strong momentum should continue, underpinned by public investment and export market openings.



In **Egypt**, the November 2016 devaluation of the Egyptian pound is again expected to hit the profitability of cement groups operating in the country. Even so, the Group expects its financial performance to progressively improve with the implementation of cost-reduction programs in an economic environment that should stabilise, even as the security context remains volatile.

In **West Africa**, the construction market is expected to grow amid a still competitive but stable environment. Against this backdrop, the Group expects cement volumes to improve across the market at large, and selling prices that should be better oriented.

5. Conference call

To accompany the publication of its sales at 31 March 2018, the Vicat group is organising a conference call in English that will take place on Thursday, 3 May 2018 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: +1 323 794 2551

To listen to a playback of the conference call, which will be available until 10 May 2018, dial one of the following numbers:

France: +33 (0)1 70 48 00 94

United Kingdom: +44 (0)207 984 7568

United States: +1 719 457 0820

Access code: 2892599#

Next report: First-half 2018 results on 6 August 2018 after the close.

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ABOUT VICAT

The Vicat Group has **over 8,000 employees** working in three core divisions, Cement, Concrete & Aggregates and Other Products & Services, which generated **consolidated sales of €2,563 million** in 2017. The Group **operates in eleven countries**: France, Switzerland, Italy, the United States, Turkey, Egypt, Senegal, Mali, Mauritania, Kazakhstan and India. Almost 68% 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.

Disclaimer:

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.



Vicat Group – Financial data – Appendices

Breakdown of first-quarter 2018 sales by business & geographical region

	Cement	Concrete & Aggregates	Other Products & Services	Inter-sector eliminations	Consolidated sales
France	87	101	63	(42)	208
Europe (excluding France)	31	29	23	(9)	74
United States	47	54	-	(14)	87
Asia	122	20	7	(12)	136
Africa and Middle East	56	11	-	(0)	67
Operational sales	342	215	93	(76)	573
Inter-sector eliminations	(52)	(4)	(20)	76	-
Consolidated sales	290	211	72	-	573