

# HALF-YEAR 2015 RESULTS

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# Disclaimer

- ▼ This presentation may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets
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## Key points

- ▼ **First-quarter performance held back by highly unfavourable weather conditions**
- ▼ **Marked improvement in trends in the second-quarter**
- ▼ **Sound financial position**

*In this presentation, and unless indicated otherwise, all changes are stated on a year-on-year basis (2015/2014), and at constant scope and exchange rates*



# Audited P&L statement:

Millions of euros	H1 2015	H1 2014	Change (published)	Change (at constant scope and exchange rates)
Consolidated sales	<b>1,243</b>	1, 218	+2.0%	<b>-6.1%</b>
EBITDA	<b>203</b>	208	-2.2%	<b>-10.1%</b>
<i>EBITDA margin (%)</i>	16.3	17.1		
EBIT	<b>93</b>	115	-19.2%	<b>-25.4%</b>
<i>EBIT margin (%)</i>	7.5	9.5		
Consolidated net income	<b>43</b>	56	-23.2%	<b>-29.5%</b>
<i>Consolidated net margin (%)</i>	3.5	4.6		
Net income, Group share	<b>34</b>	51	-33.5%	<b>-38.0%</b>
Cash flow	<b>140</b>	144	-2.8%	<b>-11.2%</b>

▼ IFRIC Impact:

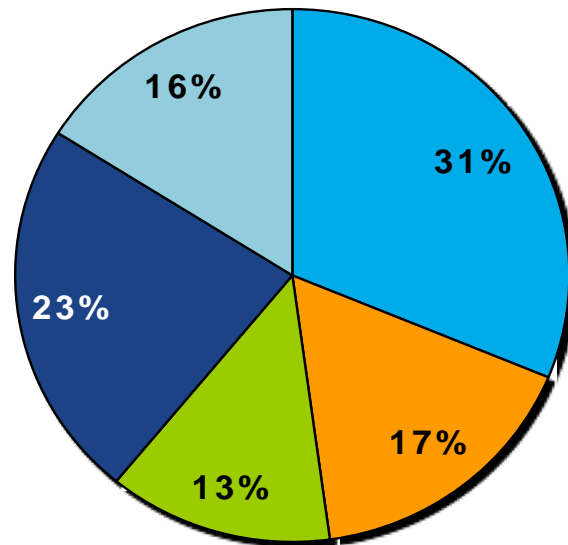
- ▼ 2015 EBITDA : - €5.1 million. Pro forma 2015 EBITDA at €208 million, stable on a reported basis and -7.6% at constant scope and exchange rates
- ▼ 2015 EBIT: same impact of -€5.1 million
- ▼ 2015 Net income and cash flow: impact of -€3.8 million and -€5.0 million respectively



# Consolidated sales by geographical region

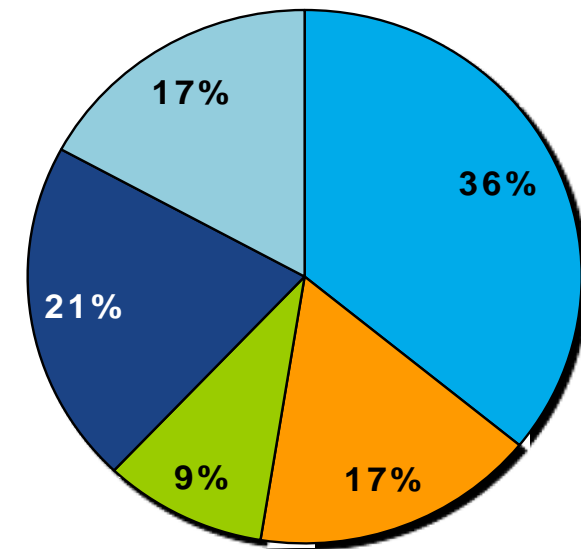
Contribution by region:

H1 2015



Contribution by region:

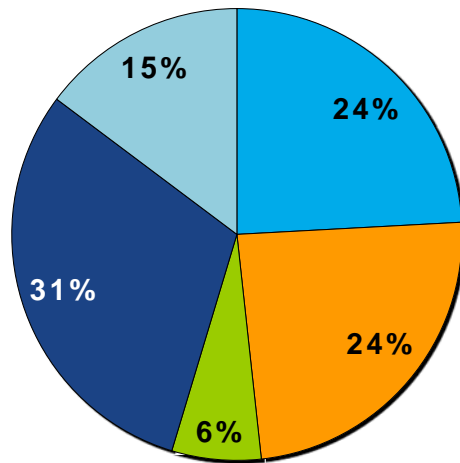
H1 2014



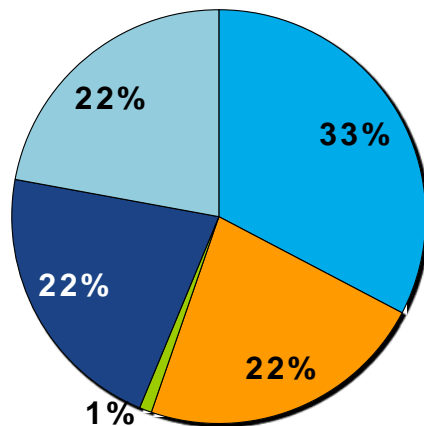
- ▼ Decrease in contribution from France and Africa & Middle East
- ▼ Increase in the contribution from Asia and the USA

# Analysis of EBITDA by geographical region

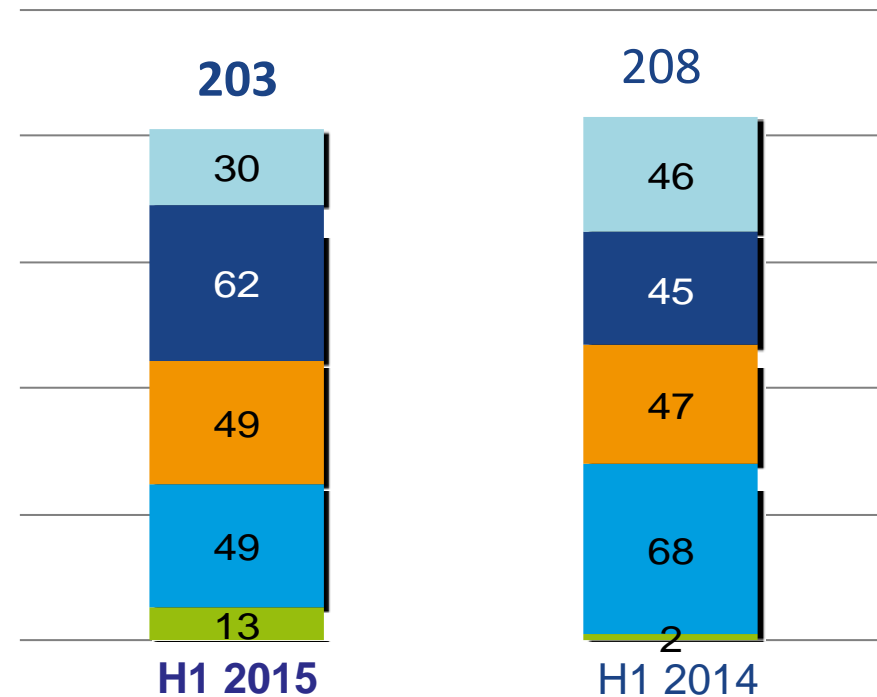
Contribution by region: H1 2015



Contribution by region: H1 2014



Contribution by region in million euros



# Analysis by region

## France

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Millions of euros	30/06/2015	30/06/2014	Change (published)	Change (At constant scope and exchange rates)
Sales	<b>388</b>	<b>437</b>	-11.1%	-11.1%
EBITDA	<b>49</b>	<b>68</b>	-27.5%	-27.5%
EBIT	<b>18</b>	<b>42</b>	-56.7%	-56.7%

- ▼ Sales in France down -11.1%, down -8.0% in Q2
- ▼ EBITDA down -27.5% (Excluding the impact of IFRIC 21, EBITDA lower by -22.5%)
- ▼ *In the Cement business*, operational sales declined by -10.5%, down -7.5% in Q2
  - ▼ Volumes down close to -8%, -5% in Q2
  - ▼ Selling prices very slightly lower
  - ▼ EBITDA down -16.9%
- ▼ *In Concrete & Aggregates business*, operational sales -16.1%, Q2 down -11.7%
  - ▼ Significant decline in volumes in concrete (-14%) and aggregates (-17%)
  - ▼ Selling prices held up fairly well
    - ▼ Modest decline in concrete and healthy increase in aggregates owing to positive shift in the product mix
  - ▼ EBITDA down -49.4%
- ▼ *In the Other Products & Services business*, consolidated sales -2.7%
  - ▼ EBITDA at €4 million, down -50.8%



# Analysis by region

## Europe (excl. France)

Millions of euros	30/06/2015	30/06/2014	Change (published)	Change (At constant scope and exchange rates)
Sales	<b>206</b>	<b>203</b>	+1.5%	-11.8%
EBITDA	<b>49</b>	<b>47</b>	+4.1%	-9.7%
EBIT	<b>28</b>	<b>29</b>	-4.3%	-17.3%

In **Switzerland**, sales up +3,2%, down -10.7% at constant scope and exchange rates

EBITDA was up in the +4% in reported figures in H1 (-9% at constant exchange rates). It improved significantly in Q2 at constant scope and exchange rates.

- ▼ *In the Cement business*, operational sales up +4.1%, down -10.0% at constant scope and exchange rates
  - ▼ Volumes down more than -5% as a result of highly unfavourable weather conditions compared to first-half 2014 and completion of major projects in summer 2014
  - ▼ Selling prices lower due to fiercer competition in border areas after the Swiss franc re-evaluation
  - ▼ EBITDA up +13.1%, down -2.1% at constant scope and exchange rates
- ▼ *In the Concrete & Aggregates business*, operational sales down -0.5%, down -13.9% at constant scope and exchange rates
  - ▼ Concrete volumes lower by close to -15% and by over -12% in aggregates
  - ▼ Ex-works selling prices remained firm due to a more favourable customer mix
  - ▼ EBITDA down -18.4%
- ▼ *Precast business*, sales down -10.4%. EBITDA down -11.5% at constant scope and exchange rates

In **Italy**, sales down -33.3%

- ▼ Volumes down -30%, selling prices moved slightly lower
- ▼ EBITDA contracts by -31%





# Analysis by region

## USA

Millions of euros	30/06/2015	30/06/2014	Change (published)	Change (At constant scope and exchange rates)
Sales	<b>163</b>	<b>116</b>	+41.2%	+15.0%
EBITDA	<b>13</b>	<b>2</b>	+464.5%	+359.6%
EBIT	<b>(1)</b>	<b>(9)</b>	+88.4%	+90.6%

- ▼ Sales up +41.2%, +15.0% at constant scope and exchange rates
- ▼ EBITDA up to €13 million
- ▼ *In the Cement business, operational sales up +22.1%*
  - ▼ Volumes up +10%,
    - ▼ growth significantly more rapid in South-East (+17%) than in California (+4%), as direct projects began at a later date there
  - ▼ Prices up significantly across both areas as a result of 2014 and first-half 2015 price hikes
  - ▼ EBITDA at close to €10 million, on a par with its level over 2014 as a whole (€11 million)
- ▼ *In the Concrete business, operational sales up +13.3%*
  - ▼ Volumes rose by close to +10%
    - ▼ California (+14%) and stable in the South-East
  - ▼ Prices slightly higher in California & firmer gains in the South-East
  - ▼ EBITDA up +31.2%

# Analysis by region

## Asia

Millions of euros	30/06/2015	30/06/2014	Change (published)	Change (At constant scope and exchange rates)
Sales	<b>286</b>	<b>254</b>	+12.6%	+0.3%
EBITDA	<b>62</b>	<b>45</b>	+37.2%	+21.5%
EBIT	<b>36</b>	<b>24</b>	+52.8%	+36.3%

In **Turkey**, sales at €111 million, down -2.3%

Business heavily disrupted in Q1, posted healthy recovery in Q2 up +7.6%

EBITDA at €21 million, -10.4%

- ▼ *In the Cement business*, operational sales -1.2% with EBITDA up +6.5%
  - ▼ Volumes down by -1%
  - ▼ Selling prices continued to firm up, especially in the Ankara area
- ▼ *In Concrete & Aggregates*, operational sales -0.8% (up +2.9% on a reported basis) with EBITDA at -€1.4 million
  - ▼ Volumes up by more than +3% in concrete and stable in granulates
  - ▼ Selling prices slightly slower, with decline more tangible in concrete than aggregates

In **India**, sales at €137 million, up +2.2%

- ▼ Volumes down by close to -22% to almost 2 million tonnes reflecting more selective business strategy
- ▼ Selling prices recorded a significant increase

EBITDA rose by +114.7% to reach €30.2 million, slightly ahead of the level recorded in 2014 as a whole

In **Kazakhstan**, sales up +2.4% to reach €37.7 million

- ▼ Volumes rose by more than +14% in H1. Q2 sales recovery (+9.1%) with +23% volume growth
- ▼ Selling prices declined slightly due to depressed macroeconomic environment and monetary tensions

EBITDA totalled €10.9 million, down -13.2%



# Analysis by region

## Africa & Middle East

Millions of euros	30/06/2015	30/06/2014	Change (published)	Change (At constant scope and exchange rates)
Sales	199	208	-4.4%	-9.6%
EBITDA	30	46	-34.0%	-35.1%
EBIT	12	29	-59.9%	-58.9%

▼ In **Egypt**, sales at €67.0 million, down -5.0%

- ▼ Solid sales recovery in the second quarter (+6%)
- ▼ Increase in volumes made up to some extent for the pricing erosion in Q2 since Ramadan began in June this year
- ▼ Strong increase in energy costs. Two coal grinders to be commissioned in late August 2015

EBITDA at breakeven, down from €16 million in 2014

▼ In **West Africa**, sales down -11.6% vs very high level of activity in 2014

- ▼ Volumes down -8% in market that remained firm, even if growing at a slower pace, owing to technical constraints in Q1 and the ramp up of a new competitor in Senegal
- ▼ Selling prices fell back slightly, stronger competitive environment in Senegal
- ▼ Decline in sales across the region was more significant in Q2 (-16.4%) than in Q1 (-6.6%)

EBITDA at €31 million, up +1.0%



# Financial position

## Balance sheet items

- ▼ At 30 June 2015, the Group had a solid financial position, with a strong equity base and net debt almost stable at €1,191 million, compared with €1,183 million at 30 June 2014
  
- ▼ The Group's gearing stood at 46.8% at 30 June 2015, down from 52.7% at 30 June 2014
  - ▼ The leverage ratio was 2.7x, stable compared with 30 June 2014
  
- ▼ Consolidated equity totalled €2,545 million, compared with €2,459 million at 31 December 2014

# Recent Events

- ▼ In July 2015, Kalburgi Cement (formerly Vicat Sagar Cement) has redeemed in advance its €166 million net debt
  
- ▼ This debt restructuring will significantly reduce the interests expenses incurred by Kalburgi and by the Group from the end of July onwards
  - ▼ This restructuring should result in a decrease of around -€5 million in net financial expenses in H2 2015 and -€10 million in 2016

# Financial position

## Cash flow and Capex

- ▼ Group cash flow declined by -2.8% on a reported basis to €140 million,
  - ▼ It was stable excluding the IFRIC impact
- ▼ The Group's capital expenditure came to €81.3 million in the first half, representing an increase on the first-half 2014 level (€73 million)
  - ▼ It is expected to total €170-190 million in 2015 as a whole

# Outlook

- ▼ The detailed information concerning the outlook for the Group's various markets is available in the press release for the 2015 half-year results on our website [www.vicat.com](http://www.vicat.com)