Press Release
First-half 2022 results

L'Isle-d'Abeau, 27 July 2022

- **Solid sales growth: demand holding up at high levels, strong increase in selling prices**
- **Profitability adversely affected by the significant increase in energy costs and non-recurring industrial costs in the United States, France and India**
- **Solid cash generation and robust balance sheet despite the inflated increase in the working capital requirement**

Condensed income statement approved by the Board of Directors on 26 July 2022

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**1,755**	1,560	+12.5%	**+14.5%**
EBITDA	**269**	300	-10.4%	**-9.8%**
Margin (%)	***15.3%***	*19.2%*		
EBIT	**128**	171	-24.9%	**-23.5%**
Margin (%)	***7.3%***	*11.0%*		
Consolidated net income	***88***	*102*	-13.8%	**-20.0%**
Margin (%)	***5.0%***	*6.5%*		
Net income, Group share	**78**	94	-16.8%	**-22.7%**
Cash flows from operations	**218**	240	-9.1%	**-9.9%**

Commenting on these figures, Guy Sidos, the Group's Chairman and CEO, said: "The basis for comparison in the first six months was unfavourably high given the sales and profitability levels achieved in the same period of the previous year. In an environment characterised by strong energy cost inflation and non-recurring industrial costs in the US, France and India, major price increases were introduced across all the countries where we operate. For the time being, their progressive impact has almost fully compensated the effects of cost inflation with operating profitability again well above its pre-pandemic level (€229 million in the first half of 2019).

The Group is adapting to this environment by diversifying its procurement sources, honing the energy efficiency of its manufacturing facilities and pursuing a pricing strategy tailored to each specific region in which it operates. The Group is also moving forward with its policy of lowering its greenhouse gas emissions by harnessing existing solutions and investing in technologies that will enable it to reach its 2030 and 2050 targets."

Disclaimer:

- *In this press release, and unless indicated otherwise, all changes are stated on a year-on-year basis (2022/2021), and at constant scope and exchange rates.*
- *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.*
- *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 on these statements.*

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

In an environment characterised by very strong inflation in its costs, Vicat's first-half 2022 sales posted a substantial increase resulting from a large rise in selling prices, which offset to a significant degree the contraction in volumes delivered.
This performance reflected:

- a high basis for comparison in the first half of 2021, especially in France, India, Brazil and Kazakhstan;
- a steep decline in volumes delivered in Turkey to curb the impact of higher energy costs;
- the impact of non-recurring costs in the United States, France and India;
- the consequences of the geopolitical environment in Mali.

Overall, the Group's **consolidated sales** totalled €1,755 million, up from €1,560 million in the first six months of 2021, representing a +12.5% rise on a reported basis and a +14.5% increase at constant scope and exchange rates.
The trend in consolidated sales on a reported basis reflects:

- a scope effect of -1.4% (negative impact of -€25 million), resulting from the sale of the lightweight precast business in Switzerland, which was finalised on 30 June 2021;
- an unfavourable currency effect of -0.4%, representing a negative impact of -€6 million over the first half owing to the depreciation of the Turkish lira and the Egyptian pound; compensated by that of the euro against other currencies;
- organic growth of +12.9% (+€227 million) driven by increases in selling prices across the regions.

The Group's **operational sales** totalled €1,779 million, up +12.1% on a reported basis and up +14.1% at constant scope and exchange rates. Each of the Group's businesses contributed to this positive trend. In the Cement business, sales (€1,095 million) rose +17.3% at constant scope and exchange rates. The operational sales recorded by the Concrete & Aggregates business (€675 million) rose +14.8% at constant scope and exchange rates. Lastly, the Other Products & Services business (€226 million) posted a -9.0% decline in its sales on a reported basis given the sale of part of this division in Switzerland during the first half of 2021. At constant scope and exchange rates, its sales rose +8.2%.

Vicat's consolidated **EBITDA** came to €269 million in the first half of 2022, down -10.4% on a reported basis and down -9.8% at constant scope and exchange rates. The EBITDA margin was 15.3%, down -390 points from the unfavourably high basis of comparison in the first half of 2021. The trend in reported EBITDA reflects an unfavourable currency effect of -€1 million and an organic decline of -€29 million. It's worth noting that despite this decline, operating profitability was again well above its pre-pandemic level (€229 million in the first half of 2019).

At constant scope and exchange rates, the decline in EBITDA was the result of an unfavourably high basis for comparison in the first half of 2021 and of the very strong inflation in production costs, especially energy, since the second half of 2021, with a significant acceleration in 2022. As a result, energy costs moved up +64.7% compared with the first half of 2021. The increase was especially significant in Egypt, India, Brazil, France and Switzerland. During the first half, cost inflation, with a major impact in France, the Americas, Africa and India, was almost fully compensated by the overall rise in selling prices. EBITDA was also affected by several non-recurring industrial operations amounting to -25 million euros that held back performance in the period, including start-up of the Ragland plant's new kiln in the United States, exceptional maintenance operations of the Montalieu plant after two pandemic-blighted years, preparation for capacity increase at the Kalburgi Cement plant (debottlenecking investment).

EBIT came to €128 million, down from €171 million in the same period of 2021, representing a fall of -24.9% on a reported basis and of -23.4% at constant scope and exchange rates. The EBIT margin on consolidated sales reached 7.3%.

Operating income came to €128 million, down -20.5% on a reported basis and down -18.3% at constant scope and exchange rates. This fall was mainly attributable to the contraction in operating profitability.

The +€8 million improvement in **net financial income (expense)** compared with the first six months of 2021 reflects the positive change in the fair value of interest-rate derivatives following the increase in interest rates (+€18 million). This positive trend was partially offset by the increase in the Group's average debt (negative impact of -€4 million). The increase in other financial expense derived principally from the application of IAS 29 in Turkey as outlined below.

The macroeconomic and inflationary situation in Turkey meets the criteria set out under IAS 29 for application of the accounting arrangements for hyperinflationary economies. Under the standard, non-monetary items are restated based on the change in a general price index between the date those items were recorded and the end of the reference period to reflect their "actual value" at the balance sheet date translated at the year-end exchange rate. In Turkey's case, application of the standard has prompted:

- re-evaluation of the opening balance sheet at 1 January 2022, leading to an +€85 million impact on the Group's share of equity;
- an impact on the first-half 2022 income statement of -€4.3 million via net financial income (expense).

Tax expense declined €10 million compared with the first six months of 2021. The effective tax rate was 29.6%, below the first-half 2021 rate of 31.1%. This reduction in the effective tax rate resulted chiefly from a more favourable country mix compared with the first six months of 2021 and a fall in the standard tax rate in France from 28.41% to 25.83%.

Consolidated net income was €88 million, down -20.0% at constant scope and exchange rates and down -13.8% on a reported basis.

Net income, Group share fell -22.7% at constant scope and exchange rates and -16.8% on a reported basis to €78 million.

Cash flow from operations came to €218 million, down -9.1% on a reported basis and down -9.9% at constant scope and exchange rates, reflecting the decrease in EBITDA generated over the first half.

1. Income statement analysed by geographical region

1.1. Income statement, France

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**606**	562	+7.9%	+5.1%
EBITDA	**80**	104	-22.5%	-23.8%
EBIT	**31**	66	-52.8%	-53.7%

During the first half of 2022, the Group's sales in France moved higher, despite a small reduction in demand from the record levels seen in the first six months of 2021. Cement consumption held up at a high level. In a high inflation environment, selling prices rose significantly across all the Group's activities.
Conversely, EBITDA in France declined significantly during the period given the very clear increase in operating costs, particularly energy costs, and an unfavourable basis for comparison in 2021.

- In the *Cement business*, operational sales rose +6.8% at constant scope. Given the unfavourable basis of comparison resulting from the French market's dynamic performance in the same period of last year, this increase reflects a slight drop-off in demand offset by a sharp rise in selling prices at the beginning of the year.
  Even so, the series of price increases introduced at the beginning of the year and late in the second quarter have for the time being offset only partially the very strong rise in energy costs, especially the cost of electricity. One-off maintenance operations carried out in a period of high activity levels after the two-year-long Covid-19 pandemic incurred non-recurring costs. The EBITDA generated by the Cement business declined by -25.8% over the period.

- The operational sales recorded by the *Concrete & Aggregates* business rose +5.2% at constant scope. This performance reflects a significant improvement in selling prices during the first half. Demand remained solid in concrete but weakened in aggregates.
  Given the increase in costs, the EBITDA generated by the business fell -24.3% at constant scope over the period.
- In the *Other Products & Services business*, operational sales advanced +7.8% at constant scope over the period. The Group completed the capacity increase at the Auneau plant in the Paris region, which specialises in building chemicals (Vicat Industrial Products). This investment, which has increased mortar production capacity by 150 thousand tonnes p.a., will help meet the strong demand in the Paris market and cut logistics costs significantly. The EBITDA recorded by the business fell -12.3% over the period.

1.2 Income statement for Europe (excluding France)

(€ million)	H1 2022	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	***184***	203	-9.6%	+5.7%
EBITDA	***41***	39	+6.1%	+5.8%
EBIT	***25***	19	+27.9%	+18.9%

Business trends in **Europe (excluding France)** were positive in the first half of 2022, supported by favourable conditions. The decline in sales on a reported basis reflects a scope effect resulting from the sale of the Creabeton precast business in Switzerland, which was finalised on 30 June 2021. EBITDA across the region as a whole rose +6.1% on a reported basis and +5.8% at constant scope and exchange rates.

In **Switzerland**, the Group's consolidated sales climbed +3.7% at constant scope and exchange rates (down -12.5% on a reported basis). EBITDA moved up +2.0% at constant scope and exchange rates. Overall, the EBITDA margin on consolidated sales improved to 22.8% during the first half of the year from 19.5% in the same period of 2021 as a result of the positive impact of the Creabeton disposal on margin performance.

- In the *Cement business*, operational sales rose +2.6% at constant scope and exchange rates. This performance reflects a contraction in demand during the first half, largely offset by a solid increase in selling prices.
  Given these factors and despite the strong increase in energy costs, especially the cost of electricity, the EBITDA generated by this business grew by +7.1% at constant scope and exchange rates.

- In the *Concrete & Aggregates business*, operational sales declined -1.3% at constant scope and exchange rates. Selling prices moved higher in concrete and remained stable in aggregates. Although concrete volumes dropped off, aggregates volumes moved significantly higher.
  As a result of these factors, the EBITDA generated by this business fell -12.6% at constant scope and exchange rates.

- In the *Other Products & Services business*, operational sales rose by +1.3% at constant scope and exchange rates, supported by a healthy level of deliveries in the rail sector and a favourable product mix. The EBITDA generated by the business surged higher (up +31.8%) at constant scope and exchange rates over the first half.

In **Italy**, consolidated sales grew by +39.2%. Demand and selling prices strengthened significantly throughout the period. As a result, EBITDA climbed +110.2% in the first half.

1.3 Income statement for the Americas

(€ million)	H1 2022	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	***401***	*319*	+25.8%	+12.1%
EBITDA	***55***	*70*	-22.1%	-30.7%
EBIT	***22***	*43*	-48.3%	-54.6%

Demand across the **Americas** region remained solid in the construction sector. The impact of the surge in energy prices and of the non-recurring costs linked to the start-up of the Ragland plant's new kiln was offset only partially by the hike in selling prices. As a result, EBITDA declined significantly over the first half from the high basis for comparison in the same period of 2021.

In the **United States**, the sector environment remained favourable during the first six months of the year. Note that second-quarter performance was adversely affected by the start-up of the Ragland plant's new kiln in Alabama, which reduced production capacity and deliveries in the region for several weeks. In this environment, the Group was obliged to buy in clinker from external suppliers to cover its commercial commitments. Despite this non-recurring factor, consolidated sales came to €273 million, up +4.2% at constant scope and exchange rates, and EBITDA totalled €35 million, down -31.4% at constant scope and exchange rates.

Construction of the new 5,000-tonne per day kiln line at the Ragland plant in Alabama was completed in the second quarter. This installation has increased the plant's existing capacity so it can meet the strong demand in the marketplace, significantly reduce production costs and actively help the Group to meet its CO_2 emission reduction targets. Adjustments continue to be made at the plant so it can be ramped up progressively during the second half of 2022.

- In the *Cement business*, operational sales in the region grew +5.3% at constant scope and exchange rates during the period, reflecting the strength of the construction market in the regions in which the Group operates and a significant increase in selling prices.
  Even so, given the surge in energy costs and the additional non-recurring adjustment costs linked to the start-up of the Ragland plant's new kiln (inventory run-down, clinker purchases), the EBITDA generated by the business declined by -25.8% at constant scope and exchange rates.

- In the *Concrete business*, operational sales rose +4.3% at constant scope and exchange rates as further positive market trends continued to provide support. Against this backdrop, selling prices moved significantly higher. Nonetheless, EBITDA fell -47.6% at constant scope and exchange rates over the period as a result of the higher costs. Given the stretched cement supply conditions in Alabama, the profitability of this business in the region was indirectly affected by the start-up of the Ragland plant's new kiln.

In Brazil, consolidated sales totalled €128 million, up +35.1% at constant scope and exchange rates. Despite an unfavourable basis for comparison, higher interest rates and strong inflation in the country, demand remained supportive in the Group's markets. That said, the hike in prices has to date only sufficed to partially offset the rise in production costs. As a result, EBITDA declined -29.5% at constant scope and exchange rates to €20 million during the first half.

- In the *Cement business*, operational sales were €101 million, an increase of +29.6% at constant scope and exchange rates, supported by robust demand and a large increase in selling prices. Nonetheless, higher selling prices only partially made up for the very strong increase in energy costs. Consequently, EBITDA fell -41.5% at constant scope and exchange rates.
- In the *Concrete & Aggregates business*, operational sales were €41 million, an increase of +53.8% at constant scope and exchange rates, in line with the trends seen in the Cement business. Market conditions remained favourable throughout the period, and they were supported by an increase in concrete and aggregates selling prices. As a result, the EBITDA generated over the period surged +69.8% at constant scope and exchange rates.

1.4 Asia (India and Kazakhstan)

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**249**	206	+20.7%	+14.0%
EBITDA	**52**	58	-9.6%	-14.4%
EBIT	**35**	40	-14.4%	-18.7%

Sales in **India** grew throughout the period, with consolidated sales reaching €214 million in the first half of 2022, up +14.0% at constant scope and exchange rates. This performance was supported by consistently solid demand over the period, especially in the public sector. Amid very strong inflation, higher selling prices only partially made up for the very strong inflation in energy costs. In addition, preparations for the debottlenecking capacity increase at the Kalburgi Cement plant amid high activity levels gave rise to non-recurring operating expenses. As a result, EBITDA fell -27.2% at constant scope and exchange rates to €38 million.

Consolidated sales in **Kazakhstan** came to €35 million, up +14.4% at constant scope and exchange rates. This performance was achieved through a significant increase in selling prices, which largely offset the decline in volumes delivered over the period and cost inflation. The EBITDA generated during the first half rose +55.4% at constant scope and exchange rates to €15 million.

1.5 Mediterranean (Egypt and Turkey) income statement

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**145**	103	+41.4%	+113.9%
EBITDA	**16**	-6	n.s.	n.s.
EBIT	**9**	-16	n.s.	n.s.

In the Mediterranean region, sales moved sharply higher in both countries amid a situation that still lacks visibility. The key factor behind the increase was a large hike in selling prices, paving the way for operating profitability to pick up with contrasting situations.

In **Turkey**, although the macroeconomic and sector environment remains upbeat despite the developing hyperinflation, the winter conditions significantly curbed demand during the first quarter. Given the strong increase in selling prices, first-half 2022 consolidated sales totalled €91 million (versus €69 million in the first half of 2021), up +140.4% at constant scope and exchange rates.
EBITDA recorded a significant increase over the first six months to reach €15 million, up from €2 million in the first half of 2021.

- In the *Cement business*, the far less favourable weather conditions than in the first quarter of 2021 impacted business trends. In a hyperinflationary environment, the Group has limited the use it makes of its least energy-efficient manufacturing facilities to lower the impact of higher costs. As a result, volumes delivered were much lower during the period, even though demand remains solid. The volume decline was offset to a very large extent by very substantial price hikes. As a result, operational sales climbed +135.3% at constant scope and exchange rates to €65 million.
  Given these factors, the EBITDA generated by this business totalled over €10 million versus just under €2 million in the first half of 2021.

- In the *Concrete & Aggregates business*, operational sales rose +163.7% at constant scope and exchange rates to €45 million. As in the Cement business, tough weather conditions at the beginning of the year curbed concrete and aggregates deliveries during the first half, even though the impact of these reductions was offset to a very large degree by the significant rise in selling prices.
  The first-half EBITDA generated by the business came to €4 million, compared with breakeven EBITDA over the same period of 2021.

In **Egypt**, consolidated sales totalled €54 million, up +60.2% at constant scope and exchange rates. Following the market regulation agreement between the Egyptian government and all producers that entered force in July 2021, selling prices in the domestic market continued to improve during the first half.
As a result of these factors and in line with trends seen the second half of 2021, the first-half EBITDA generated in Egypt topped €1 million (versus a loss of -€8 million in the same period of 2021).

1.6 *Africa (Senegal, Mali, Mauritania) income statement*

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**170**	167	+1.7%	+1.1%
EBITDA	**24**	35	-32.7%	-33.4%
EBIT	**6**	18	-66.1%	-67.1%

In Africa, the Group continues to reap the benefit of a dynamic sector environment despite the knock-on effects of the geopolitical crisis in Mali.

- In the *Cement business*, operational sales in the Africa region fell -4.2% at constant scope and exchange rates. While business trends were stable in Senegal, the sharp contraction in Mali's market as a result of the geopolitical environment was not fully offset by growth in Mauritania. Selling prices rose across each of these markets, but the size of the increases was significantly restricted by the authorities in Senegal during the election period.
  Given the very strong inflation in production costs, the EBITDA generated by the business declined -37.8% over the period.

- In Senegal, the *Aggregates business*, supported by private sector construction projects, recorded operational sales of €18 million, up +19.5% at constant scope and exchange rates. Selling prices moved lower due to an unfavourable product and customer mix.
  As a result of these factors, EBITDA decreased by -7.2%.

2. Changes in the Group's financial position at 30 June 2022

At 30 June 2022, the Group's financial structure remained solid, with a large rise in equity and net debt under control. Consolidated equity totalled €2,896 million at that date, compared with €2,606 million at 31 December 2021.

Net financial debt stood at €1,671 million at 30 June 2022, up from €1,318 million at 31 December 2021 and €1,271 million at 30 June 2021. The key factor behind this increase was a large rise in the working capital requirement of €120 million compared with the level of 30 June 2021 and €193 million compared with the level of 31 December 2021. The sharp increase in the working capital requirement stems from both the growth in sales but also from the impact of inflation on inventories.

On this basis, the Group's leverage ratio stood at 2.84x at 30 June 2022 (versus 2.49x at 30 June 2021) and its gearing at 57.7% (versus 53.9% at 30 June 2021).

The average interest rate on gross debt as of 30 June 2022 was 3.2%, higher than at 31 December 2021 as a result of the rise in market interest rates. The average maturity of the Group's debt was 4.6 years at 30 June 2022.

Medium- to long-term borrowings are subject to special clauses (covenants) requiring certain financial ratios to be met. Given the level of Group's net debt and balance sheet liquidity, the bank covenants do not pose a risk for the Group's financial position. At 30 June 2022, the Group complied with all financial ratios required by covenants in its borrowing agreements.

3. Capital expenditure and free cash flow

Capital expenditure totalled €178 million in the first six months of 2022, up from €170 million in the equivalent period of 2021. The new kiln at the Ragland plant accounted for a significant proportion of this.

As a result, **free cash flow** amounted to -€202.6 million, versus -€52.5 million in the first half of 2021. The reduction in free cash flow stems from the decline in EBITDA and especially from the large increase in the working capital requirement attributable to raw materials cost inflation during the period.

4. Recent events

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

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

It's a production project with multiple dimensions:

- the new kiln will provide the additional capacity needed to meet the needs of the Group's markets in the South-East region of the United States, by increasing the plant's capacity to 1.8 million tonnes p.a., from 1.2 million tonnes previously;
- the highly energy-efficient technology used will lower production costs by around 30% per tonne produced; and
- the new kiln will actively help the Group to meet its carbon emission reduction targets because of its higher electrical efficiency and the switch from coal to alternative fuels

4.2 *Construction of a new kiln in Senegal*

The Group, via its subsidiary SOCOCIM Industries, launched at end 2021 a €240 million investment plan to build a new kiln line in order to meet the following targets:

- a significant increase in the Group's clinker capacity in the sub-region;
- a very significant improvement in the manufacturing performance of all its operations in Senegal;
- an active contribution towards meeting the Group's carbon emission reduction targets, through its ability to make wholesale use of alternative fuels.

The new production facility is scheduled for commissioning in 2024.

4.3 *Further milestone reached in the development of* « CARAT »*, the first zero-carbon binder*

On 12 January, the Vicat Group announced it had developed a binder that retains all the properties and uses of traditional cement with the benefit of a carbon footprint corresponding to a net emissions level of less than 0 kg of CO_2 equivalent per tonne.

« CARAT », the first carbon-negative binder, will enrich Vicat's DECA range of low-carbon solutions, raising the prospect of very low-carbon concrete, with a reduction of close to 90% in the carbon footprint per m^3 of concrete. With this innovation, the Group has delivered a practical response to the new RE2020 regulations in France.

To achieve these performances, Vicat's innovation team developed techniques (some covered by ongoing patent applications) that create formulated cement products with two key ingredients:

- the Group's clinker with the smallest possible carbon footprint;
- biochar, a well-known means of sequestering carbon, manufactured from forestry and agricultural waste. These materials replace part of the clinker in the binder and thus contribute to its very small carbon footprint.

Vicat is working with the Soler group and its Carbonex subsidiary to source the biochar. By using this "carbon sink" component, « CARAT » achieves the following net carbon emission levels:

- binder 0133H, with a technical performance similar to that of a 42.5 R cement, has a value of -15 kg CO_2 per tonne;
- binder 2402H, with a technical performance similar to that of a 32.5 R cement, has a value of -310 kg CO_2 per tonne.

Following the testing of works to qualify the performance of concrete formulated with this binder and validating its use, the Vicat group has conducted larger-scale demonstration projects. The projects completed in March and April 2022 confirmed performance at a low temperature. The ATEx (technical trial assessments) are currently in progress, with permits expected to be issued during 2023. The Group aims to introduce the products on the market shortly afterwards.

Initially, « CARAT » will be produced at the Montalieu-Vercieu cement plant in France and available to begin with in the Auvergne-Rhône-Alpes region. Eventually, Vicat plans to manufacture it at other Group facilities to meet demand across other areas of France.

5. Outlook for 2022

In 2022, the Group anticipates a strong increase in its sales underpinned by an increase in its activity levels and a large hike in selling prices. The EBITDA generated by the Group in 2022 is likely to grow, but not by as much as in 2021. In the light of these factors, the Group expects erosion in its EBITDA margin in 2022.

The following key trends are anticipated in the second half of 2022:

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

During the second half of 2022, the Group will keep up its investment drive, focusing chiefly on:

- the start of construction work on the new kiln (Kiln 6) in Senegal;

- the pursuit of projects to meet carbon footprint reduction targets (e.g. the Argilor project in France or the construction of a Waste Heat Recovery system in Turkey);
- debottlenecking operations to boost capacity at production facilities at Kalburgi in India and to invest in new terminals to expand its market and lower logistics costs.

Accordingly, capital expenditure is expected to be higher than in 2021 at around €400 million, including €130 million in “maintenance” investments and €270 million in “strategic” investments.

The Group wishes to make clear that these anticipated trends per country are highly dependent on the latest developments in the pandemic and on the impact of the war in Ukraine:

- In France, activity levels are expected to hold up at a high level throughout the year, supported by a macroeconomic environment that should remain favourable for the construction sector. As a result, the Group expects its volumes to be stable and its prices to rise markedly to offset the impact of higher energy costs, especially electricity;
- In Switzerland, the Cement and the Concrete & Aggregates businesses should reap the benefit of upbeat conditions in the construction sector. As in France, the Group expects a sharp increase in electricity costs offset by higher selling prices.
- In the United States, both volumes and selling prices are expected to continue increasing. The impact of the economic stimulus plan being rolled by the US administration is likely to be felt gradually from the second half of this year. In this market, the Group is expected to reap the benefit of the ramp-up in the Ragland plant’s new kiln during the second half;
- In Brazil, business and profitability levels in 2021 set a high basis of comparison in a market in which trends are expected to remain nonetheless favourable. As a result, the Group expects broadly stable business volumes over the year as a whole, plus a further increase in prices;
- In India, the macroeconomic and sector environment is expected to remain favourable. With prices remaining highly volatile, the strong rise in energy costs is only likely to be partially offset;
- In Kazakhstan, market conditions are expected to remain favourable despite a high basis for comparison and the Group’s performances should improve further;
- In Turkey, the situation is expected to keep improving gradually in 2022, subject to trends in the Turkish lira and interest rates. The very strong hike in prices should help offset the rise in energy costs and improve operational profitability;
- In Egypt, amid a gradually improving industry environment, the Group’s performance over the year remains subject to the measures implemented by the government to restore a healthier market environment being kept in place.
- In West Africa, trends in Cement are expected to remain dynamic, with support from a favourable sector environment, despite the moderating impact of the Senegalese authorities’ freeze on prices. Note that the geopolitical situation in Mali is likely to gradually improve as a result of the recent reopening of the country’s borders. The Aggregates business in Senegal is likely to continue its recovery.

Presentation meeting and conference call

To accompany this publication, the Vicat group is holding an information conference call in English on 28 July 2022 at 3pm Paris time (2pm London time and 9am New York time).

To take part in the conference call live, dial in on one of the following numbers:
France: +33 (0)1 70 37 71 66
UK: +44 (0)33 0551 0200
US: +1 212 999 6659

The conference call will also be livestreamed from the www.vicat.fr website. A replay of the conference call will be immediately available for streaming via the Vicat website or by clicking here. The presentation supporting the event will be available on Vicat's website or by clicking here from 10:00am.

Next event:

Third-quarter 2022 sales on 3 November 2022.

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About Vicat

The Vicat Group has close to 9,500 employees working in three core divisions – Cement, Concrete & Aggregates and Other Products & Services – which generated consolidated sales of €3.123 billion in 2021. The Group operates in twelve countries: France, Switzerland, Italy, the United States, Turkey, Egypt, Senegal, Mali, Mauritania, Kazakhstan, India and Brazil. Vicat, a family-owned 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).
- **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 from operations**: 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 based on a company's profitability, calculated as net debt/consolidated EBITDA.

Income statement by business

Cement

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Volume (thousands of tonnes)	**13,457**	14,069	-4.3%	
Operational sales	**1,095**	938	+16.7%	+17.3%
Consolidated sales	**937**	804	+16.6%	+16.5%
EBITDA	**192**	215	-10.5%	-10.7%
EBIT	**105**	139	-24.7%	-22.9%

Cement sales recorded a significant increase during the first six months of 2022, supported by a very tangible hike in selling prices, which paved the way for a contraction in volumes sold, chiefly in Turkey.

To date, the hefty increase in prices has sufficed only to offset partially the very strong inflation in production costs, especially energy, during the first six months of the year, together with certain non-recurring costs in the United States, in France and in India. As a result, EBITDA declined during the period. The EBITDA margin on operational sales fell to 17.3%.

Concrete & Aggregates

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Concrete volumes (thousands of m^3)	**4,957**	5,119	-3.2%	
Aggregates volumes (thousands of tonnes)	**12,049**	11,941	+0.9%	
Operational sales	**675**	585	+15.4%	+14.8%
Consolidated sales	**659**	569	+15.8%	+14.7%
EBITDA	**63**	70	-9.7%	-10.0%
EBIT	**18**	27	-33.9%	-32.6%

In line with the increase in Cement, the operational sales recorded by the Concrete & Aggregates business moved significantly higher during the first half. This performance reflects a solid increase in selling prices. Although concrete volumes fell slightly, aggregates volumes rose.

Taking these factors and the significant rise in production costs into account, the EBITDA recorded by the business declined, and the EBITDA margin on operational sales contracted by -260 basis points to 9.3%.

Other Products & Services

(€ million)	**H1 2022**	H1 2021	Change (reported)	Change (at constant scope and exchange rates)
Operational sales	**226**	249	-9.0%	+8.2%
Consolidated sales	**158**	187	-15.1%	+5.4%
EBITDA	**14**	16	-11.6%	+3.3%
EBIT	**6**	5	+16.5%	+15.0%

Trends in the Other Products and Services business recorded an increase in the first half.
EBITDA rose +3.3% at constant scope and exchange rates, with the EBITDA margin on operational sales almost stable (down -20 basis points) at 6.2% in the first six months of 2022.

Principal 2022 financial statements

The full set of consolidated financial statements for the first six months of 2022, together with the notes, are now available on the Company's website at: www.vicat.fr.

Consolidated Income Statement

(in thousands of euros)	Notes	June 30, 2022	June 30, 2021
Revenue	4	**1,754,520**	**1,559,667**
Goods and services purchased		(1,202,784)	(992,025)
Added value		**551,737**	**567,642**
Employees expenses	5	(260,382)	(250,214)
Taxes		(35,688)	(34,644)
Gross operating income		**255,666**	**282,784**
Other operating income (expenses)	6	13,217	17,248
EBITDA		**268,884**	**300,032**
Net charges to operating depreciation, amortization and provisions	7	(140,389)	(128,844)
EBIT		**128,495**	**171,188**
Other non-operating income (expenses)	6	116	(17,592)
Net charges to non-operating depreciation, amortization and provisions	7	(540)	7,483
Operating income (expense)		**128,071**	**161,079**
Cost of net financial debt		(2,333)	(16,647)
Other financial income		16,677	7,403
Other financial expenses		(24,074)	(8,519)
Financial income	8	**(9,730)**	**(17,763)**
Share of profit (loss) of associates		4,439	3,154
Profit (loss) before tax		**122,780**	**146,470**
Income tax	9	(34,971)	(44,589)
Consolidated net income		**87,810**	**101,881**
Portion attributable to minority interests		10,027	8,339
Portion attributable to the Group		**77,783**	**93,542**
EARNINGS PER SHARE (in euros)			
Basic and diluted earnings per share		1.73	2.08

Comprehensive income

(in thousands of euros)	June 30, 2022	June 30, 2021
Consolidated net income	**87,810**	**101,881**
Other items not recycled to profit or loss:		
Remeasurement of the net defined benefit liability	89,612	8,656
Tax on non-recycled items	(18,579)	(2,336)
Other items recycled to profit or loss:		
Changes in currency translation adjustments	106,490	29,862
Cash flow hedge instruments	(1,776)	1,075
Tax on recycled items	505	(278)
Other comprehensive income (after tax)	**176,252**	**36,979**
TOTAL COMPREHENSIVE INCOME	**264,062**	**138,860**
Portion attributable to minority interests	18,909	12,826
Portion attributable to the Group	**245,153**	**126,034**

Financial Position

ASSETS

(in thousands of euros)	Notes	June 30, 2022	December 31, 2021
Goodwill	10.1	1,235,018	1,157,232
Other intangible assets	10.2	186,018	173,653
Property, plant and equipment	10.3	2,415,855	2,169,041
Right of use related to leases	10.4	192,053	195,112
Investment properties	10.5	32,202	32,218
Investments in associated companies	11.1	104,114	92,774
Deferred tax assets	9	104,033	68,012
Receivables and other non-current financial assets	11.2	250,145	219,241
Total non-current assets		**4,519,437**	**4,107,283**
Inventories and work-in-progress	12.1	552,643	429,243
Trade and other accounts	12.2	615,301	436,219
Current tax assets	9	11,497	6,947
Other receivables	12.3	218,928	206,475
Cash and cash equivalents	13	481,034	527,393
Total current assets		**1,879,404**	**1,606,277**
TOTAL ASSETS		**6,398,841**	**5,713,560**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in thousands of euros)	Notes	June 30, 2022	December 31, 2021
Capital		179,600	179,600
Additional paid-in capital		11,207	11,207
Treasury shares		(48,864)	(52,018)
Consolidated reserves		2,948,344	2,800,579
Translation reserves		(474,092)	(579,950)
Shareholders' equity, Group share		**2,616,195**	**2,359,418**
Minority interests		**279,899**	**246,681**
Total shareholders' equity	14	**2,896,094**	**2,606,099**
Provisions for pensions and other post-employment benefits	15.1	24,018	108,529
Other provisions	15.2	114,396	104,974
Financial debts and put options	16.1	1,588,965	1,291,434
Lease liabilities	16.1	151,906	159,883
Deferred tax liabilities		306,499	219,800
Other non-current liabilities		25,459	23,927
Total non-current liabilities		**2,211,242**	**1,908,547**
Provisions	15.2	11,214	10,381
Financial liabilities and put options at less than one year	16.1	410,455	371,119
Lease liabilities at less than one year	16.1	57,439	55,502
Trade and other accounts payable	17	502,417	459,647
Current taxes payable		19,157	27,558
Other liabilities		290,823	274,707
Total current liabilities		**1,291,505**	**1,198,914**
Total liabilities		**3,502,747**	**3,107,461**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,398,841**	**5,713,560**

Cash Flows

(in thousands of euros)	Notes	June 30, 2022	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**87,810**	**101,882**
Share of profit (loss) of associates		(4,439)	(3,154)
Dividends received from associated companies		2,345	1,073
Elimination of non-cash and non-operating items:			
- depreciation, amortization and provisions		140,124	121,010
- deferred taxes		1,315	5,261
- net gain (loss) from disposal of assets		(1,959)	(3,437)
- unrealized fair value gains (losses)		(12,662)	62
- others		5,445	17,128
Cash flows from operating activities		**217,979**	**239,825**
Change in working capital		(242,102)	(122,035)
Net cash flows from operating activities (1)	**18.1**	**(24,123)**	**117,790**
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of non-current assets:			
- tangible and intangible assets		(182,507)	(177,339)
- financial investments		(21,481)	(8,839)
Inflows linked to disposals of non-current assets:			
- tangible and intangible assets		4,031	7,033
- financial investments		1,463	657
Impact of changes in consolidation scope		(40,034)	9,915
Net cash flows from investing activities	**18.2**	**(238,528)**	**(168,573)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(78,820)	(73,974)
Increases/decreases in capital			
Proceeds from borrowings	14	373,269	151,673
Repayments of borrowings	14	(33,129)	(29,315)
Repayment of lease liabilities	14	(28,815)	(25,865)
Acquisitions of treasury shares		(11,525)	(11,543)
Disposals or allocations of treasury shares		13,346	14,073
Net cash flows from financing activities		**234,326**	**25,049**
Impact of changes in foreign exchange rates		2,475	3,848
Change in cash position		**(25,850)**	**(21,886)**
Net cash and cash equivalents - opening balance	13.2	430,442	359,159
Net cash and cash equivalents - closing balance	13.2	404,700	337,271

(1) :
- Including the effect of the application of IAS 29 as at June 30, 2022 for € (4.4) million (see Note 1.1)

(2) :
'- Including cash flows from income taxes: € (45.2) million as of June 30, 2022 and € (45.5) million as of June 30, 2021.
- Including cash flows from interests paid and received: € (18.1) million as of June 30, 2022 including € (4.8) million for financial expenses on IFRS16 leases and € (14,9) million as of June 30, 2021 including € (5,6) million for interest expenses on IFRS16 leases.

Changes in Consolidated Shareholders' Equity

(in thousands of euros)	Capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Translation reserves	Shareholders' equity, Group share	Minority interests	Total shareholders' equity
As at January 1, 2021	**179,600**	**11,207**	**(53,587)**	**2,679,297**	**(640,130)**	2,176,387	**234,306**	**2,410,693**
Half year net income				93,542		**93,542**	8,339	**101,881**
Other comprehensive income (1) (2)				9,066	23,426	**32,492**	4,487	**36,979**
Total comprehensive income	*0*	*0*	*0*	*102,608*	*23,426*	***126,034***	*12,826*	***138,860***
Dividends paid				(66,187)		**(66,187)**	(7,876)	**(74,063)**
Net change in treasury shares			1,808	507		**2,315**		**2,315**
Change in consolidation scope and additional acquisitions				(13,327)		**(13,327)**	(3,057)	**(16,384)**
Other changes				(2,701)		**(2,701)**	(90)	**(2,791)**
As at June 30, 2021	**179,600**	**11,207**	**(51,779)**	**2,700,197**	**(616,704)**	**2,222,521**	**236,109**	**2,458,630**
As at January 1, 2022	**179,600**	**11,207**	**(52,018)**	**2,800,579**	**(579,950)**	2,359,418	**246,681**	**2,606,099**
Net income				77,783		**77,783**	10,027	**87,810**
Other comprehensive income (2)				61,511	105,859	**167,370**	8,882	**176,252**
Total comprehensive income	*0*	*0*	*0*	*139,294*	*105,859*	***245,153***	*18,909*	***264,062***
Dividends paid				(72,613)		**(72,613)**	(8,981)	**(81,594)**
Net change in treasury shares			3,154	(1,378)		**1,776**		**1,776**
Changes in scope of consolidation and additional acquisitions				(6,889)		**(6,889)**	(3,170)	**(10,059)**
Adjustment related to the application of IAS 29 (1)				85,201		**85,201**	10,894	**96,095**
Other changes				4,149		**4,149**	15,566	**19,715**
As at June 30, 2022	**179,600**	**11,207**	**(48,864)**	**2,948,343**	**(474,091)**	**2,616,195**	**279,899**	**2,896,094**

(1) 2020 figures have been restated based on IFRS IC about the periods of service to which a company attributes benefit for a particular type of defined benefit plan (See note 16.1.1).

(2) Breakdown by nature of other comprehensive income:

Other comprehensive income includes mainly cumulative translation adjustments from end 2003. To recap, applying the option offered by IFRS 1, the conversion differences accumulated before the transition date to IFRS were reclassified by allocating them to retained earnings as at that date.

The Group's translation reserves break down by foreign currency at 30 June 2021 and 2022 as follows:

(in thousands of euros)	June 30, 2022	June 30, 2021
US dollar	89 486	19 754
Swiss franc	246 646	186 194
Turkish lira	(349 470)	(304 901)
Egyptian pound	(133 478)	(124 233)
Kazakh tenge	(112 088)	(95 164)
Mauritanian ouguiya	(4 904)	(8 837)
Brazilian real	(56 999)	(82 556)
Indian rupee	(153 284)	(206 961)
TOTAL	**(474 091)**	**(616 704)**