Press Release

L'Isle d'Abeau, 7 November 2022

Nine-month 2022 sales

- **Consolidated sales of €2,697 million in the nine months to 30 September 2022, up +15.7% at constant scope and exchange rates**
- **Solid sales growth in all regions, supported by a strong rise in selling prices**

Consolidated sales (€ million)	**Nine-months 2022**	Nine-months 2021	Change (reported)	Change (at constant scope and exchange rates)
France	**889**	824	+8.0%	+5.1%
Europe (excluding France)	**288**	301	-4.5%	+2.7%
Americas	**637**	500	+27.4%	+12.0%
Asia	**376**	320	+17.6%	+10.3%
Mediterranean	**260**	166	+56.8%	+135.2%
Africa	**245**	242	+1.4%	+0.7%
Total	**2,697**	2,354	+14.6%	+15.7%

Commenting on these figures, Guy Sidos, the Group's Chairman and CEO said: *"Vicat's nine-month sales performance reflects the resilience of its markets despite a high basis of comparison in 2021. Against a backdrop of very high inflation, the Group's sales posted a solid increase compared with the same period of 2021, supported by strong growth in selling prices across all its regions. In a global environment that provides little short-term visibility, especially as regards energy costs, we are executing our strategy to improve our industrial performance, make greater use of secondary fuels, reduce our carbon footprint and implement a pricing policy tailored to these new conditions."*

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 Universal Registration Document 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).

The Vicat Group's consolidated sales in the **first nine months of 2022** totalled €2,697 million, up +14.6% on a reported basis and up +15.7% at constant scope and exchange rates compared with the same period of 2021. This increase on a reported basis reflects:

- a negative currency effect of over –€9 million given appreciation in the euro against the Turkish lira and to a lesser extent against the Egyptian pound, partially offset by depreciation in the euro against other currencies;
- a negative scope effect of close to –€17 million resulting from factors including the sale of Créabéton in Switzerland, partly offset by acquisitions in Concrete and Aggregates in France;
- and organic growth of +15.7%, with price increases recorded during the period very largely offsetting a negative volume effect.

In the third quarter of 2022, the Vicat Group's consolidated sales came to €942 million, up +18.7% on a reported basis and up +18.0% at constant scope and exchange rates compared with the same period of 2021.

1. Analysis of consolidated sales in the first nine months of 2022 by geographical region

1.1. France

(€ million)	**Nine-months 2022**	Nine-months 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**889**	824	+8.0%	+5.1%

During the first nine months of 2022, the Group's sales in France moved higher, supported by strong growth in selling prices across all the Group's businesses in an environment characterised by an unfavourable basis of comparison and macroeconomic and industry conditions affected by the strong inflation in costs and higher interest rates. In the third quarter, consolidated sales in France increased by +5.1% at constant scope.

- In the *Cement business*, operational sales rose +8.6% at constant scope over the first nine months as a whole. 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 fall in demand and a sharp rise in selling prices. The trend continued into the third quarter, with operational sales recording a significant increase of +12.6%.
- The operational sales recorded by the *Concrete & Aggregates business* rose +3.9% at constant scope. This performance reflects a further increase in demand in concrete, but a fall in aggregates. Selling prices recorded a significant improvement over the first nine months as a whole. During the third quarter, the operational sales recorded by this business rose by +1.2% at constant scope, supported by growth in selling prices that largely offset the impact of stable demand in concrete and weaker demand in aggregates.
- In the *Other Products & Services business*, operational sales rose +8.4% at constant scope over the period on the back of significant expansion in all the businesses, especially Paper. In the third quarter, the operational sales recorded by the business increased by +9.5% at constant scope.

1.2 Europe (excluding France)

(€ million)	**Nine-months 2022**	Nine-months 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**288**	301	-4.5%	+2.7%

Business in Europe (excluding France) grew over the first nine months of 2022. The decline in sales on a reported basis reflects a scope effect resulting from the sale of the Créabéton precast business in Switzerland, which was finalised on 30 June 2021. There were contrasting situations: with demand holding up at a high level in the Italian market but a contraction recorded in Switzerland, offset to some extent by price increases. In the third quarter, consolidated sales declined by -3.4% at constant scope and exchange rates.

In **Switzerland**, the Group's consolidated sales were stable (up +0.5%) at constant scope and exchange rates over the period as a whole. In the third quarter, consolidated sales declined by -6.1% at constant scope and exchange rates.

- In the *Cement business*, operational sales moved up +2.6% at constant scope and exchange rates. This performance reflects a fall in demand during the period, largely offset by a solid increase in selling prices.

During the third quarter, operational sales rose by +2.5% on the back of further price increases amid weaker demand.

- In the *Concrete & Aggregates business*, operational sales declined –4.6% at constant scope and exchange rates, with the increase in selling prices not fully making up for the significant decline in both concrete and aggregates volumes. The trend gained strength in the third quarter, with operational sales declining –10.2% at constant scope and exchange rates.
- *In the Other Products and Services business*, operational sales fell –1.9% at constant scope and exchange rates. During the third quarter, operational sales declined by –12.4% at constant scope and exchange rates.

In **Italy**, consolidated sales grew by +42.6% over the nine-month period and by +50.5% in the third quarter alone. Both volumes and selling prices recorded a significant improvement.

1.3 *Americas*

(€ million)	**Nine-months 2022**	Nine-months 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**637**	500	+27.4%	+12.0%

In the United States and in Brazil, construction sector trends remained dynamic, despite the impact of inflation, the increase in interest rates and a high basis of comparison, especially in Brazil. In the third quarter, consolidated sales rose +11.8% at constant scope and exchange rates.

In the **United States**, the macroeconomic and sector environment remained favourable throughout the period. Consolidated sales rose +4.3% at constant scope and exchange rates.
The construction of a new kiln line at the Ragland plant in Alabama, which began in 2019, was completed in the second quarter of 2022. The new facility started up gradually during the third quarter of 2022. As a result, production capacity and deliveries in this region were temporarily curtailed. Taking these factors into account, the Group's consolidated third-quarter sales rose +4.5% at constant scope and exchange rates.

- *In the Cement business*, operational sales grew +3.6% at constant scope and exchange rates during the first nine months of the year, reflecting the momentum of the construction market in the regions in which the Group operates and the introduction of significant price increases. The impact of the start-up of the new Ragland kiln line was felt in the second and third quarters and was offset only partially by the strong increase in deliveries in California. Operational sales in the Cement business were stable (+0.2%) at constant scope and exchange rates in the third quarter.
- *In the Concrete business,* operational sales moved up +4.5% at constant scope and exchange rates, supported by the increase in selling prices, which largely offset a small drop in sales volumes. In the third quarter, the operational sales recorded by the business rose +5.0% at constant scope and exchange rates.

In Brazil, consolidated sales totalled €210 million, up +32.5% at constant scope and exchange rates. Against a backdrop of rapid inflation and despite higher interest rates and an unfavourable basis of comparison, demand remains strong in the Group's markets. In the third quarter, consolidated sales rose +28.8% at constant scope and exchange rates.

- *In the Cement business*, operational sales were €165 million, an increase of +27.6% at constant scope and exchange rates. In a dynamic market environment, selling prices posted a significant increase compared with the same period of 2021. In the third quarter, the operational sales recorded by the business rose +24.5% at constant scope and exchange rates.

- In the *Concrete & Aggregates business*, operational sales were €68 million, an increase of +51.5% at constant scope and exchange rates, in line with the trends seen in the Cement business. The steady improvement in market conditions was accompanied by a rise in prices, both in concrete and in aggregates. In the third quarter, operational sales grew +48.1% at constant scope and exchange rates.

1.4 Asia (India and Kazakhstan)

(€ million)	**Nine-months 2022**	Nine-months 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**376**	320	+17.6%	+10.3%

Sales in **India** rose throughout the period, moving up +11.6% at constant scope and exchange rates to reach €320 million. Against a backdrop of high inflation, demand remained solid, and price increases were introduced. The trend carried through into the third quarter, with sales in India rising +7.0% at constant scope and exchange rates to reach €106 million. Debottlenecking operations at the Kalburgi Cement plant in India increased the plant's capacity to over 10,000 tonnes of cement per day, temporarily weighing on this plant's capacity during the third quarter but enabling it to capitalise fully on the market's dynamism going forward.

Consolidated sales in **Kazakhstan** came to €56 million, up +3.9% at constant scope and exchange rates. This performance reflects a significant increase in selling prices, which largely offset a fall in volumes delivered against a very high basis of comparison. In the third quarter, consolidated sales fell –10.1% due to lower volumes delivered given the logistics issues affecting the entire market, with this impact only partially offset by higher selling prices.

1.5 Mediterranean (Egypt and Turkey)

(€ million)	**Nine-months 2022**	Nine-months 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**260**	166	+56.8%	+135.2%

In the Mediterranean region, sales moved sharply higher on the back of higher selling prices amid a situation that still lacks visibility and despite contrasting situations in Turkey and Egypt. During the third quarter, consolidated sales surged +169.9% at constant scope and exchange rates.

In **Turkey**, the Group continued to pursue its strategy of optimising its production facilities, limiting volumes sold and prioritising higher selling prices in a hyperinflationary environment. Against this backdrop, consolidated sales in the nine months to 30 September 2022 totalled €175 million (versus €113 million in the same period of 2021), representing an increase of +168.1% at constant scope and exchange rates. During the third quarter, consolidated sales soared +210.9% at constant scope and exchange rates.

- *In the Cement business*, the Group has limited the use of its least energy-efficient manufacturing facilities to lower the impact of higher costs in a hyperinflationary environment. As a result, volumes were much lower during the period. The decline was offset to a very large extent by very substantial price hikes. As a result, operational sales in the business climbed +169.5% at constant scope and exchange rates to €129 million. During the third quarter, the operational sales recorded by the business were up +221.3% at constant scope and exchange rates.
- In the *Concrete & Aggregates business*, operational sales rose +173.5% at constant scope and exchange rates to €80 million thanks to substantial price increases in both concrete and aggregates. With the tough weather conditions that affected the beginning of the year, concrete deliveries declined over the first nine months of 2022. However, aggregates volumes moved higher. During the third quarter, the operational sales recorded by the business grew +189.0% at constant scope and exchange rates.

In **Egypt**, consolidated sales totalled €85 million, up +64.4% at constant scope and exchange rates. Following the market regulation agreement between the Egyptian government and all producers that entered force in July 2021 and was subsequently extended in September 2022, selling prices in the domestic market continued to improve during the first nine months of the year, supported by a solid increase in demand. During the third quarter, consolidated sales were up +72.1% at constant scope and exchange rates.

1.6 Africa

(€ million)	Nine-months 2022	Nine-months 2021	Change (reported)	Change (at constant scope and exchange rates)
Sales	**245**	242	+1.4%	+0.7%

In Africa, the Group continued to reap the benefit of a dynamic sector environment despite the political crisis in Mali. During the third quarter, consolidated sales were stable at constant scope and exchange rates.

- In the *Cement business*, operational sales in the Africa region fell –5.9% at constant scope and exchange rates. While business trends were virtually 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 in both these markets. In Senegal, another increase was introduced towards the end of the period, but had only a small impact by 30 September, following on from a long period during which increases had been severely curbed by the authorities. In the third quarter, operational sales declined –9.9% at constant scope and exchange rates. Amid very strong cost inflation, the Group adopted a commercial optimisation strategy prioritising increases in selling prices. Lastly, the wintering season was less favourable than during the third quarter of 2021.
- In Senegal, the *Aggregates business*, recorded operational sales of €26 million, up +26.2% at constant scope and exchange rates, supported by private-sector demand. During the third quarter, operational sales moved up +42.8% at constant scope and exchange rates.

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

At 30 September 2022, the Group's shareholders' equity was €2,883 million, up from €2,544 million at 30 September 2021. The Group's net debt was €1,715 million, versus €1,269 million at 30 September 2021 given the significant increase in the working capital requirement with the growth in sales and the impact of inflation on inventories.

3. Recent events

3.1 *Update on energy costs:*

A solid recovery took place in the construction sector in 2021, providing a high basis of comparison. In parallel, since the conflict began in Ukraine, the Group has been carefully monitoring trends in demand across all the regions in which it operates to make sure it responds as rapidly and effectively as possible to this change in the environment. Given the very strong inflation in energy prices, the Group is adjusting its hedging policy as opportunities arise, is continuing to take strong steps to expand the use of alternative fuels and is adapting its production and sales strategy to constraints arising from the new environment.

Energy costs totalled around €400 million in 2021, 57% of which were related to the use of fuel.

The Group's hedging policy provides a degree of visibility on its energy costs over the short term (around six to nine months).

Since the beginning of the year, the very sudden surge in energy prices, especially electricity prices, has gained pace. By 30 September, energy costs were up +87%, including a rise of +103% in fuel prices and +66% in electricity prices.
During the third quarter, the very strong increase in electricity prices in France and Switzerland reached record highs. In the 11 October update of its outlook for 2022, the Group announced further significant price

increases of more than 20 euros in France as of 1 November and 30 Swiss francs in Switzerland as of 1 January 2023 to respond to the new environment in these two markets and offset the impact of the electricity price increases.

3.2 Ramp-up in the Ragland plant in the United States:

In the United States, construction of a new kiln line at the Ragland plant in Alabama, which began in 2019, was completed in the second quarter of 2022. However, the gradual start-up process weighed on performance in the third quarter of 2022. The new installation is now working very well.

4. Outlook

As announced on 11 October when the outlook for 2022 was updated, the Group's EBITDA in 2022 is expected to be lower than in 2021 and to be at least equal to that generated in 2020. The update of its outlook takes into account recent business developments, particularly the very sharp rise in electricity costs in Europe and the progressive ramp-up of the new Ragland plant in Alabama.

Capital expenditure in 2022 is expected to be €400 million. The Group will pay particular attention to reducing its capital expenditure from 2023 onwards, a trend that will accelerate in 2024, to take account of this new environment, in line with its debt reduction objectives.

Conference call

To accompany the publication of its nine-month 2022 sales, the Vicat group is organising a conference call in English on **8 November 2022** at **11am CET** (10am London time and 5am 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
United Kingdom:	+44 (0)33 0551 0200
United States:	+1 212 999 6659

An audio feed of the conference call, together with the presentation, can be livestreamed from the Vicat website or accessed by clicking here.
A replay of the conference call will be immediately available for streaming via the Vicat website or by clicking here.

Next event:

2022 results on 14 February 2023 after the market close.

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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. The Vicat Group, 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) 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 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, which is calculated as net debt/consolidated EBITDA.

Breakdown of sales by business

Cement

(€ million)	**Nine-months 2022**	Nine-months 2021	Change (reported)	Change (at constant scope and exchange rates)
Volume (thousands of tonnes)	**20,238**	21,300	-5.0%	
Operational sales	**1,687**	1,426	+18.3%	+19.3%
Consolidated sales	**1,443**	1,221	+8.2%	+18.6%

Concrete & Aggregates

(€ million)	**Nine-months 2022**	Nine-months 2021	Change (reported)	Change (at constant scope and exchange rates)
Concrete volume (thousands of m3)	**7,477**	7,853	-4.8%	
Aggregates volume (thousands of tonnes)	**18,614**	17,931	+3.8%	
Operational sales	**1,039**	892	+16.4%	+15.2%
Consolidated sales	**1,013**	869	+16.6%	+14.9%

Other Products & Services

(€ million)	**Nine-months 2022**	Nine-months 2021	Change (reported)	Change (at constant scope and exchange rates)
Operational sales	**343**	355	-3.3%	+9.0%
Consolidated sales	**241**	264	-8.7%	+4.8%