Press release
2022 results

L'Isle-d'Abeau, 14 February 2023

- **Strong increase in sales: resilient volumes across almost all markets and significantly higher selling prices**
- **Profitability adversely affected by the significant increase in energy prices and non-recurring industrial costs in the United States, France and India**
- **Solid cash generation and robust balance sheet despite the growth in the working capital requirement**
- **Proposed dividend at €1.65 per share**

Condensed income statement approved by the Board of Directors on 10 February 2023

(€ million)	2022	2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**3,642**	3,123	+16.6%	**+19.7%**
EBITDA*	**570**	619	–7.9%	**–5.9%**
Margin (%)	***15.7%***	*19.8%*		
Recurring EBIT*	**284**	360	–21.0%	**–19.0%**
Margin (%)	***7.8%***	*11.5%*		
Consolidated net income	***175***	222	–21.0%	**–28.0%**
Margin (%)	***4.8%***	*7.1%*		
Net income, Group share	**156**	204	–23.6%	**–29.5%**
Cash flow from operations	**461**	488	–5,5%	**–6.0%**

*Definitions in the appendix of this press release

Commenting on these figures, Guy Sidos, the Group's Chairman and CEO, said: "*In 2022, the Vicat Group demonstrated resilience amid tough conditions. Faced with an unfavourable basis of comparison as a result of the sharp post-Covid rebound in business trends during 2021, a very strong increase in energy costs and non-recurring industrial costs in the United States, France and India, we responded rapidly, raising our selling prices significantly across almost all the markets in which we operate to offset the impact of inflation.*
We have made progress with our policy of lowering our greenhouse gas emissions by harnessing existing solutions and investing in technologies that will enable us to reach our new 2030 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", "Recurring 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 of these statements.*

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

The Group posted strong sales growth in 2022 driven by a significant rise in its selling prices. This performance reflected:

- an increase in selling prices across almost all Vicat's markets amid strong cost inflation;
- resilient Cement and Concrete volumes in most markets, except for Turkey;
- negative non-recurring items in the United States, with the longer-than-anticipated start-up of the Ragland plant's new kiln, and in India, with debottlenecking operations to boost capacity at the Kalburgi plant during the third quarter; and
- the consequences of the political environment in Mali.

Overall, the Group's **consolidated sales** totalled €3,642 million, up from €3,123 million in 2021, representing a +19.7% increase at constant scope and exchange rates.
Consolidated sales rose +16.6% on a reported basis as a result of:
- a scope effect of –0.3% (negative impact of –€10 million), largely resulting from the sale of the lightweight precast business in Switzerland, which was finalised on 30 June 2021;
- a negative currency effect of –2.7%, representing a negative impact of –€86 million over the year owing to the depreciation in the euro against other currencies except for the Turkish lira and the Egyptian pound; and
- organic growth of +19.7% (+€615 million) supported by increases in selling prices across all the regions.

The Group's **operational sales** totalled €4,149 million, up +16.6% on a reported basis and up +20.6% at constant scope and exchange rates. Each of the Group's businesses contributed to this positive trend. In the Cement business, sales (€2,296 million) rose +24.1% at constant scope and exchange rates. In the Concrete & Aggregates business, operational sales (€1,398 million) rose by +18.5% at constant scope and exchange rates. Lastly, sales in the Other Products and Services business (€454 million) rose +11.1% at constant scope and exchange rates.

Vicat's consolidated **EBITDA** came to €570 million in 2022, down –7.9% on a reported basis and down –5.9% at constant scope and exchange rates. The EBITDA margin was 15.6%, down –420 basis points. The trend in reported EBITDA reflects an unfavourable currency effect of –€13 million and an organic decline of –€36 million. Despite this unprecedented inflation in costs, operating profitability was again well above its 2020 level (€557million).

At constant scope and exchange rates, the EBITDA decrease was primarily attributable to:

- a particularly unfavourable basis of comparison in 2021 as a result of the post-Covid rebound in business;
- very strong inflation in production costs, and especially in energy, since the second half of 2021, with a significant acceleration in 2022. As a result, energy costs soared +67% to €664 million over the full year, up from €398 million in 2021. This inflation was offset only gradually by a general increase in selling prices;
- Lastly, EBITDA was adversely affected by several non-recurring industrial operations that held back performance throughout the year:
  - the start-up of Ragland's new kiln in the United States during the second and third quarters;
  - the operational upgrade in the first quarter of the Montalieu plant after two pandemic-blighted years;
  - the capacity increase at the Kalburgi Cement plant during the third quarter.

These three operations will have a highly positive impact on future levels of operating profitability.

Recurring EBIT came to €284 million, down from €360 million in 2021, representing a fall of –21.0% on a reported basis and of –19.1% at constant scope and exchange rates. The recurring EBIT margin on consolidated sales came to 7.8%, a decrease of –370 basis points.

Operating income came to €278 million, down –17.4% on a reported basis and down –14.6% at constant scope and exchange rates. This fall was mainly attributable to the contraction in operating profitability affecting both EBITDA and recurring EBIT.

Of this –€20 million reduction in **net financial income (expense)** compared with 2021:

- –€3 million derived from the increase in the Group's average debt and interest, partially offset by the increase in investment income and the positive change in the fair value of interest-rate hedging derivatives; and
- –€12 million derived from the application of IAS 29 in Turkey and –€7 million from the currency loss arising from the devaluation of the Egyptian pound against the euro.

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 acquired 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:

- restatement of the opening balance sheet at 1 January 2022, leading to a +€59 million impact on the Group's share of equity;
- an impact on the 2022 income statement of –€20.8 million (€12 million via net financial income (expense).

Tax expense declined €24 million compared with 2021. The effective tax rate was 28.6%, below the 2021 rate of 29.2%.

This reduction in tax derived primarily from the fall in the Group's taxable income and the new tax convention applicable in Senegal with retroactive effect from 1 January 2021, leading to a reduction in deferred tax liabilities.

Consolidated net income was €175 million, down –28.0% at constant scope and exchange rates and down –21.0% on a reported basis versus 2021.

Net income, Group share fell –29.5% at constant scope and exchange rates and –23.6% on a reported basis to €156 million.

Cash flow from operations came to €461 million, down –5.5% on a reported basis and down –6.0% at constant scope and exchange rates, reflecting the decrease in EBITDA generated over the year and the non-cash IAS 29 adjustments.

On the strength of these full-year 2022 results and given its confidence in the Group's ability to continue pursuing its development, the Board of Directors decided at its meeting on 10 February 2023 to propose the distribution **of a dividend of €1.65 per share**, at the Group's Annual General Meeting due to be held on 7 April 2023.

1. Income statement analysed by geographical region

1.1. Income statement, France

(€ million)	2022	2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**1,177**	1,074	+9.6%	+6.8%
EBITDA	**172**	201	–14.6%	–15.6%
Recurring EBIT	**75**	118	–36.2%	–36.7%

The Group's sales in France moved higher in 2022, despite a small reduction in volumes from the record levels seen in 2021. Cement consumption held up at a high level, however. In a high-inflation environment, selling prices rose significantly across all the Group's activities.
EBITDA declined significantly during the period given the very clear increase in operating costs, particularly energy costs (up +55%), and an unfavourable basis for comparison in 2021.

- In the *Cement business*, operational sales rose +10.6% at constant scope. Given the unfavourable basis of comparison resulting from the French market's dynamic performance last year, this increase reflects a slight drop-off in demand offset by a gradual, but significant rise in selling prices during the year. Nonetheless, the price increases introduced offset only partially the very strong increase in energy costs. One-off maintenance operations carried out in a period of high activity levels after the two-year-long Covid-19 pandemic gave rise to non-recurring costs at the beginning of the year. The EBITDA generated by this business declined by –14.3%.
- The operational sales recorded by the *Concrete & Aggregates business* rose +3.8% at constant scope. This performance was driven by a significant improvement in selling prices throughout the year, offsetting the impact of a small contraction in volumes. Given the increase in costs, the EBITDA generated by the business moved down –20.3% at constant scope.

- *In the Other Products & Services business*, operational sales advanced +8.4% at constant scope over the period. The EBITDA recorded by the business fell –8.3% over the period.

1.2 Income statement for Europe (excluding France)

(€ million)	2022	2021	*Change (reported)*	*Change (at constant scope and exchange rates)*
Consolidated sales	**388**	394	–1.4%	+2.5%
EBITDA	**85**	89	–4.2%	–8.2%
Recurring EBIT	**51**	55	–7.9%	–14.6%

Business trends in Europe (excluding France) were positive in 2022, supported by a still solid environment in Switzerland given an unfavourable basis of comparison, and a positive industry environment in Italy. 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 declined –4.2% on a reported basis and –8.2% at constant scope and exchange rates as a result of the significant increase in energy costs in Switzerland, especially in electricity, which gained pace during the second half of 2022.

In **Switzerland**, the Group's consolidated sales were stable at constant scope and exchange rates (down –4.1% on a reported basis). EBITDA moved –11.4% lower at constant scope and exchange rates. The EBITDA margin on consolidated sales narrowed slightly to 22.4% from 23.2% in 2021.

- *In the Cement business*, operational sales moved up +1.1% at constant scope and exchange rates. This performance reflects a contraction in volumes during the year, offset by a solid increase in selling prices. Taking into account these factors and also the strong increase in energy costs, particularly electricity, which accelerated considerably during the second half, the EBITDA generated by the business dropped –16.7% at constant scope and exchange rates.
- In the *Concrete & Aggregates business*, operational sales declined –3.8% at constant scope and exchange rates. Amid a contraction in both concrete and aggregates volumes, selling prices moved higher in concrete and were almost stable in aggregates. As a result of these factors, the EBITDA generated by this business fell –8.0% at constant scope and exchange rates.
- *In the Other Products and Services* business, operational sales fell were almost stable at constant scope and exchange rates (down –0.9%). The EBITDA generated by the business rose +4.9% at constant scope and exchange rates, given the accretive impact of the Creabeton disposal in the first half of 2021.

In **Italy**, consolidated sales grew by +45.8%. Volumes rose and selling prices moved significantly higher throughout the period. EBITDA rose strongly over the year.

1.3 Income statement for the Americas

(€ million)	2022	2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**860**	672	+27.9%	+12.4%
EBITDA	**135**	140	–3.3%	–15.2%
Recurring EBIT	**72**	84	–13.7%	–24.5%

Demand across the **Americas** region remained solid in the construction sector despite a high basis of comparison, especially in Brazil. 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. Consequently, EBITDA moved lower over the full year.

In the **United States**, the sector environment remained favourable. Second- and third-quarter performance was adversely affected by the start-up of the Ragland plant's new kiln in Alabama, which temporarily reduced production capacity and deliveries in the region. Lastly, highly unfavourable weather conditions in the South-East region adversely affected performance at the end of the year. In spite of this non-recurring effect, consolidated sales totalled €581 million, up +6.6% at constant scope and exchange rates, supported by the strong performance in California. As a result, EBITDA totalled €88 million, down –19.0% at constant scope and exchange rates.
Construction of the Ragland plant's new 5,000-tonne per day kiln line in Alabama is now complete. This installation has increased the plant's capacity so it can meet the strong demand in the marketplace, substantially reduce production costs and actively help the Group to meet its CO_2 emission reduction targets. Following a series of technical adjustments during the third quarter, the ramp-up of the new plant remained on track during the final quarter of the year.

- In the *Cement business*, operational sales in the region grew +6.4% at constant scope and exchange rates in 2022, 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 specific costs linked to the start-up of the Ragland plant's new kiln, the EBITDA generated by the business declined by –15.4% at constant scope and exchange rates.
- In the *Concrete business*, operational sales rose +6.0% at constant scope and exchange rates as further positive market trends continued to provide support for the business. Against this backdrop, selling prices moved significantly higher. Nonetheless, the EBITDA recorded by this business fell over the period, indirectly as a result of the start-up of the Ragland plant's new kiln amid the stretched cement supply conditions prevailing in the region.

In Brazil, consolidated sales totalled €279 million, up +27.3% at constant scope and exchange rates. Despite an unfavourable basis for comparison, higher interest rates and inflation in the country, volumes were stable in the Group's markets. The hike in prices has to date partially offset the surge in production costs. As a result, EBITDA declined –6.7% at constant scope and exchange rates to €47 million over the year.

- In the *Cement business*, operational sales were €218 million, an increase of +23.0% at constant scope and exchange rates, supported by robust demand and a large increase in selling prices. Nonetheless, higher selling prices made up only partially for the very strong increase in energy costs. Overall, EBITDA fell –19.3% at constant scope and exchange rates.

- *In the Concrete & Aggregates business*, operational sales came to €92 million, an increase of +44.2% at constant scope and exchange rates. Market conditions remained favourable throughout the period, and they were supported by an increase in concrete and aggregates selling prices. Amid these positive conditions, EBITDA rose sharply.

1.4 Asia (India and Kazakhstan)

(€ million)	2022	2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**500**	428	+16.8	+10.7%
EBITDA	**98**	122	–19.2%	–23.3%
Recurring EBIT	**64**	88	–27.0%	–30.6%

Sales in **India** grew throughout the period, with consolidated sales rising to €433 million, up +12.8% at constant scope and exchange rates. This performance was driven by volume growth, supported in particular by public-sector demand. Amid very strong inflation, higher selling prices only partially made up for the very strong rise in energy costs. In addition, work on increasing capacity at the Kalburgi Cement plant amid high activity levels gave rise to non-recurring operating expenses.
As a result, EBITDA fell to €73 million, down –31.2% at constant scope and exchange rates versus its 2021 level.

Consolidated sales in **Kazakhstan** came to €67 million, down –1.0% at constant scope and exchange rates. This performance reflected a significant increase in selling prices, which almost entirely offset the contraction in volumes delivered during the period. What’s more, the higher selling prices made up for the impact of cost inflation. As a result, full-year EBITDA came to €26 million, up +12.5% at constant scope and exchange rates.

1.5 Mediterranean (Turkey and Egypt) income statement

(€ million)	2022	2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**374**	228	+63.8%	+170.7%
EBITDA	**44**	3	n.a	n.a
EBIT	**20**	–15	n.a	n.a

In the Mediterranean region, sales moved sharply higher in both countries amid a persistent lack of visibility. The key factor behind the increase was a large hike in selling prices, sparking a significant recovery in operating profitability.

In **Turkey**, the macroeconomic and sector environment was affected by the hyperinflation. Overall, consolidated sales totalled €258 million (versus €150 million in 2021), up +226.8% at constant scope and exchange rates.

EBITDA recorded a significant increase over the full year to €44 million, up from €13 million in 2021. As a result, the EBITDA margin on consolidated sales was 17.2% versus 8.5% in 2021.

- *In the Cement business*, the Group decided to limit the use of its least energy-efficient manufacturing facilities to curb the impact of higher costs in a hyperinflationary environment. Taking these factors into account plus the slowdown in the construction sector amid economic conditions affected by inflation, volumes delivered fell over the period in order to protect margins. The volume contraction was offset to a very large extent by higher prices. As a result, the business' operational sales climbed +235.3% at constant scope and exchange rates to €192 million. Overall, the EBITDA generated by the business totalled over €33 million, despite the depreciation in the Turkish lira, versus €10 million in 2021.
- In the *Concrete & Aggregates business*, operational sales rose +219.3% at constant scope and exchange rates to €117 million. While concrete deliveries declined over the full year, aggregate deliveries posted solid growth as a result of a dynamic second-half performance. Significant price hikes were introduced, following the Cement business' lead. The EBITDA generated by the business lay well inside positive territory.

In **Egypt**, consolidated sales totalled €116 million, up +62.3% 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 renewed in August 2022, selling prices in the domestic market continued to improve, supported by an increase in demand in a market adversely affected by inflation and the currency devaluation. Overall, Egypt contributed a breakeven EBITDA performance in 2022, compared with a loss of close to –€10 million in 2021.

1.6 Africa (Senegal, Mali, Mauritania) income statement

(€ million)	2022	2021	Change (reported)	Change (at constant scope and exchange rates)
Consolidated sales	**343**	327	+4.9%	+4.1%
EBITDA	**36**	65	–44.4%	–45.1%
EBIT	**2**	30	–93.1%	–94.4%

In Africa, the market remained resilient despite the effects of inflation and the political crisis in Mali on the region's economy.

- In the *Cement business*, operational sales in the Africa region fell –2.1% at constant scope and exchange rates. While business trends picked up in Senegal and improved significantly in Mauritania, these factors did not fully offset the sharp contraction in Mali's market as a result of the political environment. Selling prices rose in both these markets, but not sufficiently to make up for the impact of the cost inflation observed in the region, particularly as a result of the selling price controls introduced by the Senegalese authorities. Overall, the EBITDA generated by the business fell –53.0% over the period.
- In Senegal, the *Aggregates business*, supported by the gradual resumption of major government construction projects, recorded operational sales of €38 million, up +28.2% at constant scope and exchange rates. Volumes grew sharply during the year, while selling prices fell due to an unfavourable product and customer mix. EBITDA rose +4.2% over the year to reach €9 million.

2. Changes in the Group's financial position at 31 December 2022

At 31 December 2022, the Group's financial structure remained solid, with a substantial equity base and net debt under control despite the higher working capital requirement. Consolidated equity totalled €2,863 million at that date, compared with €2,606 million at 31 December 2021.
Net debt totalled €1,567 million at 31 December 2022 compared with €1,318 million at 31 December 2021.
On this basis, the Group's leverage ratio stood at 2.75x (versus 2.13x at 31 December 2021) and its gearing at 54.7% (versus 50.6% at 31 December 2021) at 31 December 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 31 December 2022, the Group was compliant with all financial ratios required by covenants included in financing agreements.

3. Capital expenditure and free cash flow

Net capital expenditure totalled €408 million in 2022, up from €376 million in 2021. The new kiln at the Ragland plant in the United States accounted for a significant proportion of this outlay.

Gross industrial investments amount to 422 million euros in 2022, compared to 387 million euros in 2021.

Maintenance capex amounted to €161 million in 2022, compared with €155 million in 2021.

On this basis, **free cash flow** (**before strategic capex**) came to €210 million, compared with €295 million in 2021.

Strategic growth capex totalled €176 million in 2022 (versus €156 million in 2021). A large proportion of it reflected the final stages of the construction of the Ragland plant's new kiln in the United States and continuing construction of the new kiln in Senegal. The return on capital employed from these two projects, which will create a great deal of value, is expected to be 18%, and should begin to materialize in 2023 in the United States and in 2025 in Senegal.

Lastly, the Group's *strategic capex allocated to reducing the carbon footprint* totalled €85 million in 2022, compared with €75 million in 2021, reflecting the advancement of projects launched under the Climate strategy. In this regard, the Group can restate that the amount of capital expenditure to be committed to reducing its carbon footprint is estimated at €800 million out to 2030, or €80 million p.a. on average.

As a result, **free cash flow (after strategic capex)** amounted to –€51 million, versus €63 million in 2021.

The change in free cash flow stems from the decline in EBITDA and from the large increase in the working capital requirement attributable to raw materials cost inflation. The working capital requirement increased by over +38% in 2022 to €472 million versus €342 million in 2021.

4. Recent events

4.1 *Construction of a new kiln in Senegal*

The Group, via its subsidiary Sococim Industries, launched at end 2021 a €260 million investment plan to build a new kiln line in order to significantly increase the Group's clinker capacity in the sub-region, improve the industrial performance of its operations in Senegal, lower its costs and actively contribute to meeting the Group's carbon emission reduction targets through wholesale use of alternative fuels.

Construction of this new facility continued during 2022 in line with the Group's expectations. The new production facility is scheduled for commissioning in mid-2024.

On 9 February 2023, the Vicat group arranged €242 million in financing for Sococim Industries, its Senegalese subsidiary. The financing has two tranches:

- a 10-year €120 million tranche granted by the International Finance Corporation (IFC);
- a 6-year CFA80 million fixed-rate tranche syndicated by the IFC to a pool of local lenders.

This long-term loan will provide refinancing for Sococim Industries and extend the maturity of its existing €28 million in borrowings. The additional €214 million will be used to fund the replacement and the kiln 6 construction project.

Given the performance of the project currently under construction, which will use best-in-class technologies to achieve a carbon intensity of 460 kg gross/per tonne in CO_2 emissions, the portion related to this project

qualified as “green financing” on the basis of a “Second Party Opinion” issued by a top-tier agency. The Vicat group has thus reached another milestone through the alignment of its financing arrangements with its environmental goals.

4.2 Climate Plan: 2022 results and update to the Group’s carbon footprint reduction targets

2022 was an important year for the Vicat Group, which recorded a significant decline in its own carbon emissions. The Group’s overall CO_2 emissions went down from 624 kg per tonne of cement in 2021 to 608 kg in 2022.

In Europe, CO_2 emissions were cut from 544 kg per tonne of cement to 530 kg.

This performance was achieved as a result of:

- a significant increase in the proportion of alternative fuels, which rose from 26.2% in 2021 to 28.1% of the fuel mix in 2022 (66.0% in Europe versus 62.9% in 2021);
- a significant decline in the clinker rate in cement to 77.5% in 2022 from 78.9% in 2021.

Efforts made at every tier of the organisation led to an upgrade in the Group’s CDP rating to A- (from B in 2021).

Based on these achievements, the 2030 target for reducing the Group’s CO_2 emissions has been made even more demanding.

The **revised target for 2030** is now CO_2 emissions of **497 kg** net per tonne of cement equivalent (rather than 540 kg previously), and **430 kg** in Europe.

This new target is based on:

- an increase in the use of alternative fuels to 50% of the Group’s overall fuel mix (versus 40% previously), and to 100% in Europe;
- a reduction in the clinker rate in cement to 69%, versus 75% previously;
- the use of modern industrial facilities.

It’s worth reiterating that greater use of alternative fuels and a reduction in the proportion of clinker in cement are the main ways of achieving these targets, and they involve the use of existing mature technologies. These targets do not take into account any regulatory changes that may occur in the period out to 2030 or the introduction of so-called Carbon Capture & Storage or Carbon Capture & Usage technologies, which the Group is working on separately.

During 2022, the Group stepped up its commitment to the energy transition by introducing a target of using low-emission renewable energies. By 2030, the Group aims to increase its use of electricity generated from renewable sources to 40% (from 8.5% in 2022) and to generate 20% itself (versus 5.0% in 2022).

5. Outlook for 2023

In 2023, the Group is targeting further significant sales growth, with its markets overall expected to display resilience and reflect the full benefit of the price hikes in selling prices introduced in 2022 and the fresh increases anticipated in 2023. Furthermore, the financial year 2023 will benefit from the full effect of the new Ragland kiln and the disappearance of the non-recurring costs incurred in 2022. Lastly, based on the latest trends observed, energy costs are expected to stabilise progressively at levels above those seen in 2022. Taking these factors into account, the Group’s 2023 EBITDA is expected to rise towards a level at least equivalent to that recorded in 2021.

In 2023 and 2024, the Group plans to scale back its capital expenditure outlays to around €350 million in 2023 followed by another reduction in 2024. Over the period as a whole, this capital expenditure will focus on:

- completion of the construction work on the new kiln in Senegal;
- investment projects to meet the carbon footprint reduction targets; and
- maintenance capex.

The Group does not plan to launch any further strategic growth capex projects until the leverage ratio has been brought down below 2.0x.

The Group wishes to make clear that these anticipated trends per country are highly dependent on how the war in Ukraine plays out, and especially how its consequences affect energy costs:

- in France, demand may tail off slightly during the year, with conditions affected by inflation and interest rate hikes. Selling prices are expected to rise further, however, to offset cost inflation, particularly in energy costs;
- in Switzerland, the market is expected to remain resilient throughout the year, stabilising progressively. As in France, selling prices are expected to increase, after the increases introduced at the beginning of the year;
- in the United States, the market is expected to keep moving in a positive direction with the impact of the economic stimulus plan being rolled by the US administration. In this market, the Group will reap the benefit of the commercial ramp-up in the new industrial facility commissioned in 2022 amid favourable price conditions;
- in Brazil, business levels in the markets in which the Group operates are expected to remain broadly stable over the year. Further price hikes are anticipated to offset the continuing increase in production costs.
- in India, the macroeconomic and sector environment is expected to remain favourable. With prices still volatile, the rise in energy costs is only likely to be offset gradually;
- in Kazakhstan, market conditions are expected to remain favourable despite a persistently high basis for comparison and fierce competition;
- in Turkey, the Group will continue to focus on protecting its margins in a hyperinflationary environment amid challenging macroeconomic and political conditions that limit visibility;
- In Egypt, the economic and monetary effects of the Ukrainian crisis have worsened the overall outlook. With the sector agreement in force since July 2021 remaining in place, the Group expects stable demand and further improvement in selling prices, which will curb the effects of inflation;
- in West Africa, trends in Cement are expected to remain dynamic as a result of a favourable sector environment, especially after the recent reopening of the border with Mali. With cement price controls still in place Senegal, the full impact of cost increases is unlikely to be offset. The Aggregates business in Senegal is expected to continue its infrastructure project-led growth.

Presentation meeting and conference call

To accompany this publication, the Vicat group is holding an information conference call in English on 15 February 2023 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: +1 786 697 3501

The conference call will also be livestreamed from the Vicat website or by clicking here. 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:

First-quarter 2022 sales on 3 May 2023.

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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 €3.642 billion in 2022. 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.
- **Recurring 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)	2022	2021	Change (reported)	Change (at constant scope and exchange rates)
Volume (thousands of tonnes)	**27,140**	28,141	–3.6%	
Operational sales	**2,296**	1,914	+20.0%	+24.1%
Consolidated sales	**1,964**	1,633	+20.3%	+23.7%
EBITDA	**411**	456	–9.8%	–7.8%
Recurring EBIT	**233**	300	–22.5%	–20.3%

Concrete & Aggregates

(€ million)	2022	2021	Change (reported)	Change (at constant scope and exchange rates)
Concrete volumes (thousands of m³)	**10,023**	10,472	–4.3%	
Aggregates volumes (thousands of tonnes)	**25,310**	23,998	+5.5%	
Operational sales	**1,398**	1,191	+17.7%	+18.2%
Consolidated sales	**1,363**	1,158	+17.8	+18.3%
EBITDA	**132**	133	–1,3	–0.5%
Recurring EBIT	**42**	49	–14.9%	–14.1%

Other Products & Services

(€ million)	2022	2021	Change (reported)	Change (at constant scope and exchange rates)
Operational sales	**454**	453	+0.2%	+11.1%
Consolidated sales	**315**	332	–5.2%	+5.2%
EBITDA	**27**	30	–8.0%	+0.7%
Recurring EBIT	**10**	11	–6.7%	–5.1%

Principal 2022 financial statements

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

Consolidated Income Statement

(in thousands of euros)	Notes	2022	2021
Revenue	4	**3,642,063**	**3,122,940**
Goods and services purchased		(2,509,400)	(2,002,119)
Employees expenses	5	(528,635)	(483,699)
Taxes		(60,982)	(56,968)
Other operating income (expenses)	6	27,074	38,964
EBITDA		**570,120**	**619,118**
Net charges to operating depreciation, amortization and provisions	6	(285,655)	(259,196)
Recurring EBIT		**284,465**	**359,922**
Other non-operating income (expenses)	7	6,270	(28,291)
Net charges to non-operating depreciation, amortization and provisions	7	(13,007)	4,793
Operating income (expense)		**277,728**	**336,424**
Cost of net financial debt		(31,155)	(28,442)
Other financial income		31,900	19,363
Other financial expenses		(50,666)	(20,919)
Financial income	8	**(49,921)**	**(29,998)**
Share of profit (loss) of associates	11.1	12,697	5,156
Profit (loss) before tax		**240,504**	**311,582**
Income tax	9	(65,060)	(89,398)
Consolidated net income		**175,444**	**222,184**
Portion attributable to minority interests		19,357	18,005
Portion attributable to the Group		**156,086**	**204,179**
Earnings per share (in euros)			
Basic and diluted earnings per share		3.48	4.55

Comprehensive income

(in thousands of euros)	2022	2021
Consolidated net income	**175,444**	**222,184**
Other items not recycled to profit or loss:		
Remeasurement of the net defined benefit liability	30,649	7,350
Other items not recycled to profit or loss:	(9,744)	(2,127)
Tax on non-recycled items	(6,617)	(2,574)
Other items recycled to profit or loss:		
Changes in currency translation adjustments	(20,849)	69,699
Cash flow hedge instruments	7,914	1,946
Tax on recycled items	(2,053)	(386)
Other comprehensive income (after tax)	**(700)**	**73,908**
TOTAL COMPREHENSIVE INCOME	**174,744**	**296,092**
Portion attributable to minority interests	11,403	25,671
Portion attributable to the Group	**163,341**	**270,421**

Consolidated statement of financial position

ASSETS

(in thousands of euros)	Notes	December 31, 2022	December 31, 2021
Goodwill	10.1	1,204,814	1,157,232
Other intangible assets	10.2	183,066	173,653
Property, plant and equipment	10.3	2,504,926	2,169,041
Right of use related to leases	10.4	193,122	195,112
Investment properties	10.5	32,124	32,218
Investments in associated companies	11.1	80,804	92,774
Deferred tax assets	9	126,212	68,012
Receivables and other non-current financial assets	11.2	269,651	219,241
Total non-current assets		**4,594,719**	**4,107,283**
Inventories and work-in-progress	12.1	560,795	429,243
Trade and other accounts	12.2	464,216	436,219
Current tax assets	9	45,201	6,947
Other receivables	12.3	204,690	206,475
Asset held for sale	11.1	21,780	
Cash and cash equivalents	13	503,597	527,393
Total current assets		**1,800,279**	**1,606,277**
TOTAL ASSETS		**6,394,998**	**5,713,560**

SHAREHOLDERS' EQUITY AND LIABILITIES

(in thousands of euros)	Notes	December 31, 2022	December 31, 2021
Capital		179,600	179,600
Additional paid-in capital		11,207	11,207
Treasury shares		(47,097)	(52,018)
Consolidated reserves		3,003,393	2,800,579
Translation reserves		(558,838)	(579,950)
Shareholders' equity, Group share		**2,588,265**	**2,359,418**
Minority interests		**274,529**	**246,681**
Total shareholders' equity	14	**2,862,794**	**2,606,099**
Provisions for pensions and other post-employment benefits	15.1	86,355	108,529
Other provisions	15.2	123,413	104,974
Financial debts and put options	16.1	1,672,772	1,291,434
Lease liabilities	16.1	161,045	159,883
Deferred tax liabilities	9	325,188	219,800
Other non-current liabilities		21,594	23,927
Total non-current liabilities		**2,390,367**	**1,908,547**
Provisions	15.2	12,570	10,381
Financial liabilities and put options at less than one year	16.1	242,161	371,119
Lease liabilities at less than one year	16.1	47,537	55,502
Trade and other accounts payable	17.1	540,374	459,647
Current taxes payable		14,814	27,558
Other liabilities	17.2	284,381	274,707
Total current liabilities		**1,141,837**	**1,198,914**
Total liabilities		**3,532,204**	**3,107,461**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,394,998**	**5,713,560**

Consolidated statement of cash flow

(in thousands of euros)	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated net income		**175,444**	**222,184**
Share of profit (loss) of associates		(12,697)	(5,156)
Dividends received from associated companies		7,057	1,208
Elimination of non-cash and non-operating items:			
- depreciation, amortization and provisions		303,434	255,811
- deferred taxes		6,803	5,717
- net gain (loss) from disposal of assets		(5,377)	(7,622)
- unrealized fair value gains (losses)		(14,688)	(3,625)
- others (1)		1,055	19,070
Cash flows from operating activities		**461,031**	**487,587**
Change in working capital		(104,132)	(48,674)
Net cash flows from operating activities (2)	**18.1**	**356,899**	**438,913**
	Recurring EBIT		
CASH FLOWS FROM INVESTING ACTIVITIES			
Outflows linked to acquisitions of non-current assets:			
- tangible and intangible assets		(422,356)	(386,570)
- financial investments		(28,505)	(40,157)
Inflows linked to disposals of non-current assets:			
- tangible and intangible assets		13,975	10,759
- financial investments		4,392	4,105
Impact of changes in consolidation scope		(45,404)	(31,005)
Net cash flows from investing activities	**18.2**	**(477,898)**	**(442,868)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(82,355)	(74,116)
Increases/decreases in capital			
Proceeds from borrowings	16.1	462,197	331,443
Repayments of borrowings	16.1	(138,328)	(140,122)
Repayment of lease liabilities	16.1	(58,414)	(52,963)
Acquisitions of treasury shares		(18,366)	(22,887)
Disposals or allocations of treasury shares		20,191	24,701
Net cash flows from financing activities		**184,926**	**66,056**
Impact of changes in foreign exchange rates		(23,022)	9,182
Change in cash position		**40,905**	**71,283**
Net cash and cash equivalents - opening balance	13.2	430,442	359,159
Net cash and cash equivalents - closing balance	13.2	471,347	430,442

(1) :

- Including IAS 29 impacts (cf. Note 1.1)

(2) :

- Including cash flows from income taxes: € (81.7) million as of December 31, 2022, and € (84.3) million as of December 31, 2021.

- Cash flows from interests paid and received: € (37.6) million as of December 31, 2022 including € (9.2) million for financial expenses on IFRS16 leases and € (27.0) million as of December 31, 2021 including € (10.2) million for interest expenses on IFRS16 leases.

Statement of changes in consolidated shareholder's 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
At 1 January 2021	**179,600**	**11,207**	**(53,587)**	**2,689,713**	**(640,805)**	2,186,128	**234,306**	**2,420,434**
Net income				204,179		**204,179**	18,005	**222,184**
Other comprehensive income (2)				5,387	60,855	**66,242**	7,666	**73,908**
Total comprehensive income				*209,566*	*60,855*	***270,421***	*25,671*	***296,092***
Dividends paid				(66,314)		**(66,314)**	(7,886)	**(74,200)**
Net change in treasury shares			1,569	174		**1,743**		**1,743**
Change in consolidation scope and additional acquisitions				(26,024)		**(26,024)**	(5,328)	**(31,352)**
Other changes				(6,536)		**(6,536)**	(82)	**(6,618)**
At 31 December 2021	**179,600**	**11,207**	**(52,018)**	**2,800,579**	**(579,950)**	**2,359,418**	**246,681**	**2,606,098**
At 1 January 2022 published	**179,600**	**11,207**	**(52,018)**	**2,800,579**	**(579,950)**	**2,359,418**	**246,681**	**2,606,098**
Adjustments related to the application of IAS 29 (1)				**58,610**		58,610		**58,610**
At 1 January 2022 restated	**179,600**	**11,207**	**(52,018)**	**2,859,189**	**(579,950)**	**2,418,028**	**246,681**	**2,664,708**
Net income				156,086		**156,086**	19,357	**175,444**
Other comprehensive income (2)				(13,858)	21,112	**7,254**	(7,954)	**(700)**
Total comprehensive income				*142,228*	*21,112*	***163,340***	*11,403*	***174,744***
Dividends paid				(73,042)		**(73,042)**	(9,299)	**(82,341)**
Net change in treasury shares			4,921	(3,030)		**1,891**		**1,891**
Changes in scope of consolidation and additional acquisitions				(13,330)		**(13,330)**	12,458	**(872)**
Application of IAS29				56,602		**56,602**	14,478	**71,080**
Other changes (3)				34,776		**34,776**	(1,192)	**33,584**
At 31 December 2022	**179,600**	**11,207**	**(47,097)**	**3,003,393**	**(558,838)**	**2,588,265**	**274,529**	**2,862,794**

(1) The impact of the application of IAS 29 is detailed in note 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.

(3) Chiefly including the €29 million tax rebate following the complaints about the tax treatment of capital gains on sales of securities