

PRESS RELEASE

Results for the 1st half of 2010: a return to operating profitability

Recurring operating profit: €0.5m

Net profit close to breakeven: -€0.5m

Paris, 23rd February 2011: Groupe VIAL (ISIN: FR0010340406 – Ticker: VIA), French independent discount industrial joinery group, announces its consolidated results for its 1st half to 30th June 2010.

• **Consolidated results for the 1st half of 2010**

<i>In millions of euros IFRS</i>	H1 2009	H1 2010	Δ (%)	Δ (M€)
Sales	52.2	50.8	-3%	-1.4
Gross margin	22.2	28.3	+27%	+6.1
Recurring operating profit	-4.3	0.5	N.S.	+4.8
Operating profit	-31.4	0.4	N.S.	+31.8
Net profit	-14.8	-0.4	N.S.	+15.2

The 1st half of 2010 was marked by an economic environment that remained morose, with no significant upturn in construction, further weak consumption levels and restricted loan-market access for individuals.

Groupe VIAL pursued its efforts to re-establish its organisation, improve the features of its ERP system and extend its deployment. In terms of products, the Group further strengthened its positioning on renovation products with a very competitive quality / price ratio.

Within this context, Groupe VIAL's 1st half results saw a slight fall in sales and a return to breakeven in terms of operating profit, with a substantial improvement in the gross margin.

1st half **sales** totalled €50.8 million, a slip of 3%.

The **gross margin** was €28.3 million, a jump of +27% compared to the 1st half of 2009. It thus represented 55.7% of sales, compared to 42.5% in the 1st half of 2009 and 51.5% in the 2nd half of 2009. This solid and continuous improvement is the result of the measures taken by Groupe VIAL, i.e.:

- a product positioning centred around renovation, which offers higher margins;
- a virtual return to normal for the Group's organisation following the implementation of ERP that had caused the industrial accident of 2008,
- the upstream integration of the wood line with the acquisition of Bolivian wood;
- favourable purchasing conditions for other raw materials thanks to the euro / dollar parity.

Despite a reorganisation of the Group's structure and a 28% increase in personnel costs, the **recurring operating profit** moved back into the black in the first half of 2010, at +€0.5 million versus a loss of €4.3 million a year earlier.

Operating profit was +€0.4 million, compared to -€31.4 million for the same period of 2009; this latter figure included goodwill depreciation of €27.6 million.

The gross cost of debt was down 50% at -€1.3 million (versus -€2.7 million at 30th June 2009), due to:

- the significant decrease in interest rates on the syndicated loan;
- the reduction in OCEANE convertible bonds following buybacks carried out in the 2nd half of 2009 and the 1st quarter of 2010.

Once financial income of €1.4 million, essentially consisting of the impact of OCEANE buybacks over the half, and a tax charge of €1 million are taken into account, there was a slight **net loss** of -€0.4 million, compared to -€14.8 million over the 1st half of 2009.

- **Financial structure and debt**

<i>In millions of euros</i>	31.12.09	30.06.10
<i>IFRS</i>		
ASSETS		
Non-current assets	35.2	34.7
Current assets	110.7	97.9
<i>of which: cash</i>	24.6	19.1
Total	145.9	132.6
LIABILITIES		
Shareholders' equity	20.2	20.3
Non-current liabilities	22.2	22.1
Current portion of long-term financial debts and loans	73.4	66.3
Other current liabilities	30.1	23.9
Total	145.9	132.6

Consolidated shareholder's equity stood at €20.3 million at 30th June 2010, stable on the figure at 31st December 2009.

Given that, at 30th June 2010, no agreement had been reached regarding the non repayability of the syndicated loan, the entire syndicated debt is presented as current debt of less than a year, as is the remaining sum due on the OCEANE convertible bonds. Subsequently, financial debt of under a year totalled €67.6 million at 30th June, with total financial debt standing at €68.8 million.

During the 1st half of 2010, Groupe VIAL bought back, through the intermediary of its VIAL Holding subsidiary, 151,462 OCEANE convertible bonds for a total of €5.5 million. The outstanding balance on these OCEANE bonds at 30th June 2010 was €26.9 million

- **Cash position and cash flow**

At 30th June 2010, the Group's cash position stood at €19.1 million.

The Group has continued to pursue its efforts to reduce its working capital requirements, notably reducing its stocks by close to €4 million (-6%). Over the period, working capital requirements were thus reduced by €4.1.

Net operating cash flow totalled €5.8 million over the half, an increase of +47.5% on the 1st half of 2009.

Within the framework of the terms of the draft agreement signed with its banking pool, only the two non-operational holding companies Groupe VIAL and VIAL HOLDING were placed under a Safeguard procedure on 24th January 2011 via a ruling by the Toulon Tribunal de Commerce (commercial court). The auditors' report will be issued once the procedures required for the publication of this half-year report are finalised.

The 2010 half-year report will then be definitive and able to be published.

About Groupe VIAL (www.groupe-vial.com)

Listed on Euronext Paris of NYSE Euronext since December 2006, Groupe VIAL manufactures and distributes aluminium, PVC and wood joinery products (doors, windows, gates, stairs, etc.) offering unparalleled value for money through tight control of supply lines; efficient, modern production facilities and its vast distribution network that consisted, at 31st December 2010, of 69 stores opened under the VIAL Menuiseries brand, including 4 in Spain and 1 in Portugal.

Public site: www.vial-menuiseries.com

Compartment C of Euronext Paris, a NYSE Euronext Group market
Reuters: **VIA.PA** - Bloomberg: **VIA FP**



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