

PRESS RELEASE

**First half 2011 results
Listing resumed**

La Seyne-sur Mer, 25 November 2011: Groupe VIAL (FR0010340406 – VIA), France's leading independent discount industrial joinery group, presents its consolidated results for the first half of 2011 (ended 30 June).

At its meeting of 28 October 2011, the Board of Directors approved the interim financial statements for the period ended 30 June 2011.

• **Audited consolidated results for the first half of 2011***

<i>In millions of euros IFRS</i>	H1 2011	H1 2010	$\Delta(\%)$	$\Delta (\text{€m})$
Sales	52.9	50.8	+4.1%	+2.1
Gross profit	28.9	28.3	+2.1%	+0.6
Profit (loss) from ordinary activities	-1.0	0.5	N/A	-1.5
Operating profit (loss)	-0.8	0.4	N/A	-1.2
Net profit (loss)	-2.9	-0.4	N/A	-2.5

* The Statutory Auditors draw attention in their report to: notes 1.3 and 10.1 of the notes to the financial statements relating to the continuity of operations, notes 1.2 and 10.1 of the notes to the financial statements setting out the terms relating to the renegotiation of the Group's debt with the pool of banks and the adoption of the bankruptcy protection plan.

Groupe VIAL confirms the gradual improvement in its business momentum despite unfavourable economic conditions in Europe for the works, renovation and construction sector.

This performance is the result of a number of factors:

- an offering suited to market demand (renovation products), with a particularly competitive quality/price ratio;
- enhancement of its reputation by a targeted advertising campaign;
- improvement in the efficiency of the entire operating chain (production, logistics, inventory management etc.) thanks to the ERP roll-out.

Sales for the first half of the year came to €52.9 million, up 4.1%.

Gross profit was €28.9 million, up 2.1% relative to the first half of 2010, representing gross margin of 54.6% compared with 55.7% in the first half of 2010. This slight deterioration in gross margin is the result of factors relating to:

- unfavourable economic conditions in Europe offset by solid momentum in Bolivia;
- sluggish consumer spending in Europe, severe pricing tensions with France in particular, rival promotional campaigns in the second quarter and a decline in new housing starts;
- solid momentum in wood sales in the Bolivian market, where sales are generated from the direct selling of semi-finished wood products from two factories and from the creation of two trial sales counters;
- improvement in the efficiency of the entire operating chain (production, logistics, inventory management etc.).

While the Group continued with its restructuring - with staff costs up 6.1% - and the bankruptcy protection proceedings ("*Procédure de Sauvegarde*") spread out over almost the entire first half of the year resulted in significant costs - with a 9.6% increase in external costs - Groupe VIAL sustained a **loss from ordinary activities** of -€1.0m compared with a profit of €0.5 million in the first half of 2010.

The Group sustained an **operating loss** of -€0.8 million compared with a profit of €0.4 million for the same period in 2010.

Cost of gross debt was €1.6 million compared with €1.3 million in the first half of 2010.

Taking account of a financial expense of €0.2 million, relating primarily to currency losses, and a tax charge of €0.2 million, the Group sustained a net loss of -€2.9 million compared with -€0.4 million in the first half of 2010.

• Financial structure and debt

<i>In millions of euros (IFRS)</i>	30.06.11	31.12.10
ASSETS		
Non-current assets	30.2	33.5
Current assets	99.8	96.4
<i>O/w cash and cash equivalents</i>	26.8	22.6
Total	130.0	129.9
EQUITY & LIABILITIES		
Total equity	13.8	17.9
Non-current liabilities	21.2	22.3
Current borrowings and long-term financial liabilities	67.8	67.1
Other current liabilities	27.2	22.6
Total	130.0	129.9

Consolidated equity stood at €13.8 million at 30 June 2011 compared with €17.9 million at 31 December 2010.

In accordance with IAS 1, as no definitive agreement had been reached on the non-payability of the syndicated loan as at 30 June 2011, the entire debt is presented as current liabilities on the consolidated balance sheet to 30 June 2011. In addition, as payability of the syndicated loan would result in the immediate redemption of the Group's OCEANE bonds, the remaining amount due under OCEANE bonds (€28 million) has also been classified as current liabilities.

• Cash flow

The Group had a net cash position of €26.2 million at 30 June 2011 compared with €21.7 million at 31 December 2010.

It continued with efforts to reduce its working capital requirement, in particular by cutting its inventories by around €3.1 million (-5.9%). The working capital was therefore reduced by €9.2 million over the period.

Cash flow from operating activities totalled €7.8 million over the first half of the year, up 34.5% relative to the first half of 2010.

- **Description of the bankruptcy protection plans ("*Plans de Sauvegarde*") approved by the Toulon Commercial Court on 20 October 2011**

1. Aims of the Plan

As stated previously, the difficulties facing Groupe VIAL are due to the global financial crisis and problems with implementing an ERP system. These two factors have resulted in a mismatch between debt service and the Group's repayment capacity since the first half of 2009.

These conditions have required Groupe VIAL to undergo financial restructuring.

The aim of the bankruptcy protection plan is to ensure that the level of debt is appropriate for Groupe VIAL's capacity and to bring margins and sales back in line with historic levels in the medium term.

2. Discharge of liabilities

Trade payables, tax and social security liabilities of Groupe VIAL

Trade payables	€163,599
Tax and social security liabilities	€174,934
Total	€338,533

Trade receivables, tax and social security liabilities will be repaid for 100% of the amount of claims that have been verified and deemed final within three months of the ruling becoming definitive to approve the bankruptcy protection plan.

Claims of less than €300 shall be settled once the ruling to approve the bankruptcy protection plan becomes definitive.

a- Trade payables and tax liabilities of VIAL HOLDING

It is specified that provisionally declared liabilities amount to €1,032,561.94, broken down as follows:

- preferred creditors:	€4,615.00
- ordinary creditors:	€1,014,431.94
- provisional creditors:	€13,515.00

Trade receivables, tax and social security liabilities will be repaid for 100% of the amount of claims that have been verified and deemed final within three months of the definitive ruling to approve the bankruptcy protection plan.

b- Bank liabilities, relating in totality to VIAL HOLDING, will be discharged as follows:

- a. **grace period for principal** up to 31 July 2012;
- b. repayment of the sum of **€28.5 million over 8 years** , from **1 August 2012 to 1 August 2019**, in accordance with the following schedule:

- 01/08/2012: €2.9m
- 01/08/2013: €2.9m
- 01/08/2014: €2.9m
- 01/08/2015: €3.2m
- 01/08/2016: €3.5m
- 01/08/2017: €3.9m
- 01/08/2018: €4.3m
- 01/08/2019: €4.9m

- c. repayment of the balance of €10.2 million at maturity on 31 December 2019, if applicable early repayment on repayment by the tax authorities of the tax loss carryback recognised at the close of the financial year ended 31 December 2008.
- d. interest on capital remaining due will be paid quarterly in arrears at the reduced rate of 3% applied retroactively once bankruptcy protection proceedings have begun.
- e. if a net cash surplus is generated by Groupe VIAL relative to its financing plan as audited by Deloitte, Groupe VIAL and VIAL HOLDING will undertake to pay back the creditor banks 30% of the surplus, it being specified that these amounts will be written off against repayments due for 2012 to 2019.

Net cash surplus is defined as follows:

Cash flow from operations
 + WCR change
 + Net financial items
 + Income from disposal of non-current assets
 - Repayment of borrowings
 - Capital expenditure
 - Tax adjusted for accounting movements not reflected by cash flows

- f. interest due in respect of the observation period at the rate of 3% as well as interest not paid at the start date of bankruptcy protection proceedings will be paid within three months of the ruling to approve the bankruptcy protection plan.
- g. it is agreed that in the event of a conflict between the conditions of the plan and those of Crédit VIAL/VIAL HOLDING and its amendments, the conditions of the plan or operations set out in the plan shall have prevalence, in particular the covenants that are no longer applicable due to the application of the bankruptcy protection plan.

c- Treatment of OCEANE bonds

Conversion of OCEANE bonds into shares on the basis of one share for one bond **after verification and final admission of claims**. All of the shares thus created from the conversion of bonds after listing is resumed come a total amount of €1,773,836. This represents the full amount of the bond, the initial amount of which was €80 million. After conversion, treasury stock will be an estimated 10.6%. The Group will comply with legal requirements in order to bring this level back down below 10%.

Implementation of the bankruptcy protection plan

a. Undertaking by Groupe VIAL

Groupe VIAL undertakes to issue stock warrants ("BSA") by means of an offer to the public. The total amount issued must be at least €2 million.

The general shareholders' meeting of 16 December plans to put forward a resolution allowing all existing shareholders to access this issue.

A board meeting is planned after the general shareholders' meeting in order to be able to launch the issue in the second half of December. The principal shareholders undertakes to subscribe to the issue in an amount proportional to its rights and to exercise its warrants thereafter.

If the issue is not carried out before 31 July 2011, the principal shareholder will have to contribute a sum of €2 million paid into a frozen current account and subject to the repayment of all bank liabilities.

b. Approval of the plan

Approval of the plan and the Toulon Commercial Court's decision to approve the bankruptcy protection plan in favour of Groupe VIAL shall prohibit any creditors of Groupe VIAL from enforcing the conditions of agreements, protocol agreements, spoken or written commitments relating to the payment of Groupe VIAL's liabilities. The company and each of its creditors are obliged to respect the terms of the bankruptcy protection plan as soon as it is approved definitively by the Toulon Commercial Court.

As necessary, the terms of the bankruptcy protection plan will be imposed and shall be enforceable against all of Groupe VIAL's creditors, including members of creditor committees and the one-off meeting of bondholders who did not vote in favour of the bankruptcy protection plan.

c. Implementation of the bankruptcy protection plan

In the judgement to approve Groupe VIAL's bankruptcy protection plan, the Toulon Commercial Court appointed Henri Bor as administrator to oversee implementation of the plan.

- **Business forecasts**

A summary of business forecasts was put together in October 2010 for the purposes of the bankruptcy protection plan. The main forecasts are as follows:

(€m)	2011	2012	2013
Sales	105	106.5	109.5
EBITDA*	4.2	3.5	3.9
Cash and cash equivalents at end of period**	13.6	8.1	2.9

* EBITDA = Earnings before Interest, Taxes, Depreciation and Amortisation

** The cash surplus as cited in point e) of the Plan corresponds to the change in cash and cash equivalents for each financial year (cash balance at end of period – cash balance at start of period)

The interim financial statements to 30 June 2011 confirm the 2011 sales and EBITDA estimates. Cash and cash equivalents at the end of the period (€26.8 million at 30 June 2011) should be much higher, primarily due to a lower than expected working capital requirement.

- **Main impacts on the financial structure of the consolidated balance sheet**

Initial estimates of the main consolidated accounting impacts resulting from the adoption of the bankruptcy protection plan relating directly to the conversion of OCEANE bonds are as follows:

- reduction in current debt of €28.4 million;
- increase in consolidated reserves of €26.7 million;
- increase in share capital of €1.7 million.

At this stage, the estimated impacts have not been subject to an audit or a limited review by Groupe VIAL's statutory auditors

- **Availability of regulated information**

The financial report for the year ended 31 December 2010 and the interim financial report for the period ended 30 June 2011 are available on the Company's website and have been submitted to the Autorité des Marchés Financiers.

- **Listing resumed on a provisional basis on 28 November 2011**

Taking account of the administrative time frames for the winding up of proceedings and the ex-ante checks required of Groupe VIAL and its Statutory Auditors to meet market reporting requirements, listing is due to be resumed on 28 November 2011.

The next press release will be about the results of the general shareholders' meeting of 16 December.

The press release on the Group's 2011 sales is due to be published at the end of the first week of February 2012.

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

Groupe VIAL, listed on Euronext Paris by NYSE Euronext since December 2006, sells and manufactures wood, aluminium and PVC products for the home such as doors, windows, gates and staircases. It offers an unmatched ratio of price to quality, thanks to full control of its supplies, its effective and modern production facilities and its vast distribution network, which at 30 September 2011 comprised 69 stores under the VIAL Menuiseries banner, including 4 in Spain and 1 in Portugal.

Commercial website: www.vial-menuiseries.com

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



Groupe VIAL
Patrick Thinet
Deputy CEO in charge of Finance
investisseurs@groupe-vial.com

NewCap.
Investor Relations - Financial Communications
Dusan Oresansky / Pierre Laurent
Tel.: 01 44 71 94 94
vial@newcap.fr