PRESS RELEASE

Results for the 1st half of 2012

Paris, 10th September 2012: Groupe VIAL (ISIN: FR0010340406 – Ticker: VIA), France's leading independent discount industrial joinery group, announces its consolidated results for the 1st half to 30th June 2012, approved by the Board meeting of 10th September 2012.

- **Audited consolidated results for the 1st half of 2012**

In millions of euros IFRS	**H1 2012**	H1 2011	***Δ (%)***	***Δ (€m)***
Sales	**48.2**	**52.9**	*-8.9%*	*-4.7*
Gross margin	**25.8**	**28.9**	*-10.9%*	*-3.1*
Recurring operating profit	**-5.5**	**-1.0**	*NS*	*-4.5*
Operating profit	**-4.9**	**-0.8**	*NS*	*-4.1*
Net profit	**-5.8**	**-2.9**	*NS*	*-2.9*

Groupe VIAL's first-half activity reflects the poor economic conditions in Europe for the home improvement, renovation and construction sector.

Sales thus totalled €48.2m over the half, a decrease of 8.9%, notably because of a particularly negative 2nd quarter for the European market.

The **gross margin** reached €25.8m, down 10.9% compared to the first half of 2011, and represented 53.4% of sales, a slight decrease of 1.2 point compared with 54.6% a year earlier.

To counter this negative economic context, during the 2nd quarter the Group refocused its strategy on the assets of its integrated model:

- a product offer adapted to market demand (renovation products), with a particularly competitive quality-price ratio;
- a pursuance of its positioning on the renovation market thanks to the reactivity of the Group's factories in France, Spain and Romania, notably regarding Wood and PVC products;
- a boosting of the sales network via the launch of targeted sales actions in April that should continue throughout the second half of the year;
- an improvement in the supply chain and an optimisation of in-store inventory management backed by an analysis of the product portfolio.

Further structuring of the Group's management team and the consolidation of its sales network and its factories pushed personal costs up by 5.6%. This increase also takes into account exceptional costs associated with the departure of some employees. With external costs increasing by 6.0%, notably because of major marketing and advertising costs associated with the development of the Vial Déco business (interior design products), **current operating profit** was -€5.5m over the half, vs. -€1.0m over the 1st half of 2011.

Operating profit came to -€4.9m, vs. -€0.8m a year earlier.

The **cost of gross financial debt** was -€0.8m, compared with -1.6m at 30th June 2011.

Once a financial charge of €0.1m is taken into account, net profit totalled -€5.8m, compared with -€2.9m for the 1st half of 2011.

- **Financial structure and debt**

In thousands of euros (IFRS)	**30.06.12**	**31.12.11**
ASSETS		
Non-current assets	32,848	33,639
Current assets	85,995	95,567
of which: cash	*13,658*	*25,145*
Total	**118,843**	**129,206**
LIABILITIES		
Shareholders' equity	45,222	50,518
Non-current liabilities	47,219	47,253
Current portion of long-term financial debts and loans	3,238	4,296
Other current liabilities	23,164	27,139
Total	**118,843**	**129,206**

At 30th June 2012, consolidated shareholders' equity stood at €45.2m, compared with €50.5m at 31st December 2011.

The Group's financial debt is mainly long-term debt (€36.7m) thanks to the renegotiation of the syndicated loan, whose repayment has been spread over a 10-year period with nothing to pay for the first 2 years and a portion to be repaid when the loan matures.

- **Cash position and cash flow**

At 30th June 2012, the Group had a net cash position of €13.6m, vs. €23.1m at 31st December 2011.

The reduction in the cash position is a result of the following factors:

- the clearing of Liabilities within the framework of the Safeguard Procedure (-€1.4m);
- negative cash flow over the 1st half because of the recording of an operating loss (-€2.9m);
- the resumption of interest payments on the Group's bank debt following the end of the Safeguard Procedure (-€0.8m);
- the increase in working capital requirements (-€3.8m), essentially because of the +€2.5m increase in inventories within the context of a sharp downturn in activity in the 2nd quarter.

Net cash flow generated by activity was negative, totalling -€6.7m over the 1st half of 2012 compared to +€7.8m a year earlier.

- **Implementation of the Safeguard Procedure at 1st August 2012**

In accordance with the Safeguard Procedure, on 1st August 2012 Groupe VIAL carried out the payment of the Procedure's 1st deadline, resulting in a €2.9m reduction in its debt.

Furthermore, in accordance with the terms of the Procedure, on 31st July 2012 the Group's main shareholder put €2.0m into a blocked current account subordinated to the total reimbursement of the bank debt, replacing the planned issuance of BSA warrants via a public offering, an operation that was to take place before 31st July 2012.

- **Business forecasts**

The main elements of Groupe VIAL's annual forecasts calculated in October 2010 within the framework of the Safeguard Procedure are as follows:

(€m)	**2012**	**2013**
Sales	106.5	109.5
EBITDA*	3.5	3.9
Closing cash position**	8.1	2.9

* EBITDA = Earnings Before Interest, Taxes, Depreciation and Amortisation
** The cash surplus noted in point (e) of the Procedure corresponds to each year's change in cash position (closing cash position minus opening cash position)

In order to compensate for the poor first-half performance in terms of the annual sales forecast (+2.9% forecast for 2012, but -8.9% achieved at 30th June 2012), the Group intends to provide growth drivers to its network of stores by developing an offer for the Professional market (construction craftspeople, real-estate programmes, etc.) that should be put in place during the month of October. At the same time, the increasing growth of the Bolivian market should be reaffirmed throughout the second half of the year.

In order to achieve a positive EBITDA in 2012 (current loss of -€2.6m for the 6 months to 30th June 2012), from June the Group launched a plan to achieve operating profitability over the 2nd half of 2012, based on cost reductions notably regarding:

- a drastic reduction in marketing-advertising costs (in particular the purchasing of TV space),
- a reduction in general costs and external costs (fees, cost of external service providers, etc.)

Moreover, in order to counter the temporary decrease in activity, the Group has decided to refocus its activity on its traditional businesses and products, for which it has substantial competitive advantages (wood/PVC/aluminium indoor and outdoor home equipment products manufactured by VIAL factories, kitchens, garden furniture, etc.). Promotional and sales actions will be regularly launched throughout the 2nd half of 2012.

Furthermore, a review of raw material purchasing processes and the supplying of finished products has been launched with the primary aim of reducing the high inventory levels and maintaining margins.

Lastly, an audit is currently being carried out on all industrial and sales activity in Spain in order to reduce the first-half current losses recorded in that country from the 2nd half onwards.

Based on the measures instigated and taking into account the closing cash position (€13.7m at 30th June 2012), the closing cash position at 31st December 2012 should be in line with the Safeguard Procedure's estimated figure.

- **Availability of the half-year financial report**

The financial report incorporating accounts to 30th June 2012 will be available shortly on the Company's website and will be registered with the *Autorité des Marchés Financiers* stock market authority.

The next press release, on 3rd quarter sales, is planned for 14th November 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 30th June 2012 comprised 75 stores under the VIAL Menuiseries banner, including 4 in Spain, 2 in Portugal and 5 in Bolivia.

Commercial website: www.vial-menuiseries.com

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

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