



PRESS RELEASE

Launch of a restructuring programme to improve the Group's operating profitability

La Seyne-sur-Mer, 21st December 2012: Groupe VIAL (FR0010340406 – VIA), France's leading independent discount industrial joinery group, announces the launch of an economic restructuring programme in order to improve its operating profitability.

This programme notably follows a decrease in consolidated sales, which fell 9.9% over the first 9 months of 2012, and a recurring operating loss of €5.5 million in the first half of 2012, compared with a loss of €1 million in the first half of 2011.

A cost-cutting plan proposed by the Group's upper management

The actions previously implemented by the Board of Directors within the framework of the Safeguard Procedure have already enabled Group VIAL's debt situation to be stabilised, notably thanks to the staggering of its bank debt and the €2 million contribution of its main shareholder.

Nevertheless, the negative economic context in the building, construction and renovation sector, closely related to the Group's activities, requires the implementation of an immediate action plan aimed at boosting sales and reducing structural costs in order to stop the Group's operating income from further deteriorating – the Group is anticipating a significant annual operating loss in 2012.

An analysis of the Group's structural costs (excluding Bolivia) has highlighted the need to reduce structural and operational costs by around €10 million a year.

Rationalisation of the distribution network and structural costs

Groupe VIAL is considering reducing its structural costs by, in particular, closing its stores across the Iberian Peninsula, as well as some of its least-profitable stores in France.

As announced in the press release of 8th November 2012, Groupe VIAL has decided to close its Spanish stores by the end of the year. In Portugal, the plan is to close the two stores in two phases: December 2012 for the Faro store and May 2013 for the Lisbon store.

Regarding the French market, the closures should concern 6 stores that no longer have any profitable growth prospects, as well as a Vial Déco store, as this activity is no longer part of the Group's sales strategy.

Other sales outlets and subsidiaries, as well as some head-office administrative functions, will be the subject of downsizing in order to optimise the Group's payroll.

Refocusing of the Group's activity on its core business

In addition to this rationalisation of its distribution network, in geographical terms the Group is refocusing its sales activity in France and Bolivia, the markets that upper management's analysis shows have the greatest growth potential. In keeping with this strategy, upper management is also refocusing the Group's activity on its core business by abandoning its Vial Déco activity, and intends to focus its sales-growth actions on the joinery stores that record annual sales of less than €1 million a year. These targeted measures should help increase sales by an estimated €2.5 million a year, i.e. an improvement in the global margin of approximately €1 million.

2013 outlook

The aim of this restructuring plan is to counter the effects of the economic crisis. It should allow the Group to maintain a sufficient level of profitability to meet the Safeguard Procedure's deadlines.

The recent reorganisation of the Group's management should enable this restructuring process to be carried out successfully.

The Group's intention is to develop its activity through new channels, notably purchasing centres, large DIY stores and specialised dealers, that will allow it to increase its market share. To achieve this, the Group intends to draw on its production tool, which represents a major asset compared to its peers. The optimisation of its production capacity and the savings achieved within the framework of the restructuring plan, estimated at €10.15 million, should allow the Group to break even in terms of operating profitability in 2013.

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 September 2012 comprised 76 stores under the VIAL Menuiseries banner, including 4 in Spain, 2 in Portugal and 6 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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