Friday 31 July 2020

2020

H1 RESULTS

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Disclaimer

▼ This presentation 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.

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▼ In this presentation, and unless indicated otherwise, all changes are stated on a consolidated, year-on-year basis (2020/2019), and at constant scope and exchange rates.

▼ The audited consolidated financial statements for the first half of 2020 and the notes are available in their entirety on the Company’s web site www.vicat.fr.
Highlights

H1 2020 results

Analysis by geographical region

Cash flow statement and balance sheet

2020 outlook
H1 2020 highlights: Controlled impact from Covid-19

Sales at €1,304 million
-3.2% at constant scope and exchange rates

EBITDA at €213 million
-5.8% at constant scope and exchange rates

Cash flow: €175 million
Free cash flow: €100 million

€175 million US private placement
with a 15-year maturity

Solid financial structure
Leverage at 2.49x
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# Simplified income statement

Sales down -3.2%

**EBITDA decrease** of -5.8% at constant scope and exchange rates mainly due to:

- The pandemic’s impact in France, India and Italy, and in Kazakhstan in Q2 resulting in a volume contraction
- A persistently downbeat environment in Turkey and Egypt

These factors were partly compensated by:

- The initial benefits of the cost-cutting plan (almost +€13 million in the first half of 2020)
- A near -11% drop in energy costs in the Cement business (excluding volume and currency effects) for almost -€13 million
- A very substantial improvement in EBITDA across the Americas, particularly in Brazil
- Significant growth in Africa

<table>
<thead>
<tr>
<th>(€ million)</th>
<th>H1 2020</th>
<th>H1 2019</th>
<th>Change (reported)</th>
<th>Change (at constant scope and exchange rates)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated sales</td>
<td>1,304</td>
<td>1,340</td>
<td>-2.7%</td>
<td>-3.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>213</td>
<td>228</td>
<td>-6.7%</td>
<td>-5.8%</td>
</tr>
<tr>
<td>EBIT</td>
<td>76</td>
<td>97</td>
<td>-21.9%</td>
<td>-19.2%</td>
</tr>
<tr>
<td>Consolidated net income</td>
<td>29</td>
<td>48</td>
<td>-38.8%</td>
<td>-30.7%</td>
</tr>
<tr>
<td>Net income, Group share</td>
<td>27</td>
<td>46</td>
<td>-41.4%</td>
<td>-36.4%</td>
</tr>
</tbody>
</table>
Strong recovery in June

2020 monthly regional variation in sales*

*On a published basis
H1 2019/H1 2020 EBITDA variations

By region

▼ **Controlled impact from Covid-19** but considerable differences from one region to another

<table>
<thead>
<tr>
<th>Region</th>
<th>Variations (€M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>-28</td>
</tr>
<tr>
<td>Mediterranean</td>
<td>-10</td>
</tr>
<tr>
<td>Europe</td>
<td>-5</td>
</tr>
<tr>
<td>Africa</td>
<td>+2</td>
</tr>
<tr>
<td>Americas</td>
<td>+18</td>
</tr>
</tbody>
</table>

- Controlled impact from Covid-19 but considerable differences from one region to another
Highlights

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▶ Analysis by geographical region

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Analysis by region

France

▼ Significant impact of the pandemic on the Group’s performance in France

▼ Very sharp slowdown in March and throughout April

▼ Gradual improvement of the situation with solid business growth again in June

▼ Sharp decline in EBITDA
  – Positive impact of lower energy costs and initial benefits of the cost-cutting plan fail to offset downturn in business levels

▼ In the Cement business, operational sales dropped -6.1%
  – EBITDA contraction of -28%

▼ In the Concrete & Aggregates business, operational sales moved -17%
  – EBITDA down -42%

▼ Other Products & Services sales down -11.5%
  – EBITDA down -35%

### (€ million)

<table>
<thead>
<tr>
<th></th>
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<th>H1 2019</th>
<th>Change (reported)</th>
<th>Change (at constant scope and exchange rates)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>444</td>
<td>500</td>
<td>-11.3%</td>
<td>-12.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>56</td>
<td>84</td>
<td>-33.1%</td>
<td>-33.3%</td>
</tr>
<tr>
<td>EBIT</td>
<td>14</td>
<td>44</td>
<td>-68.9%</td>
<td>-68.1%</td>
</tr>
</tbody>
</table>
Analysis by region
Europe: Switzerland and Italy

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Sales</td>
<td>198</td>
<td>182</td>
<td>+9.0%</td>
<td>+2.1%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>40</td>
<td>38</td>
<td>+4.4%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>EBIT</td>
<td>20</td>
<td>19</td>
<td>+1.9%</td>
<td>-3.8%</td>
</tr>
</tbody>
</table>

SWITZERLAND

▼ Market not significantly affected by the pandemic

▼ Sales up +3.7% and stable EBITDA

  – In the Cement business, operational sales rose +2.6% and EBITDA rose +11.4%
  – In the Concrete & Aggregates business, operational sales rose by +13.3% and EBITDA up +3.1%
  – In the Precast business, stable operational sales (-0.5%)

ITALY

▼ Operational sales declined -23% and EBITDA -32%

  – Activity totally stopped for several weeks
Analysis by region
Americas: United States and Brazil

### UNITED STATES

**Broadly supportive market conditions despite pandemic crisis**
- Severe weather conditions in the South East during Q1 offset by favourable base of comparison in California

**Sales up +5.5%**

**EBITDA up +22.6% at €41 million**

**Concrete**
- Operational sales up +2.6%
- EBITDA up +1.7%

### BRAZIL

**Pandemic struck while environment was stabilizing**
- Sales of €63 million, up +22%
- *In the Cement business*
  - Operational sales at €52 million with volumes and prices up
  - Significant increase of EBITDA to €13 million (fall in energy costs ands and favourable €5 million tax ruling)
- *In the Concrete & Aggregates business*
  - Operational sales at €15 million (+1.9%) with volumes and selling prices up
  - EBITDA up +31%

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</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>298</td>
<td>275</td>
<td>+8.2%</td>
<td>+9.1%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>56</td>
<td>39</td>
<td>+45.3%</td>
<td>+51.1%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>26</td>
<td>8</td>
<td>+239.6%</td>
<td>+265.6%</td>
</tr>
</tbody>
</table>
Analysis by region
Asia: India and Kazakhstan

<table>
<thead>
<tr>
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<th>Change (at constant scope and exchange rates)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (€ million)</td>
<td>149</td>
<td>193</td>
<td>-22.8%</td>
<td>-20.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>38</td>
<td>48</td>
<td>-21.0%</td>
<td>-18.3%</td>
</tr>
<tr>
<td>EBIT</td>
<td>19</td>
<td>31</td>
<td>-39.1%</td>
<td>-37.0%</td>
</tr>
</tbody>
</table>

**INDIA**

- **Worst hit country in the Group’s portfolio**
  - Strict lockdown measures led to a complete one month shutdown of Group’s facilities and prevented a more rapid pick-up in construction projects
- **Sales of €119 million down -24%**
  - -22% decline in volumes and contraction in selling prices, especially in Q1
  - Recovery in June but situation remains highly volatile
- **EBITDA down -18.4% with EBITDA margin up to 23.6%**
  - Rapid cost-cutting and optimization plan
  - Drop in energy costs

**KAZAKHSTAN**

- **Stable sales (-0.2%)**
  - After a strong Q1, Q2 significantly affected by the pandemic in both the domestic and export markets
- **EBITDA down -18% at €10 million**
  - Significant rise in energy costs
Analysis by region
Mediterranean: Turkey and Egypt

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<thead>
<tr>
<th>(£ million)</th>
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<th>H1 2019</th>
<th>Change (reported)</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>75</td>
<td>75</td>
<td>+0.3%</td>
<td>+6.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>-9</td>
<td>-4</td>
<td>-118.1%</td>
<td>-96.3%</td>
</tr>
<tr>
<td>EBIT</td>
<td>-18</td>
<td>-14</td>
<td>-31.7%</td>
<td>-26.1%</td>
</tr>
</tbody>
</table>

**TURKEY**

- Sales at €54 million, up +6%
  - Sales up +11.2% in Q2, after a -1.4% contraction in Q1
- EBITDA at breakeven
- **Cement business**
  - Operational sales up +6.5%: upturn during Q2
  - Positive EBITDA
- **Concrete & Aggregates**
  - Operational sales up +12.5%
  - EBITDA down slightly

**EGYPT**

- Sales at €21 million, up +7%
  - Pandemic exacerbated already unfavourable environment
- **EBITDA loss of -€9 million**
  - Group is pushing further its work on both kilns to lift operating performance
Analysis by region
Africa: Senegal, Mali and Mauritania

▼ Positive macroeconomic and sector environment despite pandemic’s substantial impact

▼ Cement:
- Sales increased +39%
  • Very strong growth in volumes thanks to improvement in plant performance in Senegal and ramp-up of the new mill in Mali
  • Selling prices improved sharply, as a result of Q3 2019 hike in Senegal
- EBITDA up +122%
  • Via improvement in plant performance and lower energy costs

▼ Aggregates (Senegal):
- Sales down -46% due to volume contraction on government-funded projects
- EBITDA down -61%

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>140</td>
<td>115</td>
<td>+21.8%</td>
<td>+21.8%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>32</td>
<td>23</td>
<td>+37.3%</td>
<td>+37.3%</td>
</tr>
<tr>
<td>EBIT</td>
<td>15</td>
<td>8</td>
<td>+80.2%</td>
<td>+80.3%</td>
</tr>
</tbody>
</table>
Highlights

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2020 outlook
Financial position
Cash flow

Cash flow of €175 million
compared to €173 million at end-June 2019

Capital expenditure of €122 million
(of which close to a third for the new kiln-line at Ragland, Alabama, USA)
compared to €108 million at end-June 2019

Free Cash flow of €100 million
supported in particular by a strong reduction in WCR
Financial position
Balance-sheet items (under IFRS 16)

Net debt of €1,271 million
versus €1,465 million at end-June 2019

Consolidated equity of €2,404 million
compared with €2,461 million at end-June 2019

Gearing of 52.86%
versus 59.54% at end-June 2019

Leverage of 2.49x
versus 2.95x at end-June 2019
US private placement

15-year maturity - €175 million financing agreement

On 30 July 2020, the Group entered into an agreement structured as a US private placement with a leading US investor:
- 15-year maturity
- Fixed rate of 2.07%
- To be drawn down on 30 November 2020 to repay the maturing US private placement established in 2010

Given the interest rate agreed, this will deliver significant financial expense savings for the Group from 2021 onwards
Highlights

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2020 outlook

▼ In 2020, macroeconomic conditions in all of the countries where the Group is active are likely to be significantly affected by the Covid-19 crisis, to varying degrees depending on health conditions and the governmental responses.

▼ The following items should help curb the crisis’ impact on the Group’s results and financial position:

- The upturn in activity levels, particularly in France and India
- The decrease in costs for a total amount of -€51 million for the full year,
  • mainly linked to the drop in energy costs expected to exceed -8% (excluding volume and currency effects) representing a total impact of -€23 million.
  • The introduction of a structural cost-cutting programme now expected to deliver €28 million in savings
- A clear focus on the working capital requirement
- A scaling-down of the original capital expenditure plans

▼ Taking all these factors, the lack of visibility and the high level of volatility linked to the current situation into account, the Group anticipates a moderate decline in EBITDA over the full year subject to the effects that any second wave of the pandemic might have
2020 outlook (1)

▼ The detailed information concerning the 2020 outlook for the Group’s various markets is available in the H1 2020 press release on our website www.vicat.com