

Vicat: Nine-Month 2023 Sales

11/7/2023

L'ISLE D'ABEAU, France--(BUSINESS WIRE)-- Regulatory News:

Vicat (Paris:VCT):

- ▼ Strong growth in third-quarter sales (up +11.2%) across all the Group's regions, supported by the increase in selling prices and higher cement volumes
- ▼ Strong activity increase in the US with the continuing ramp-up in the Ragland plant's new kiln
- ▼ 2023 target revised upwards with EBITDA expected to reach at least €700 million

Consolidated sales by geographical region in the third quarter of 2023:

	Third quarter 2023	Third quarter 2022	Change reported	Change lfl*
(€ million)				
France	301	284	+6.0%	+5.9%
Europe (excluding France)	108	104	+3.1%	+1.6%
Americas	270	236	+14.2%	+19.6%
Asia	131	127	+2.9%	+13.2%

Mediterranean	153	115	+32.8%	+139.2%
Africa	86	76	+13.8%	+14.7%
Total	1,048	942	+11.2%	+26.8%

*at constant scope and exchange rates

Guy Sidos, Group Chairman and CEO commented:

"Vicat achieved strong growth in the third quarter supported by hikes in selling prices across most regions and higher sales volumes, especially in emerging markets. This performance lifted the pace of Vicat's growth to almost +10% over the first nine months of the year – validating the Group's strategy of balancing its portfolio across higher-margin developed countries and higher-growth emerging markets. The Ragland plant's (US) highly efficient new kiln will act as a growth driver for the Group.

This strong momentum leads us to revise upwards our operating profitability target for 2023. The Group's medium-term priorities remain executing its decarbonation strategy, restoring its profitability ratios to pre-pandemic levels and deleveraging.

I would like to thank our teams for their hard work and commitment to achieving these targets."

Disclaimer:

- In this press release, and unless indicated otherwise, all changes are stated on a year-on-year basis (2023/2022), and at constant scope and exchange rates.
- The alternative performance measures (APMs), such as "at constant scope and exchange rates", "operational sales", "EBITDA", "EBIT", "net debt", "gearing" and "leverage" are defined in the appendix to this press release.
- This press release 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.

Further information about Vicat is available on its website (www.vicat.fr).

In the third quarter of 2023, the **Group's consolidated sales** posted a strong increase, moving higher across all its regions. This performance chiefly reflected:

- Hikes in cement prices in most regions;
- Strong volume growth in the Cement business in Asia and in the Mediterranean and also in the United States with the ramp-up in the Ragland plant's new kiln.

Consolidated sales by geographical region in the nine months from January to September 2023

	9 months 2023	9 months 2022	Change reported	Change lfi*
(€ million)				
France	931	889	+4.7%	+4.6%
Europe (excluding France)	303	288	+5.2%	+1.9%
Americas	720	637	+13.0%	+14.2%
Asia	364	377	-3.3%	+3.6%
Mediterranean	349	260	+34.0%	+131.8%
Africa	294	245	+19.6%	+19.6%
Total	2,960	2,696	+9.8%	+20.1%

*at constant scope and exchange rates

Over the first nine months of 2023, the **Group's sales** came to **€2,960 million**, up 9.8% on a reported basis. Organic growth in **consolidated sales** came to +20.1% at constant scope and exchange rates as a result of:

- Mixed growth trends in Cement volumes varying from market to market, with a slowdown in developed markets (France and Europe) as a result of the residential sector's weakness, but positive momentum in the Mediterranean, Asia and Africa regions. The ramp-up in the Ragland plant (US) made a positive contribution to volume growth over the period. Thus, volume effects contributed +€80 million to the increase in nine-month 2023 sales;
- A significant hike in selling prices across almost all the Group's markets amid an inflationary environment, related to energy costs in particular. Price effects contributed +€462 million to nine-month 2023 sales.

The Group was hit by an unfavourable currency effect of –€278 million (–8.6%) chiefly arising from depreciation in the Turkish lira and Egyptian pound against the euro over the first nine months of the year, only partially offset by appreciation in the Swiss franc against the euro. Scope effects over the period remains negligible.

1. Sales by geographical regions

1.1. France

	January to Sept. 2023			Third quarter		
	€ m	Change reported	Change lfi*	€ m	Change reported	Change lfi*
Sales	931	+4.7%	+4.6%	301	+6.0%	+5.9%

*at constant scope and exchange rates

Over the first nine months of 2023, the Group's business trends in **France** were mixed. Cement volumes contracted slightly, and concrete and aggregates volumes declined more significantly, whereas selling prices improved significantly, offsetting the inflation in production costs, especially energy.

Cement volumes, which had remained resilient in the first half of the year when volumes declined only slightly, fell more significantly in the third quarter of 2023 by comparison with the same period of 2022. The cement business was affected by the slowdown in residential construction in France and by an unfavourable base of comparison effect (a large infrastructure project in the Centre region was achieved in the third quarter of 2022). Non-residential construction also experienced a slowdown in the third quarter, while public works projects held up. The gradual start-up in a railway infrastructure project is expected to support the business in the future. The price hikes introduced at the beginning of the year offset part of the cumulative increase in energy prices in France, especially electricity (~2.5 times higher than historic costs) and underlying inflation (personnel expense and maintenance expenses). As a result, sales recorded by the cement business rose +21.6% at constant scope in the third quarter.

Concrete & Aggregates activity remained affected in the third quarter of 2023 by a contraction in volumes triggered by the slowdown in residential construction and by the low level of public roadbuilding projects requiring large quantities of aggregates. Price hikes were introduced during the year in both concrete and aggregates to cover the substantial rise in costs since 2022 and to rebuild margins. The start-up of some large infrastructure projects is expected to support the business by the end of the year. Overall, Concrete & Aggregates sales were stable, rising +0.9% at constant scope in the third quarter.

Other Products & Services sales edged -1.7% lower at constant scope in the third quarter.

1.2 Europe (excluding France)

	January to Sept. 2023			Third quarter		
	€ m	Change reported	Change l/f)*	€ m	Change reported	Change l/f)*
Sales	303	+5.2%	+1.9%	108	+3.1%	+1.6%

*at constant scope and exchange rates

Total sales in **Europe** (excluding France) rose in the first nine months of 2023, supported by favourable pricing conditions in both Switzerland and Italy, which more than offset a volume contraction in Switzerland.

The decrease in **Cement** volumes in **Switzerland** continued into the third quarter, with a contraction on a similar scale to in the first half of 2023 amid a slowing market in both the residential and public works segments. Prices headed higher again following the hikes introduced at the beginning of the year to offset the cumulative inflation in costs, especially energy. Cement sales rose +4.6% at constant scope and exchange rates in the third quarter.

The **Concrete & Aggregates** business in **Switzerland** posted growth. Concrete and aggregates volumes were lower in the third quarter than in the same period of last year, while prices moved up in the third quarter. Sales rose +4.5% at constant scope and exchange rates during the period.

Other Products & Services sales in **Switzerland** fell -13.8% at constant scope and exchange rates in the third quarter following delays to certain projects.

In **Italy**, consolidated sales rose +2.7% at constant scope and exchange rates in the third quarter amid a modest volume contraction and a hike in selling prices relative to the past year.

1.3 Americas

	January to Sept. 2023			Third quarter		
	€ m	Change reported	Change lfi*	€ m	Change reported	Change lfi*
Sales	720	+13.0%	+14.2%	270	+14.2%	+19.6%

*at constant scope and exchange rates

Over the first nine months of 2023, the Group's business in the **Americas** region posted strong growth. It was supported by favorable pricing conditions in both the United States and in Brazil and by the additional volumes resulting from the ramp-up in the Ragland plant's new kiln.

Cement volumes in the United States achieved further growth in the third quarter as the Ragland plant's new kiln continued to ramp up. It is expected to reach its full nominal capacity by the end of the year. Business trends in the South-East US held up at a strong level thanks to the boost provided by the infrastructure programmes launched in 2021 (IIJA1) and by the IRA2, which promotes reindustrialisation across the United States. The opening of new rail terminals in Georgia and Tennessee facilitated the ramp-up in the Ragland plant's output. The strong volume increase in the South-East US paved the way for healthy overall growth despite a fall in volumes in California below the record levels set for the full year of 2022. Prices remained firm in both regions, with further

hikes introduced at the end of the summer to offset the cumulative effects of inflation of the past two years. Cement sales rose +41.4% in the United States at constant scope and exchange rates in the third quarter.

The **Concrete** business in the **United States** also delivered growth in the third quarter. Dynamic market conditions in the South-East more than offset the small volume contraction in California, where the local market was slightly less supportive than in 2022. Selling prices in this business again moved higher in both regions. Concrete & Aggregates sales rose +25.0% in the United States at constant scope and exchange rates in the third quarter.

In a broadly favourable macroeconomic context, the **Cement** business in **Brazil** recorded a small downturn in volumes during the third quarter. Nonetheless, its performance improved on the first six months of the year. Prices were again stable in the third quarter. Cement sales in Brazil fell –5.5% at constant scope and exchange rates in the third quarter.

During the third quarter, the **Concrete & Aggregates** business in **Brazil** achieved volume growth in aggregates and higher concrete volumes, particularly around the city of Brasilia, our largest regional market. Prices remained stable over the period. Concrete & Aggregates sales rose +9.3% in Brazil at constant scope and exchange rates in the third quarter.

1.4 Asia (India and Kazakhstan)

	January to Sept. 2023			Third quarter		
	€ m	Change reported	Change lfi*	€ m	Change reported	Change lfi*
Sales	364	–3.3%	+3.6%	131	+2.9%	+13.2%

*at constant scope and exchange rates

In total over the first nine months of 2023, the Group's sales in **Asia** grew at constant scope and exchange rates thanks to a positive third-quarter performance in India and Kazakhstan.

The **Cement** business in **India** powered ahead in the third quarter, with volumes rising in all the states in which the Group operates. Lowered cash costs restored competitiveness and market conditions remained dynamic amid pre-electoral conditions favourable for the construction sector, supported by a continuing drive to develop infrastructure. In a competitive environment, selling prices moved lower in the third quarter, in line with the trend seen in the first six months of the year. Cement sales rose +12.1% in India at constant scope and exchange rates in the third quarter.

After a tough first half of the year marked by tensions across the rail logistics supply chain, the **Cement** business in **Kazakhstan** recovered. Volumes recorded strong growth in the third quarter after an additional fleet of wagons was secured, enabling a return to a growth momentum over the 9-month period, albeit with higher logistics costs. Prices remained stable over the period. As a result, Cement sales grew +18.7% in Kazakhstan at constant scope and exchange rates in the third quarter.

1.5 Mediterranean (Turkey and Egypt)

	January to Sept. 2023			Third quarter		
	€ m	Change reported	Change lfl*	€ m	Change reported	Change lfl*
Sales	349	+34.0%	+131.8%	153	+32.8%	+139.2%

*at constant scope and exchange rates

In the first nine months of 2023, the Group's business in the **Mediterranean** region was boosted by a volume recovery in Turkey and a major hike in selling prices in local currency terms amid a hyperinflationary environment. The business was again affected by the strong fall in the value of the Turkish lira and Egyptian pound against the euro.

Despite a macroeconomic environment characterised by hyperinflation and a sharp depreciation in the Turkish lira against the euro, the **Cement** business in **Turkey** posted solid volume growth in the third quarter. The support provided by the government to the construction sector to stimulate the economy ahead of the March 2024 local elections and the direct and indirect effects of the earthquake that struck south-east Turkey injected momentum into the business. The reconstruction drive, forecast to require over 13 million tonnes of cement³, is set to support the market over the next two years. Selling prices were raised further to offset the effects of inflation on production costs. A waste heat recovery system (harnessing hot gases to generate electricity) currently being implemented will help to lower cost prices. As a result, Cement sales grew +37.1% in Turkey in the third quarter (up +149.0% at constant scope and exchange rates).

The **Concrete & Aggregates** business in **Turkey** expanded in the third quarter as a result of strong volume growth and higher selling prices. Concrete sales surged +74.8% in Turkey (up +215.9% at constant scope and exchange rates in the third quarter).

The **Cement** business in **Egypt** experienced a continuing contraction in domestic volumes during the quarter, in line with the market trend. To recap, market regulation agreements capping production capacity were introduced

by the authorities from July 2021 to eliminate the structural overcapacity in the marketplace. Prices rose sharply in the third quarter to offset the impact of cost inflation. Since the beginning of the year, the Group has seized opportunities to export clinker. These export flows helped support the business in the third quarter. Cement sales rose +44.1% in Egypt at constant scope and exchange rates (albeit down -17.4% on a reported basis as a result of an unfavourable currency effect in the third quarter).

1.6 Africa (Senegal, Mali, Mauritania)

	January to Sept. 2023			Third quarter		
	€ m	Change reported	Change lfi*	€ m	Change reported	Change lfi*
Sales	294	+19.6%	+19.6%	86	+13.8%	+14.7%

*at constant scope and exchange rates

Between January and September 2023, the Group's business in **Africa** reaped the benefit of the sharp recovery in the Malian market after the political crisis, which had significantly cut deliveries to the country in 2022 and the full-year impact of the price hike introduced in September 2022 in Senegal.

The **Cement** business in **Senegal** experienced a small volume contraction in the third quarter. Production is expected to remain limited until the new kiln starts up in 2024. Residential demand remains firm, and infrastructure projects are also supporting the market. Prices also rose in the third quarter owing to the September 2022 rise in regulated prices. Cement sales rose +2.9% in Senegal at constant scope and exchange rates in the third quarter.

The **Aggregates** business in **Senegal** posted growth in the third quarter as a result of positive price and volume effects. It again received a boost from the public works sector as major government projects went ahead. Aggregates sales rose +17.3% in Senegal at constant scope and exchange rates in the third quarter.

The **Cement** business in **Mali** was lifted in the third quarter by strong volume growth owing to a favourable base of comparison. Cement sales rose +81.9% in Mali at constant scope and exchange rates in the third quarter.

Cement sales rose +33.3% in Mauritania at constant scope and exchange rates in the third quarter.

2. Recent events

The Group's recent contract wins in the infrastructure segment in Europe come to support the business amid the slowdown in the residential market:

- 17 October 2023 – VINCI-led consortium including Vicat Aggregates awarded works package CO11 by TELT

The Board of Directors of TELT (Tunnel Euralpin Lyon-Turin) awarded a contract for the recovery of excavation materials on the French side of the Mont Cenis tunnel (works package CO11) to a consortium encompassing Eurovia Alpes (the lead contractor and a VINCI Construction subsidiary), Carrières du Bassin Rhônalpin, Terélian (both VINCI Construction subsidiaries), SATM, Granulats Vicat (Vicat subsidiary), Spie Batignolles Valérien, Spie Batignolles Malet and GIE GMM 73.

This €800 million contract covers industrial processing of the 23 million tonnes of materials excavated on the French side with a circular approach including reuse of over 50% of the spoil on the project sites. The project will run for 120 months.

VINCI Construction will be able to draw on the Vicat Group's longstanding experience of TELT's project.

- 24 October 2023 – In Switzerland, Vigier Rail has won the contract to provide CFF, the Swiss national railway operator, with railway sleepers for the years 2024-2026, extendable to 2028. The contract is worth CHF180 million over 5 years

3 November 2023 – Vicat has successfully refinanced €880 million in lending facilities by arranging Sustainability Linked Loans to increase its liquidity and extend the maturity of its debt

The Vicat Group has completed the expected refinancing of its treasury lines, which were due to expire in late 2024 and early 2025. The Group has refinanced the syndicated loan provided by its longstanding group of five banking partners (BNP Paribas, Crédit Agricole CIB/LCL, Crédit Industriel et Commercial / CIC Lyonnaise de Banque, HSBC Continental Europe and Société Générale) and increased its size from €550 million to €600 million. The Group has also refinanced and increased the size of its bilateral bank lines from €240 million to €280 million. All these lines have a 5-year maturity and are renewable twice for a period of one year. By completing this refinancing, the Group has increased its liquidity by €90 million and extended the average maturity of its debt by one year to 5.8 years at 30 September 2023.

These new Sustainability Linked Loans (SLLs) are aligned with the Vicat Group's 2030 decarbonation objectives of:

- reducing its specific carbon emissions to 497 kg CO₂ net per tonne of cement equivalent,
- reducing the clinker rate in cement to 69%, and
- increasing the proportion of alternative fuels used in place of fossil fuels to 50% Group-wide.

The reaching or non-reaching of one or more of the annual targets linked to these three indicators will give rise to a

positive or negative annual margin adjustment.

Following this refinancing and the Green Loan arranged at the beginning of the year to fund the construction of a new kiln in Senegal, almost one-third of the Group's gross debt now qualifies as green finance (SLL or green loan).

3. Outlook for 2023

In 2023, the Group expects **further significant sales growth**, with its markets overall expected to display resilience and reflect the full benefit of the price hikes in selling prices implemented in 2022 and the fresh increases introduced in 2023. In addition, performance in 2023 will reap the benefit of:

- the full impact of the new kiln at the Ragland plant (US);
- elimination of the non-recurring costs incurred in 2022;
- stabilisation in energy costs.

Taking these factors into account, the Group's 2023 EBITDA is **expected**
to amount to at least €700 million

Previously (27 July 2023): "to rise towards a level appreciably above that recorded in 2021"

In 2023 and 2024, the Group plans to scale back its capital expenditure outlays to around €350 million in 2023 followed by another reduction in 2024. Over the period as a whole, this capital expenditure will focus on:

- completion of the construction work on the new kiln in Senegal;
- investment projects to meet the carbon footprint reduction targets; and
- maintenance capex.

The strong increase in EBITDA, the strict control of working capital requirements and reduction in capital expenditure will pave the way for a decrease in the Group's net debt from this year onwards.

The Group does not plan to launch any further strategic growth capex projects until the leverage ratio has been brought down below 2.0x.

Presentation meeting and conference call

To accompany this publication, the Vicat Group is holding an information conference call in English on 8 November 2023 at 3pm Paris time (2pm London time and 9am New York time).

To take part in the conference call live, dial in on one of the following numbers:

France: +33 (0)1 70 37 71 66

United Kingdom: +44 (0)33 0551 0200

United States: +1 786 697 3501

The conference call will also be livestreamed from the Vicat website or by clicking [here](#). A replay of the conference call will be immediately available for streaming via the Vicat website or by clicking [here](#).

The presentation supporting the event will be available on Vicat's website from 10am.

Next event:

Full-year 2023 results on 13 February 2024 after the market close.

About Vicat

For almost 200 years, Vicat has been a leading player in the mineral and biosourced building materials industry. Vicat is a group listed on the Euronext Paris market and is under the majority control of the founding Merceron-Vicat family. Committed to a trajectory that will make it carbon-neutral across its value chain by 2050, the Vicat Group now operates three core lines of business: Cement, Ready-Mixed Concrete and Aggregates, as well as related activities. The Vicat Group is present in 12 countries spanning both developed and emerging markets. It has 9,900 employees and generated consolidated sales of €3,642 million in 2022. With its strong regional positions, Vicat is developing a circular economy model beneficial for all and consistently innovating to reduce the construction industry's environmental impact.

Vicat Group – Financial data – Appendix

Definition of alternative performance measures (APMs):

- Performance at constant scope and exchange rates is used to determine the organic growth trend in P&L items between two periods and to compare them by eliminating the impact of exchange rate fluctuations and changes in the scope of consolidation. It is calculated by applying exchange rates and the scope of consolidation from the prior period to figures for the current period.
- A geographical (or a business) segment's operational sales are the sales posted by the geographical (or business) segment in question less intra-region (or intra-segment) sales.
- EBITDA (earnings before interest, tax, depreciation and amortisation): sum of gross operating income and other income and expenses on ongoing business.
- EBIT:(earnings before interest and tax): EBITDA less net depreciation, amortisation, additions to provisions

and impairment losses on ongoing business.

- Cash flow from operations: net income before net non-cash expenses (i.e. predominantly depreciation, amortisation, additions to provisions and impairment losses, deferred taxes, gains and losses on disposals and fair value adjustments).
- Free cash flow: net operating cash flow after deducting capital expenditure net of disposals.
- Net debt represents gross debt (consisting of the outstanding amount of borrowings from investors and credit institutions, residual financial liabilities under finance leases, any other borrowings and financial liabilities excluding options to sell and bank overdrafts), net of cash and cash equivalents, including remeasured hedging derivatives and debt.
- Gearing is a ratio reflecting a company's financial structure calculated as net debt/consolidated equity.
- Leverage is a ratio based on a company's profitability, calculated as net debt/consolidated EBITDA.

Nine-month 2023 sales by business

Cement

	Nine-month 2023	Nine- month 2022	Change reported	Change lfi*
(€ million)				
Volume (thousands of tonnes)	21,535	20,238	+6.4%	
Operational sales	1,902	1,687	+12.8%	+26.4%
Consolidated sales	1,623	1,443	+12.5%	+26.3%

*at constant scope and exchange rates

Concrete & Aggregates

	Nine-month 2023	Nine- month 2022	Change reported	Change lfi*
(€ million)				
Concrete volumes (thousands of m3)	7,406	7,477	-0.9%	
Aggregates volumes (thousands of tonnes)	18,209	18,614	-2.2%	
Operational sales	1,124	1,039	+8.2%	+16.5%
Consolidated sales	1,096	1,013	+8.2%	+16.1%

*at constant scope and exchange rates

Other Products & Services

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(€ million)	Nine-month 2023	Nine-month 2022	Change reported	Change lfl*
Operational sales	349	343	+1.5%	+5.0%
Consolidated sales	242	241	+0.4%	-0.1%

*at constant scope and exchange rates

1Infrastructure Investment and Jobs Act

2Inflation Reduction Act

3According to Türkçimento, the Turkish cement producers trade association

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