



Strong sales growth in the first nine months of 2014: +9.7% at constant scope and exchange rates

- Higher business levels in all regions except France and Italy
- Accelerating deployments in India and Kazakhstan
- Continued recovery in business in Egypt and the USA
- Solid financial position

Paris La Défense, November 4, 2014: The Vicat group (NYSE Euronext Paris: FR0000031775 – VCT) has today reported its sales for the nine months ended September 30, 2014, which rose +6.1% year-on-year to €1,847 million. At constant scope and exchange rates, sales were up +9.7% relative to the year-earlier period. In the third quarter, sales were up +6.2% or +7.4% at constant scope and exchange rates.



Consolidated sales by business segment:

(€ million)	9 months 2014	9 months 2013	Change	
			Reported	At constant scope and exchange rates
Cement	960	855	+12.2%	+18.6%
Concrete & Aggregates	653	655	-0.2%	+1.0%
Other Products & Services	234	230	+1.6%	+1.2%
Total	1,847	1,740	+6.1%	+9.7%

Commenting on these figures, the Group's CEO stated: "Vicat's performance in the first nine months of 2014 once again confirms the wisdom of the Group's diversification strategy. The macroeconomic situation remains tough in Europe, and particularly in France. However, the Group is benefiting from investments made in recent years, which are driving further solid business growth. We are rapidly ramping up our business in India and Kazakhstan, and our recovery in Egypt and the USA is also continuing at a strong pace. Against that backdrop, we are maintaining our aim of maximising cash flow and reducing debt."

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Consolidated sales in the first nine months of 2014 totalled €1,847 million, an increase of +6.1% or +9.7% at constant scope and exchange rates relative to the year-earlier period.

In the first nine months of 2014, operational sales grew +15.8% in the Cement business, were stable in Concrete & Aggregates (+0.9%) and increased slightly in Other Products & Services (+1.9%). As a result, the breakdown of nine-month operational sales by business shows that the contribution of the Cement business rose substantially, accounting for 53.6% of the total as opposed to 51.1% in the first nine months of 2013. The Concrete & Aggregates business accounted for 31.8% of total operational sales, versus 33.5% in the year-earlier period. Other Products & Services accounted for a smaller share of operational sales, i.e. 14.7% in the first nine months of 2014 as opposed to 15.3% in the year-earlier period.

Consolidated sales in the third quarter of 2014 totalled €629 million, up +6.2% year-on-year or +7.4% at constant scope and exchange rates. At constant scope and exchange rates, operational sales rose +18.7% in the Cement business but fell -4.3% in Concrete & Aggregates and -4.0% in Other Products & Services.

In this press release, and unless indicated otherwise, all changes are based on the first nine months of 2014 by comparison with the first nine months of 2013, and are at constant scope and exchange rates.

1. Geographical breakdown of consolidated sales in the nine months ended 30 September 2014

1.1. France

(€ million)	9 months 2014	9 months 2013	Change	
			Reported	At constant scope
Consolidated sales	642	651	-1.3%	-2.2%

Sales in France fell -2.2% in 2014 in the first nine months of 2014. The decline was mainly the result of a weak macroeconomic environment, particularly the slowdown in the construction market.

Whereas business levels in early 2014 were supported strongly by good weather conditions, sales fell -9.1% in the third quarter. That decrease was partly due to the fact that there was one less business day in Q3 2014 than in Q3 2013.

- **In the Cement business**, consolidated sales fell by -3.2%. Operational sales were down -2.5%, with stable volumes (+0.2%) but a fall in selling prices, due in particular to an unfavourable change in the product mix. Consolidated sales in Q3 fell by -13.6%. Operational sales were down -10.1%, affected by record rainfall and a lower number of business days. Taking into account those factors, along with the macroeconomic environment, volumes fell -7% in Q3.

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- **In the Concrete & Aggregates business**, consolidated sales fell by -3.2%. Concrete volumes were up almost +2%, whereas aggregates volumes fell by more than -5%. Conversely, average selling prices fell slightly in concrete, but rose in aggregates. In the third quarter, sales fell -8.0% because of lower volumes in both concrete and aggregates.
- **In the Other Products & Services business**, sales rose +2.0% in the first nine months of 2014, but fell -5.0% in the third quarter.

1.2. Europe (excluding France)

(€ million)	9 months 2014	9 months 2013	Change	
			Reported	At constant scope and exchange rates
Consolidated sales	317	318	-0.2%	-1.4%

Sales in Europe excluding France fell slightly (-1.4%) at constant scope and exchange rates, and were down -7.0% in the third quarter.

In Switzerland, sales fell -1.3% in the first nine months of the year at constant scope and exchange rates, although overall conditions remained supportive. In the third quarter, sales were down -7.4% at constant scope and exchange rates. The contraction resulted from a high base for comparison, since Q3 2013 figures were boosted by a catch-up effect following a particularly harsh winter. The end of certain projects that had begun in 2013 also affected this year's third quarter performance.

- **In Cement**, consolidated sales fell -5.7% at constant scope and exchange rates. Operational sales were down -4.4%. The decline was due to a fall in volumes of around -3%, while average selling prices were slightly lower, mainly because of an unfavourable change in the product mix. In the third quarter, consolidated sales fell by -3.7% at constant scope and exchange rates. Operational sales were down -9.5%, with volumes falling by a little more than -8%.
- **In the Concrete & Aggregates business**, consolidated sales were stable (+0.3%) in the first nine months of 2014. Volumes fell slightly in concrete, and rose in aggregates. In the third quarter, Concrete & Aggregates sales were down -13.2% because of a sharp fall in concrete volumes, resulting from the end of some major projects. Aggregates volumes also fell, but by a much smaller margin. Selling prices rose slightly in concrete but fell in aggregates in both the third quarter and the whole nine-month period.
- **The Precast business** posted a +0.7% increase in sales in the first nine months of 2014, but third quarter sales fell -2.7%.

In Italy, sales were down -4.9% in the first nine months of the year but up +3.9% in the third quarter. Since the start of 2014, the sector background in Italy has been badly affected by tough macroeconomic conditions.

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1.3. United States

(€ million)	9 months 2014	9 months 2013	Change	
			Reported	At constant scope and exchange rates
Consolidated sales	184	166	+10.8%	+13.7%

Sales in the United States rose +13.7% at constant scope and exchange rates, including a +9.5% increase in the third quarter. This performance reflects the gradual upturn in the US economy over the last few quarters.

- **The Cement business** continued to recover, with consolidated sales up +17.1% in the first nine months of the year and a +17.9% increase in operational sales. Volumes continued to rise in the first nine months (+11%), and growth was stronger in California (+13%) than in the Southeast (+9%), where the business was affected by poor weather conditions in the first quarter. Selling prices were more than 8% higher than in the year-earlier period. In the third quarter, consolidated sales were up +13.9% (operational sales up +17.5%), driven by volume growth of over 8% in both California and Alabama, and by the full effect of the April price increases. Changes in the client mix also had a positive effect on average selling prices in California in the third quarter.
- **In Concrete**, consolidated sales grew +12.4% at constant scope and exchange rates. Growth was driven by a +7% increase in selling volumes, with a substantial increase in California and a very slight rise in the Southeast. There was a solid increase in selling prices in the first nine months of 2014, reflecting the improved macroeconomic and sector environment. In the third quarter, sales growth remained firm at +7.8%.



1.4. Asia (Turkey, India and Kazakhstan)

(€ million)	9 months 2014	9 months 2013	Change	
			Reported	At constant scope and exchange rates
Consolidated sales	403	361	+11.6%	+28.3%

Sales rose +28.3% in the first nine months of 2014, with solid growth in all three countries. In the third quarter, business momentum remained strong in the region, with sales up +35.5% at constant scope and exchange rates.

In Turkey, sales amounted to €171 million, up +11.3% at constant scope and exchange rates. In the first half of 2014, the Group enjoyed good weather conditions and a positive macroeconomic and sector environment, although growth was slower than in 2013. However, sales grew more slowly in the third quarter (+4.1%), mainly because of a high base for comparison.

- **In the Cement division**, consolidated sales grew +21.1% at constant scope and exchange rates in the first nine months of 2014. Operational sales were up +15.1%. Growth was driven by higher selling prices, offsetting a near -7% fall in volumes during the period. Although weather conditions were excellent in Q1, they were much less favourable in the following two quarters. Volumes were also affected by delays and postponements affecting a large number of projects following government measures taken in response to the Soma disaster. Nevertheless, consolidated sales rose +13.5% in the third quarter.
- Sales in **Concrete & Aggregates** fell -2.9% at constant scope and exchange rates. Volumes fell in both concrete and aggregates. Selling prices rose firmly because of the Group's selective strategy in this business segment. In the third quarter, sales fell more sharply (-11.4%) because of a high base for comparison, although price conditions remained positive.

In India, sales totalled €174 million in the first nine months of 2014, up +58.6% at constant scope and exchange rates. Volumes grew +52%, with almost 3.6 million tonnes of cement sold in total. Selling prices started rising again in the second quarter, and posted a solid increase over the period as a whole.

In the third quarter, sales in India were up +83.5% at constant scope and exchange rates, supported by volume growth of almost +54%. Selling prices increased substantially in the third quarter.

In Kazakhstan, the Group is continuing to ramp up its business. Sales in the first nine months of the year totalled €59 million (+19.8%), underpinned by a near +27% increase in volumes. Over the period as a whole, the Group shipped almost 1.1 million tonnes of cement. However, selling prices fell during the period, due in particular to uncertainty relating to the country's recent devaluation even if, they should start rising again given the market's fundamentals. Volumes rose almost +70% in the third quarter, driving a +59.4% increase in sales at constant scope and exchange rates.



1.5. Africa and Middle East

(€ million)	9 months 2014	9 months 2013	Change	
			Reported	At constant scope and exchange rates
Consolidated sales	301	245	+22.9%	+25.3%

In the Africa and Middle East region, consolidated sales were up +25.3% at constant scope and exchange rates in the first nine months of 2014 and up +37.3% in the third quarter.

In Egypt, consolidated sales were up +61.6% at constant scope and exchange rates. That increase resulted from growth in shipped volumes, which rose more than +34%, supported by a buoyant market and an improved security situation in the North Sinai region. Since the start of the year, demand has remained firm, while supply has continued to be hampered by power cuts. That situation has resulted in a substantial increase in selling prices. In the third quarter, sales rose +135.9%, driven by volume growth of almost 84% and ongoing price increases. Volume growth in the third quarter was also boosted by a very low base of comparison as the Egyptian army had intervened in August 2013 to restore security in the Sinai region, seriously affecting Group sales at the time.

In **West Africa**, sales rose by +13.4%, with positive market conditions in all countries within the region. Cement volumes grew more than +15%. Although selling prices are stabilising gradually on a sequential basis, they continued to show a year-on-year decline because of price decreases in 2013. In the third quarter, commercial momentum remained positive with sales growth of +13.0%.



2. Sales for the nine months ended 30 September 2014 by business segment

2.1. Cement

(€ million)	9 months 2014	9 months 2013	Change	
			Reported	At constant scope and exchange rates
Volume (thousands of tonnes)	15,822	13,679	+15.7%	
Operational sales	1,129	1,026	+10.1%	+15.8%
Eliminations	(169)	(171)		
Consolidated sales	960	855	+12.2%	+18.6%

Consolidated sales in the Cement business were up +12.2% or +18.6% at constant scope and exchange rates. Volumes were up +15.7% in the first nine months. In the third quarter, consolidated sales rose +19.0% or +21.8% at constant scope and exchange rates. Cement volumes increased by +17.5% in the third quarter.

2.2. Concrete & Aggregates

(€ million)	9 months 2014	9 months 2013	Change	
			Reported	At constant scope and exchange rates
Concrete volumes (thousands of m ³)	6,267	6,405	-2.1%	
Aggregates volumes (thousands of tonnes)	16,208	17,181	-5.7%	
Operational sales	670	673	-0.4%	+0.9%
Eliminations	(17)	(18)		
Consolidated sales	653	655	-0.2%	+1.0%

Consolidated sales in the Concrete & Aggregates business were stable (-0.2%) or up +1.0% at constant scope and exchange rates.

Shipped concrete volumes were down -2.1% in the first nine months, and aggregates volumes were down -5.7%.

In the third quarter, consolidated sales fell by -5.4% or -5.3% at constant scope and exchange rates. Volumes were down -6.7% in concrete and down -13.9% in aggregates.

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2.3. Other Products & Services

(€ million)	9 months 2014	9 months 2013	Change	
			Reported	At constant scope and exchange rates
Operational sales	309	307	+0.8%	+1.9%
Eliminations	(75)	(77)		
Consolidated sales	234	230	+1.6%	+1.2%

Consolidated sales in the Other Products & Services business were up +1.6% or +1.2% at constant scope and exchange rates. In the third quarter, consolidated sales fell -3.1% or -3.9% at constant scope and exchange rates.

3. Financial position

Vicat's financial position remains very healthy. Gearing was 51.7% at 30 September 2014, versus 52.7% at 30 June 2014.

This level of gearing, slightly lower than at 30 June 2014, includes the net payment of 46 million euros related to the 100% acquisition of Vicat Sagar Cement in India, the suspensive conditions having been definitely lifted. This company, based in the North of Karnataka, operates a plant with a capacity of 3 million tonnes of cement per year and benefits from the latest cement technologies, a captive electric generation system and access to rail network.

Bank covenants do not pose a threat either to the Group's financial position or to its balance sheet liquidity. Vicat complies with all financial ratios required by covenants contained in financing agreements.

Events subsequent to 30 September 2014

As part of the Group's debt-reduction strategy, the holding companies that own a majority of Vicat SA's capital – SOPARFI and PARFININCO – decided on Wednesday 29 October 2014 to acquire 24.6% of SOPARFI shares held by Group subsidiaries BCCA and SAPV.

Those purchases are part of an initiative to streamline and simplify the Group's holding company-based ownership structure. Based on a valuation of SOPARFI shares established by an independent international audit firm, the overall amount of the transaction will be €114 million.

After the transaction, and before the cancellation of SOPARFI shares held by SOPARFI itself, BCCA and SAPV's combined stake in SOPARFI will amount to 18.4%.

The overall after-tax capital gain from the disposal transaction will be **€2 million**. That amount will be recognised in Vicat's consolidated equity and will be used to pay down the Group's debt.



4. 2014 Outlook

For 2014, the Group wishes to provide the following comments concerning its various markets:

- **In France**, in 2014, the Group expects market conditions to continue to be affected by a macroeconomic situation that is likely to stabilise only very slowly. Volumes are expected to fall slightly and the price environment should decline slightly.
- **In Switzerland**, the market is expected to remain dynamic, although volume growth will reflect the effects of a high basis of comparison from the strong year in 2013. Average prices are likely to be down very slightly.
- **In Italy**, the macroeconomic situation remains weakened by the recent recession, and volumes are expected to fall, although the pace should gradually slow. Given the low volumes expected this year, prices are likely to be affected by tougher competitive pressures.
- **In the USA**, volumes are expected to continue to rise, in line with the economic recovery in the country. Selling prices are also expected to rise.
- **In Turkey**, in a year marked by elections, the Group's performances will benefit from continued favourable market conditions albeit in a macroeconomic climate marked by exchange rate volatility and rising interest rates. Given these circumstances, the Group expects performance to continue improving in Turkey, although at a slower pace than in the past.
- **In India**, following May's elections, and given the first elements of the economic stimulus package to have been announced, the Group is expecting a gradual improvement in the economic climate and market conditions over the course of the year. Against this background, and with continued gains being made by Bharathi Cement and Vicat Sagar Cement, the volumes delivered by the Group in this region are likely to grow strongly. Selling prices are likely to remain highly volatile, but should be bolstered by the gradual recommencement of infrastructure and housing projects in the second half of 2014. On a medium- to long-term view, the Group remains very confident that it can take full advantage of its high-quality positions in the Indian market, which continues to show excellent potential.
- **In Kazakhstan**, the Group's ideal geographical location and highly effective production base should enable it to benefit from a market poised for solid growth.
- **In Egypt**, the macroeconomic situation and the gradual improvement in security will help the Group to return to growth in more favourable market conditions. Thus the improvement in volumes and prices is likely to partially offset the sharp rise in energy costs and allow the Group to record an improvement in its results over the course of 2014.
- **In West Africa**, the market should remain favourably oriented overall in terms of consumption. Prices are likely to remain under pressure, but the trend will depend, among other things, on the potential arrival in the market of a new competitor. In the medium term, the Group remains confident in its ability to reap the full benefits from its modern production facilities, its knowledge of the Senegalese market and its ability to export throughout the region.

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5. Conference call

To accompany the publication of its sales for the nine months ended 30 September 2014, the Vicat group is organising a conference call that will be held in English on Wednesday, 5 November 2014 at 3pm Paris time (2pm London time and 9am New York time).

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

France: +33 (0)1 76 77 22 30
United Kingdom: +44 (0)20 3427 1912
United States: +1 718 444 0896

To listen to a playback of the conference call, which will be available until 7pm on 12 November 2014, please dial one of the following numbers:

France: +33 (0)1 74 20 28 00
United Kingdom: +44 (0)20 3427 0598
United States: +1 347 366 9565

Access code: **2995700#**

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ABOUT VICAT

The Vicat Group has **over 7,500 employees** working in three core divisions, Cement, Concrete & Aggregates and Other Products & Services, which generated **consolidated sales of €2,286 million** in 2013.

The Group **operates in 11 countries**: France, Switzerland, Italy, the United States, Turkey, Egypt, Senegal, Mali, Mauritania, Kazakhstan and India. More than 63% of its sales are generated outside France.

The Vicat Group is the heir to an industrial tradition dating back to 1817, when Louis Vicat invented artificial cement. Founded in 1853, the Vicat Group now operates **three core lines** of business: **Cement, Ready-Mixed Concrete** and **Aggregates**, as well as related activities.

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Disclaimer:

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 from its website (www.vicat.fr).

Vicat group - Financial data - Appendices

Breakdown of sales for the nine months ended 30 September 2014 by business and geographical region

	Cement	Concrete & Aggregates	Other Products & Services	Intra-group sales	Consolidated sales
France	275	324	182	(138)	642
Europe (excl. France)	130	129	100	(42)	317
USA	85	130	-	(31)	184
Turkey, Kazakhstan, India	356	69	27	(49)	403
Africa and Middle East	283	18	-	(0)	301
Operational sales	1,129	670	309	(261)	1,847
Intra-group sales	(169)	(16)	(75)	261	-
Consolidated sales	960	653	234	-	1,847