

# Italian Conference

1 October 2021



# Executive Summary

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1. H1 2021 Highlights

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2. Trading by geographical area

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3. H1 2021 Results

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4. 2021 Outlook

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# 1. H1 2021 Highlights

# H1 2021 - Key takeaways

## VOLUMES & PRICES

Overall solid demand and recovery for cement (+10.9%) and ready mix concrete volumes (+7.0%)  
Favorable variance across the board for selling prices, mainly in USA and Germany

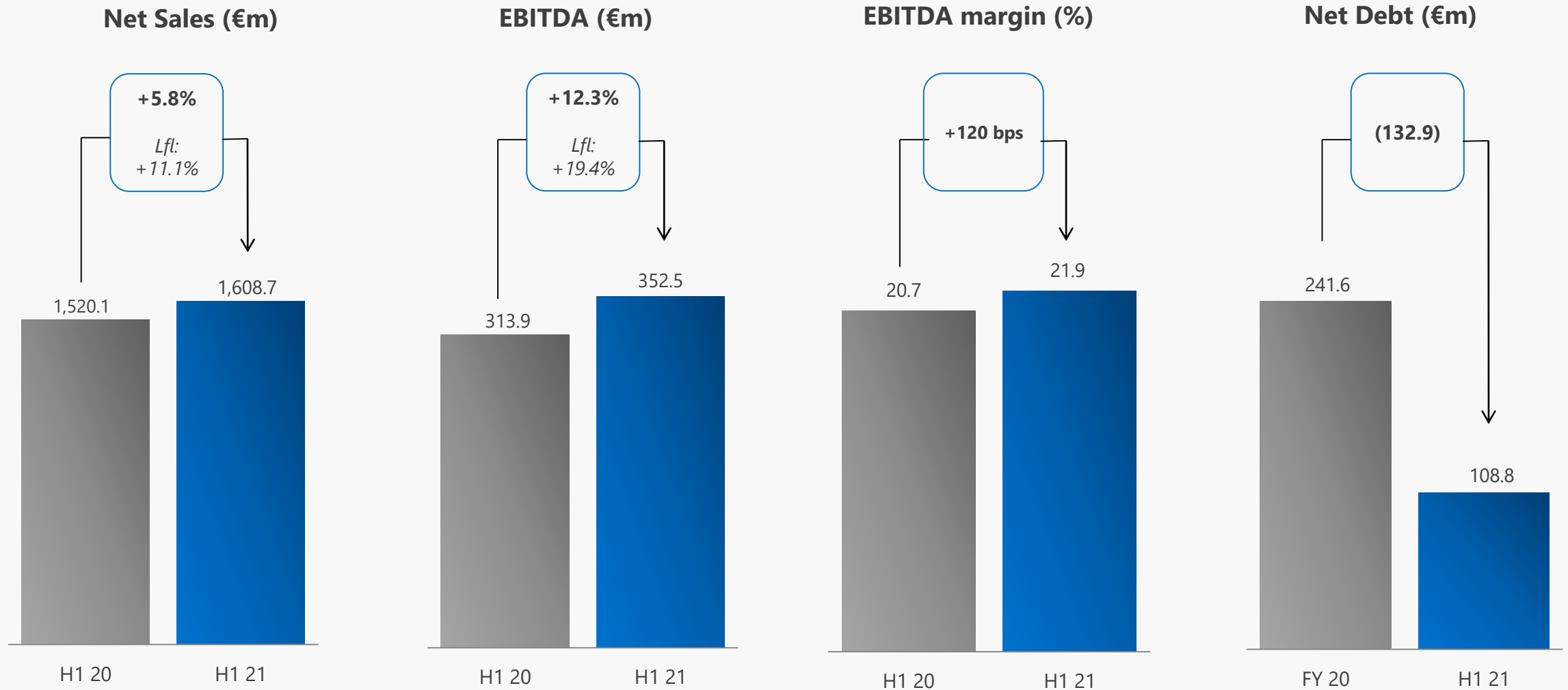
## FOREIGN EXCHANGE

€m 81 unfavorable impact on Net sales and €m 22 on EBITDA from weaker dollar, hryvnia and ruble

## FINANCIALS

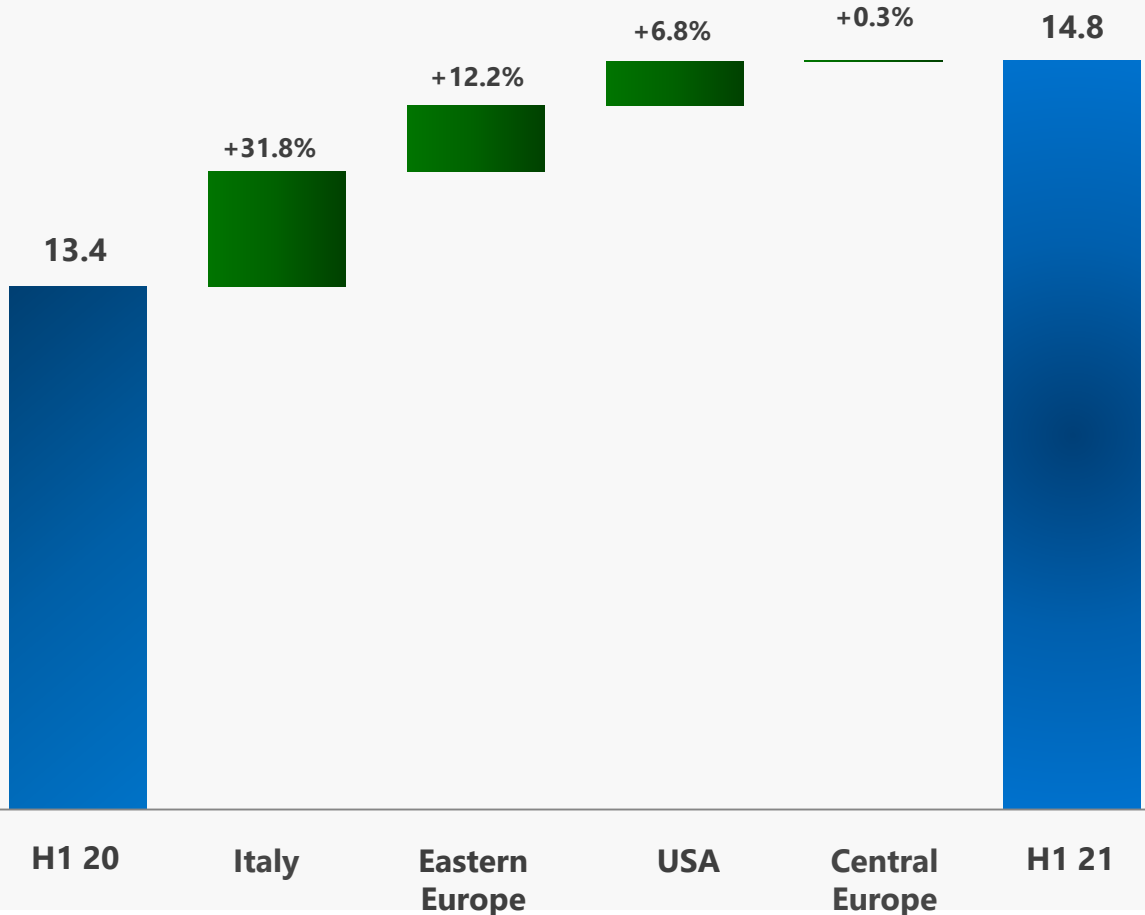
Net sales at €m 1,609 (€m 1,520 in 2020), +5.8% (+11.1% lfl)  
EBITDA at €m 352 (€m 314 in 2020), +12.3% (+19.4% lfl)  
Net cash from operating activities at €m 219 (€m 214 in 2020)  
Net Financial Position stood at €m 109 versus €m 242 at year end 2020.

# H1 2021- Financial highlights

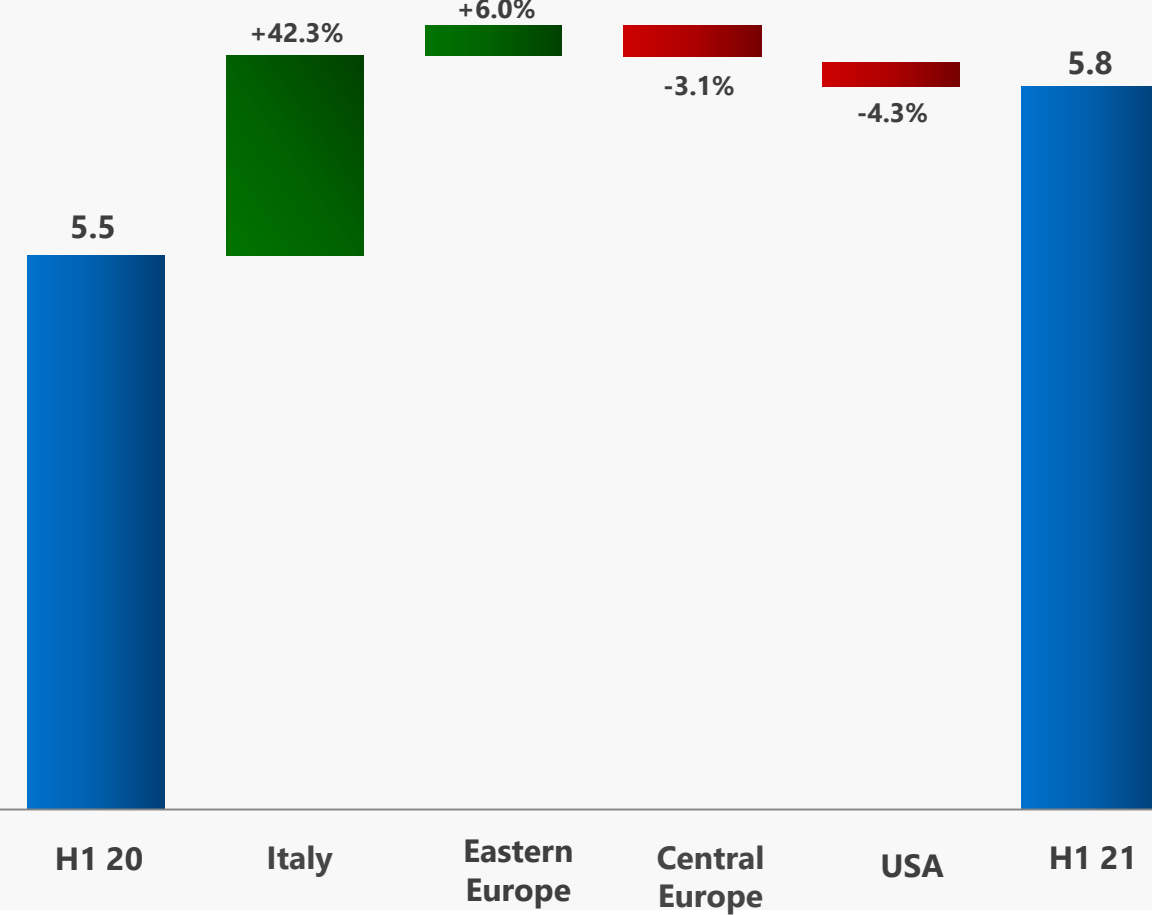


# Cement and Ready-mix volumes variance

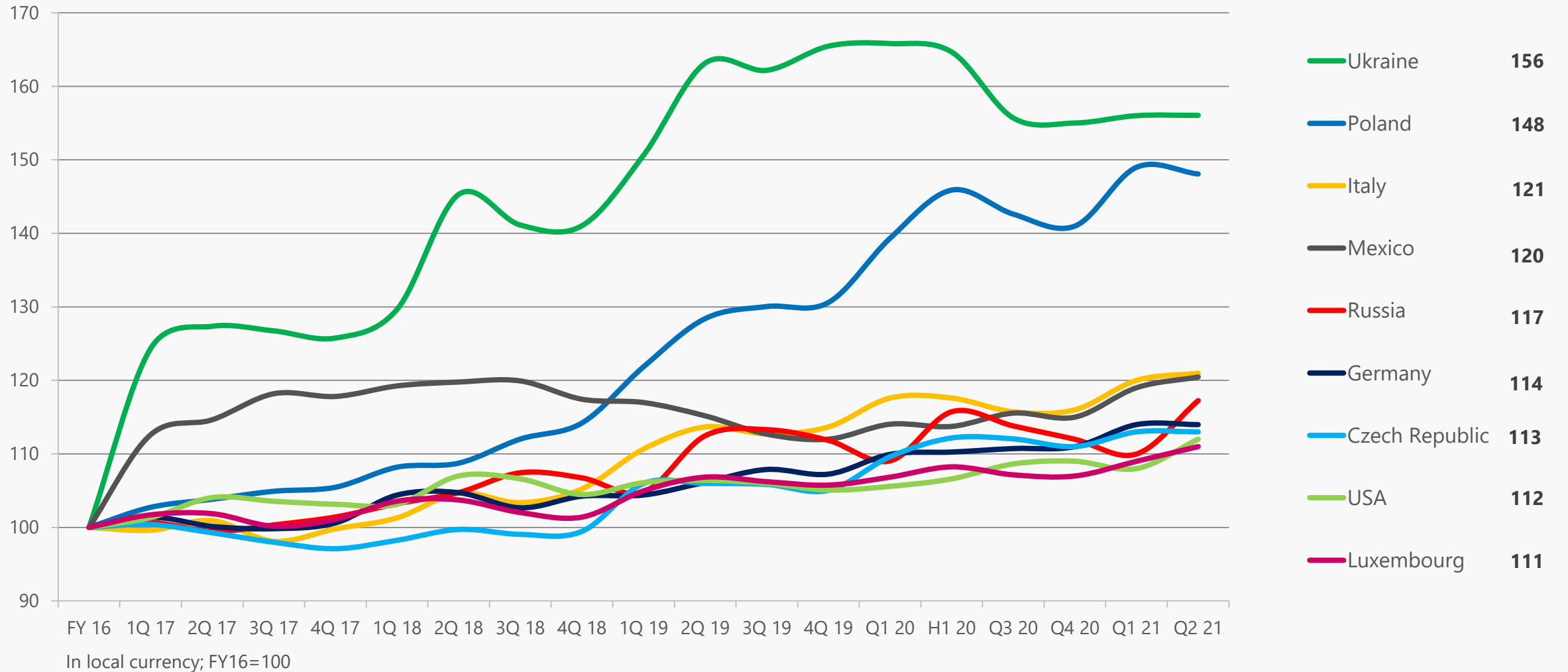
## Cement (m ton)










## Ready-mix concrete (m m3)



# Price Index by country



# FX changes

		H1 21	H1 20	Δ	2020	Current
EUR 1 =		avg	avg	%	avg	
	USD	1.21	1.10	-9.3	1.14	1.17
	RUB	89.55	76.67	-16.8	82.72	84.75
	UAH	33.46	28.63	-16.9	30.85	31.05
	CZK	25.85	26.33	+1.8	26.46	25.52
	PLN	4.54	4.41	-2.8	4.44	4.62
	MXN	24.33	23.84	-2.0	24.52	23.59
	BRL	6.49	5.41	-20.0	5.89	6.31



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## 2. Trading by geographical area

# Italy and USA

## Italy

- Strong demand, driven by residential renovation and public works
- Positive volume and price effect:
  - Cement +31.8% compared to 2020
  - Ready-mix even stronger (+42.3% vs 2020)
  - Favorable trend for selling prices
- EBITDA grew strongly, despite higher energy costs. EBITDA margin more than doubled

## United States of America

- Demand has been strong in H1, driven by the residential sector
- Cement volumes up (+6.8%) despite bad weather conditions in May/June; positive variance in prices has been able to offset higher energy costs
- Negative impact from FX on Net sales (-56.2 €m) and EBITDA (-17.0 €m)
- EBITDA +10.3% lfl and EBITDA margin above 30%

EURm	H1 21	H1 20	Δ%	Δ lfl %
<b>Net Sales</b>	305.6	220.8	+38.4	-
<b>EBITDA</b>	32.7	8.8	>100	-
<b>EBITDA margin (%)</b>	10.7	4.0	-	-

EURm	H1 21	H1 20	Δ%	Δ lfl %
<b>Net Sales</b>	599.0	611.6	-2.1	+7.1
<b>EBITDA</b>	181.6	180.1	+0.8	+10.3
<b>EBITDA margin (%)</b>	30.3	29.4		

# Central and Eastern Europe

## Central Europe

- Soft cement and ready-mix volumes due to adverse weather conditions in Germany (-2.2%). Positive performance in Luxembourg.
- Favorable trend for selling prices, particularly in Germany
- Higher power costs
- No CO<sub>2</sub> cost accrued in H1 21 (€m 8.8 in H1 20)

## Eastern Europe

- Solid demand for cement and readymix, except in Poland (slightly weak due to bad weather conditions)
- Average selling prices in local currency showed a slight growth, except in Ukraine
- Negative impact from FX on Net Sales (-24.7 €m) and EBITDA (-5.2 €m)
- EBITDA +13.5% lfl

EURm	H1 21	H1 20	Δ%	Δ lfl %
<b>Net Sales</b>	428.5	416.3	+2.9	-
<b>EBITDA</b>	67.5	58.2	+16.0	-
<b>EBITDA margin (%)</b>	15.7	14.0		

EURm	H1 21	H1 20	Δ%	Δ lfl %
<b>Net Sales</b>	278.3	273.9	+1.6	+10.5
<b>EBITDA</b>	70.4	66.6	+5.8	+13.6
<b>EBITDA margin (%)</b>	25.3	24.3		

# Mexico and Brazil

## Mexico

- Solid demand driven by residential and public works.
- Cement volumes up (+23.9%). Favorable variance for selling prices
- EBITDA grew strongly (+19.5%), despite higher energy costs
- EBITDA margin slightly down but still the best in the group

EURm	H1 21	H1 20	Δ%	Δ lfl %
<b>Net Sales (100%)</b>	337.1	266.8	+26.4	+28.9
<b>EBITDA (100%)</b>	150.9	126.4	+19.5	+21.9
<b>EBITDA margin (%)</b>	44.8	47.4		

## Brazil











- Cement volumes up (+45.0%) thanks also to the change in scope
- Average selling prices in local currency showed a solid growth
- Negative impact from FX on Net Sales (21 €m) and EBITDA (7 €m)
- Excluding FX and scope, EBITDA more than doubled with improved operating margin

EURm	H1 21	H1 20	Δ%	Δ lfl %
<b>Net Sales (100%)</b>	106.4	61.2	+73.9	+90.8
<b>EBITDA (100%)</b>	37.0	16.5	>100	>100
<b>EBITDA margin (%)</b>	34.7	27.0		











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## 3. H1 2021 Results

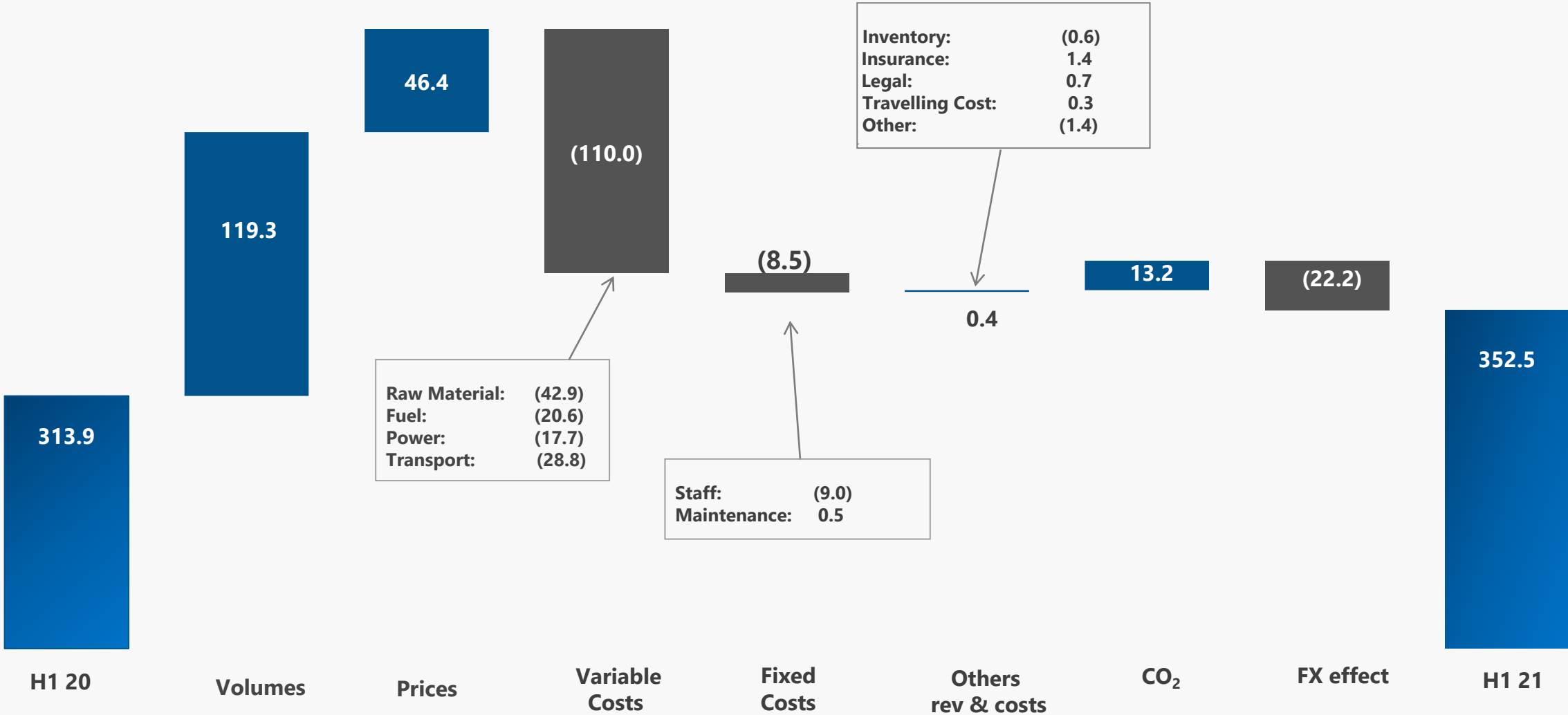
# Net sales by country

EURm	H1 21	H1 20	Δ	Δ	Forex	Scope	Δ I-f-I
			abs	%	abs	abs	%
 Italy	305.6	220.8	84.8	+38.4	-	-	+38.4
 United States	599.0	611.6	(12.6)	-2.1	(56.2)	-	+7.1
 Germany	341.7	339.4	2.3	+0.7	-	-	+0.7
 Lux / Netherlands	100.6	91.2	9.5	+10.4	-	-	+10.4
 Czech Rep / Slovakia	80.4	75.2	5.2	+6.9	1.3	-	+5.2
 Poland	53.7	55.2	(1.5)	-2.6	(1.5)	-	+0.1
 Ukraine	51.0	51.7	(0.7)	-1.4	(8.6)	-	+15.3
 Russia	93.9	92.9	1.1	+1.2	(15.8)	-	+18.2
<i>Eliminations</i>	<i>(17.3)</i>	<i>(17.9)</i>	<i>0.5</i>				
<b>Total</b>	<b>1,608.7</b>	<b>1,520.1</b>	<b>88.6</b>	<b>+5.8</b>	<b>(80.8)</b>	<b>-</b>	<b>+11.1</b>
 Mexico (100%)	337.1	266.8	70.3	+26.4	(6.8)	-	+28.9
 Brazil (100%)	106.4	61.2	45.2	+73.9	(21.2)	10.9	+90.8

## EBITDA by country

EURm	H1 21	H1 20	Δ	Δ	Forex	Scope	Δ I-f-I
			abs	%	abs	abs	%
 Italy	32.7	8.8	23.9	>100	-	-	>100
 United States	181.6	180.1	1.5	+0.8	(17.0)	-	+10.3
 Germany	60.6	51.8	8.8	+16.9	-	-	+16.9
 Lux / Netherlands	6.9	6.4	0.5	+8.4	-	-	+8.4
 Czech Rep / Slovakia	23.4	19.7	3.7	+18.7	0.4	-	+16.6
 Poland	16.2	15.4	0.8	+5.4	(0.5)	-	+8.4
 Ukraine	5.6	6.7	(1.1)	-15.9	(0.9)	-	-1.7
 Russia	25.2	24.8	0.4	+1.6	(4.2)	-	+18.6
<i>Eliminations</i>	<i>0.3</i>	<i>0.3</i>					
<b>Total</b>	<b>352.5</b>	<b>313.9</b>	38.6	+12.3	(22.2)	-	+19.4
 Mexico (100%)	150.9	126.4	24.6	+19.5	(3.1)	-	+21.9
 Brazil (100%)	37.0	16.5	20.5	>100	(7.4)	2.8	>100

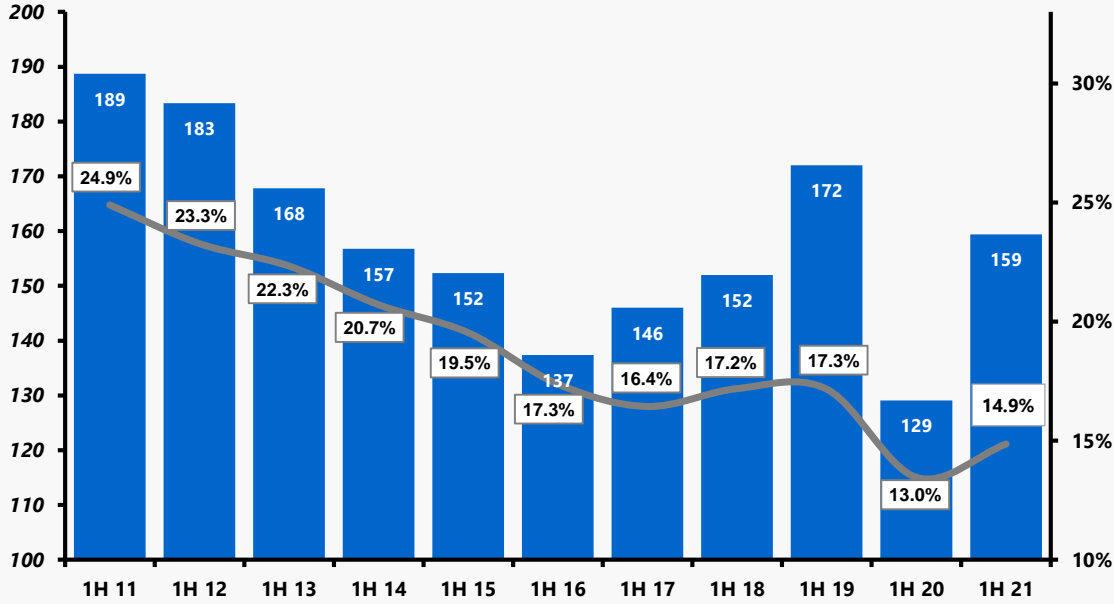
# EBITDA variance analysis





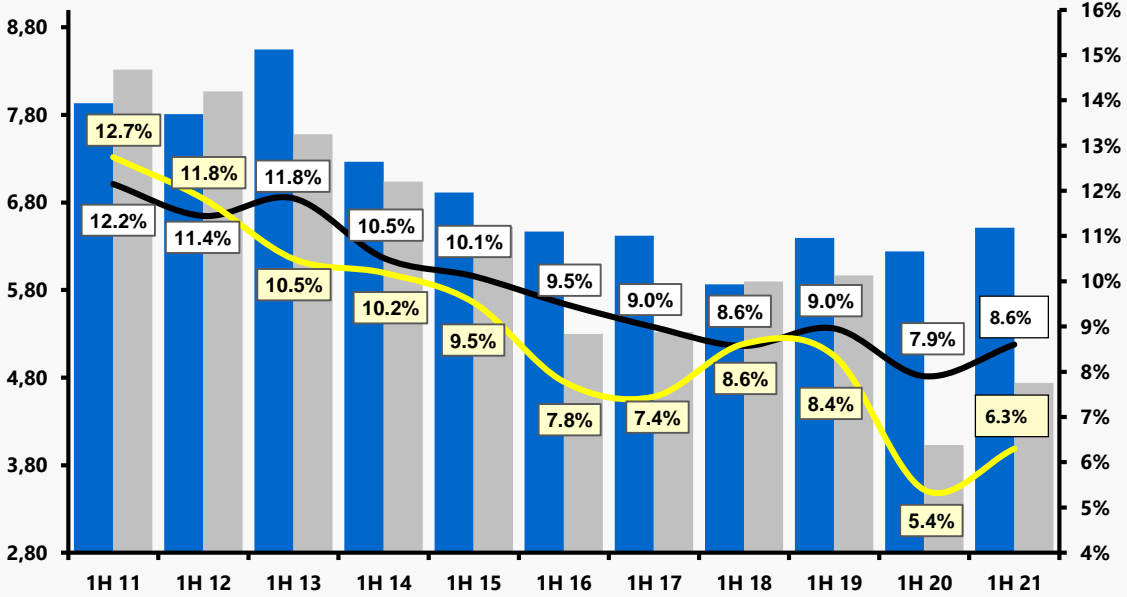
# Energy costs impact

## Total energy



■ Energy cost (€m)  
— Energy cost / Cement revenues

## Power & Fuel



■ Power cost (€/ton)  
— Fuel cost / revenues (%)  
■ Fuel cost (€/ton)  
— Power cost / revenues (%)

# Consolidated Income Statement

	H1 21	H1 20	Δ	Δ
EURm			abs	%
<b>Net Sales</b>	<b>1,608.7</b>	<b>1,520.1</b>	<b>88.6</b>	<b>+5.8</b>
<b>EBITDA</b>	<b>352.5</b>	<b>313.9</b>	<b>38.6</b>	<b>+12.3</b>
of which, non recurring	-	-		
% of sales (recurring)	21.9%	20.7%		
Depreciation and amortization	(122.8)	(128.4)	5.7	
<b>Operating Profit (EBIT)</b>	<b>229.7</b>	<b>185.5</b>	<b>44.2</b>	<b>+23.8</b>
% of sales	14.3%	12.2%		
Equity earnings	48.4	148.9	(100.5)	
Net finance costs	(16.0)	(55.0)	39.0	
<b>Profit before tax</b>	<b>262.1</b>	<b>279.4</b>	<b>(17.3)</b>	<b>-6.2</b>
Income tax expense	(52.4)	(62.7)	10.3	
<b>Net profit</b>	<b>209.7</b>	<b>216.7</b>	<b>(6.9)</b>	<b>-3.2</b>
Minorities	(0.1)	(0.1)	0.1	
<b>Consolidated net profit</b>	<b>209.6</b>	<b>216.5</b>	<b>(6.9)</b>	<b>-3.2</b>

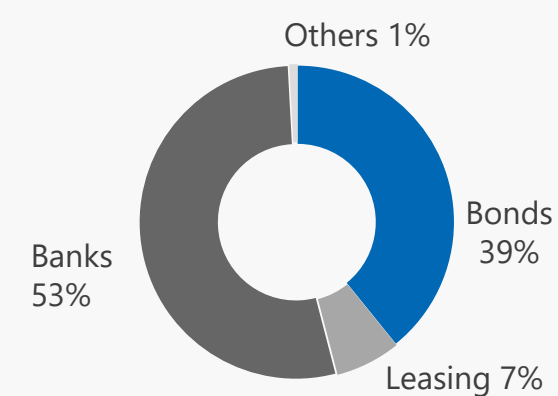
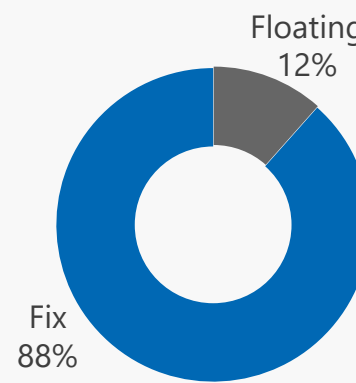
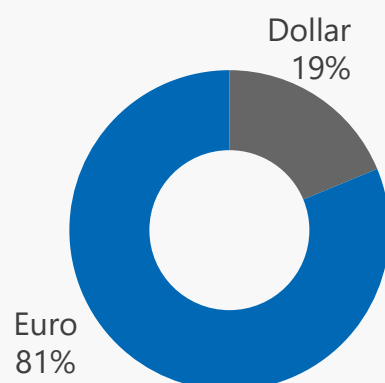
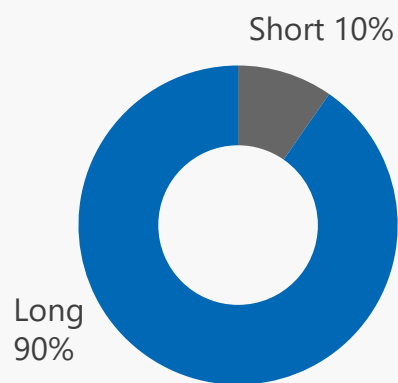
# Consolidated Cash Flow Statement

EURm	H1 21	H1 20
<b>Cash generated from operations</b>	<b>313.1</b>	<b>256.2</b>
<i>% of sales</i>	<i>19.5%</i>	<i>16.9%</i>
Interest paid	(16.6)	(18.3)
Income tax paid	(77.4)	(23.5)
<b>Net cash from operating activities</b>	<b>219.1</b>	<b>214.4</b>
<i>% of sales</i>	<i>13.6%</i>	<i>14.1%</i>
Capital expenditures	(99.9)	(107.6)
Equity investments	(2.0)	(0.7)
Purchase of treasury shares	-	(7.3)
Dividends paid	(190.7)	(31.9)
Extraordinary dividend	143.3	-
Dividends from associates	31.3	171.0
Disposal of fixed assets and investments	14.8	10.4
Translation differences and derivatives	10.6	(71.2)
Accrued interest payable	3.7	3.3
Interest received	3.5	6.4
Change in scope of consolidation and other	(0.9)	(4.2)
<b>Change in net debt</b>	<b>132.9</b>	<b>182.7</b>
<b>Net financial position (end of period)</b>	<b>(108.8)</b>	<b>(385.1)</b>

# Net Financial Position

EURm	Jun 21	Dec 20	Δ abs	Jun 20
Cash and other financial assets	951.8	1,220.9	(269.2)	1,045.0
Short-term debt	(102.2)	(214.2)	112.0	(40.7)
Short-term leasing	(21.1)	(21.4)	0.3	(22.5)
<b>Net short-term cash</b>	<b>828.4</b>	<b>985.3</b>	<b>(156.8)</b>	<b>981.8</b>
Long-term financial assets	214.8	11.0	203.8	2.4
Long-term debt	(1,087.0)	(1,173.4)	86.4	(1,294.2)
Long-term leasing	(65.0)	(64.6)	(0.5)	(75.1)
<b>Net debt</b>	<b>(108.8)</b>	<b>(241.6)</b>	<b>132.9</b>	<b>(385.1)</b>

Gross debt breakdown ( 1,275.3 €m )



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## 4. 2021 Outlook

# 2021 Outlook

## Fine tuning of the guidance following sound H1

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- Likely negative impact from FX
  - Higher energy and CO<sub>2</sub> costs
  - Recurring Ebitda probably not above the 2020 level
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### Italy

Solid demand to continue in H2, still driven by residential renovation and infrastructure.  
Positive development of pricing and operating leverage to balance the cost inflation  
Higher operating results than 2020

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### USA

Underlying demand to remain strong also in H2  
Volume and price effect able to offset the steep rise of industry inflation  
Operating results, in local currency should confirm the 2020 record

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### Central Europe

Continuation of a softer demand in H2  
Pricing expected to strengthen  
Higher costs, (CO<sub>2</sub> and energy) will penalize operating results, expected to be lower than 2020

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### Russia

Strong demand in H2, driven by public investments in infrastructure  
Assuming the ruble at current values, operating results in euro expected to advance

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### Czech Republic and Poland

Modest evolution in volumes for H2  
Positive price effect  
Higher costs, mainly CO<sub>2</sub>, will impact operating results, expected to fall short of 2020

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### Ukraine

Positive development of volumes  
Unfavorable trend in selling prices and fuel cost rebounding  
Operating results expected to decline versus last year

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### Mexico

H2 expected to be equally sound as H1  
Favorable trend in selling prices  
Cost inflation is taking its bite; however operating results should exceed last year level

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### Brazil

Good trend in volumes and prices also in H2  
Clear improvement in operating results, driven by the scope change and despite the negative development of the exchange rate

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# Appendix

## Buzzi Unicem at a glance

- International multi-regional, “heavy-side” group, focused on cement, ready-mix and aggregates
- Dedicated management with a long-term vision of the business
- Highly efficient, low cost producer with strong and stable cash flows
- Successful geographic diversification with leading positions in attractive markets
  - Italy (# 2 cement producer), United States (# 4 cement producer), Germany (# 2 cement producer), material joint venture assets in Mexico and Brazil
  - Significant positions in Luxembourg, The Netherlands, Poland, Czech Republic, Slovakia, Russia and Ukraine, as well as entry point in Slovenia and Algeria
- High quality and environmentally friendly assets
- Leading product and service offering
- Conservative financial profile and balanced growth strategy

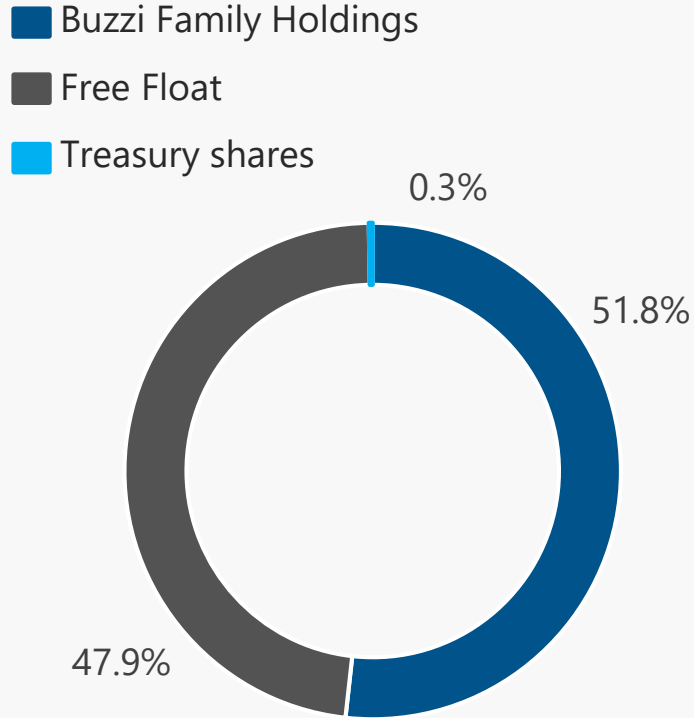
***“Value creation through lasting, experienced know-how and operating efficiency”***



# Shares & Shareholders | Dividend

## Share Capital

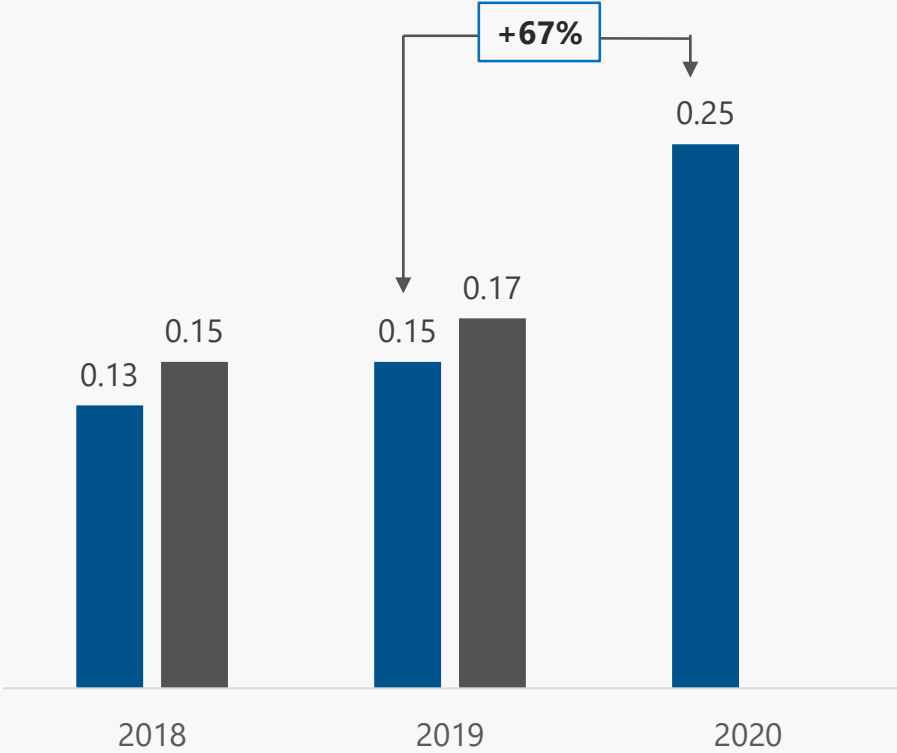
Number of shares 192,626,154



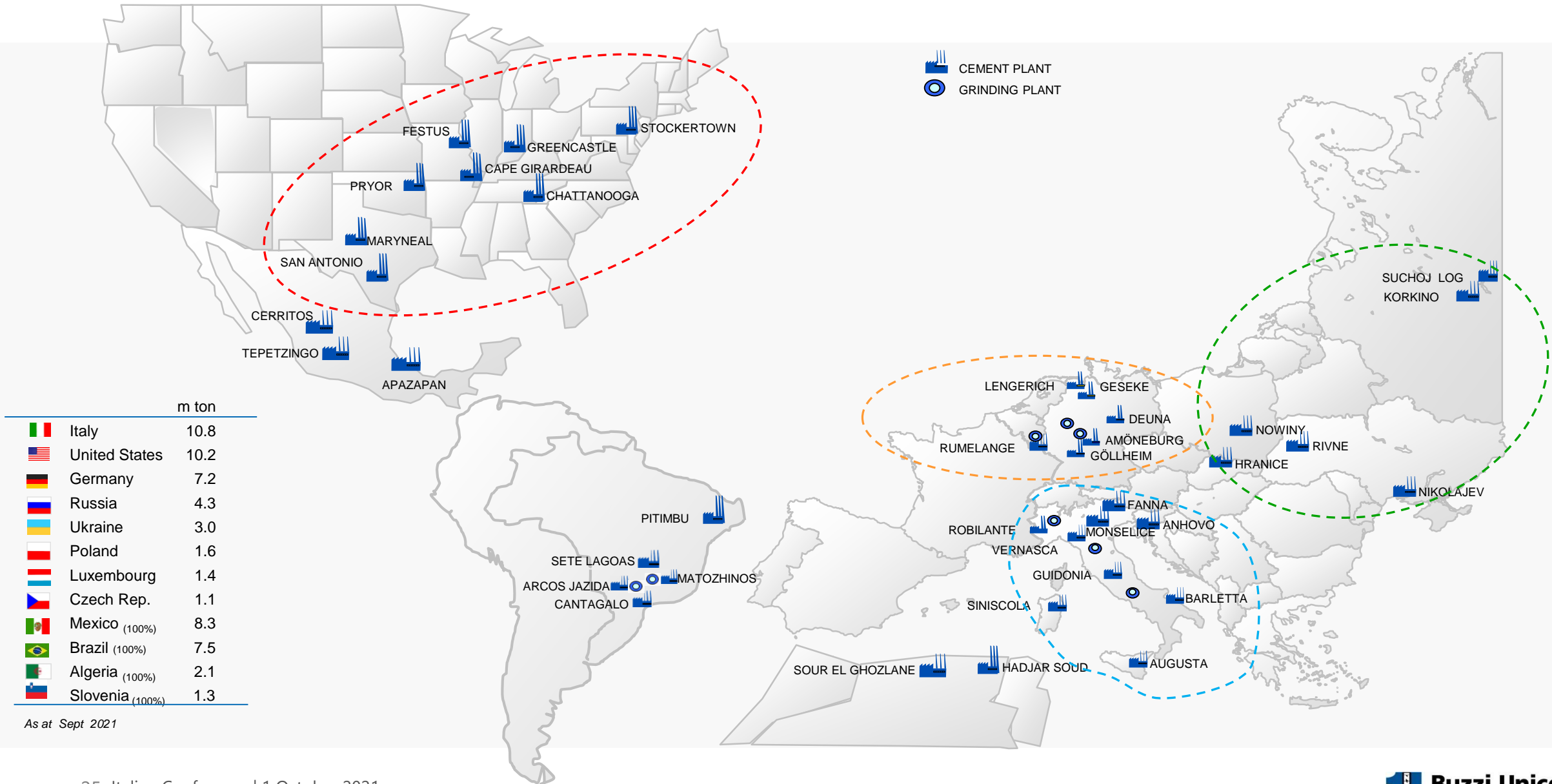
As at September 2021

## Dividend per Share (Eur)

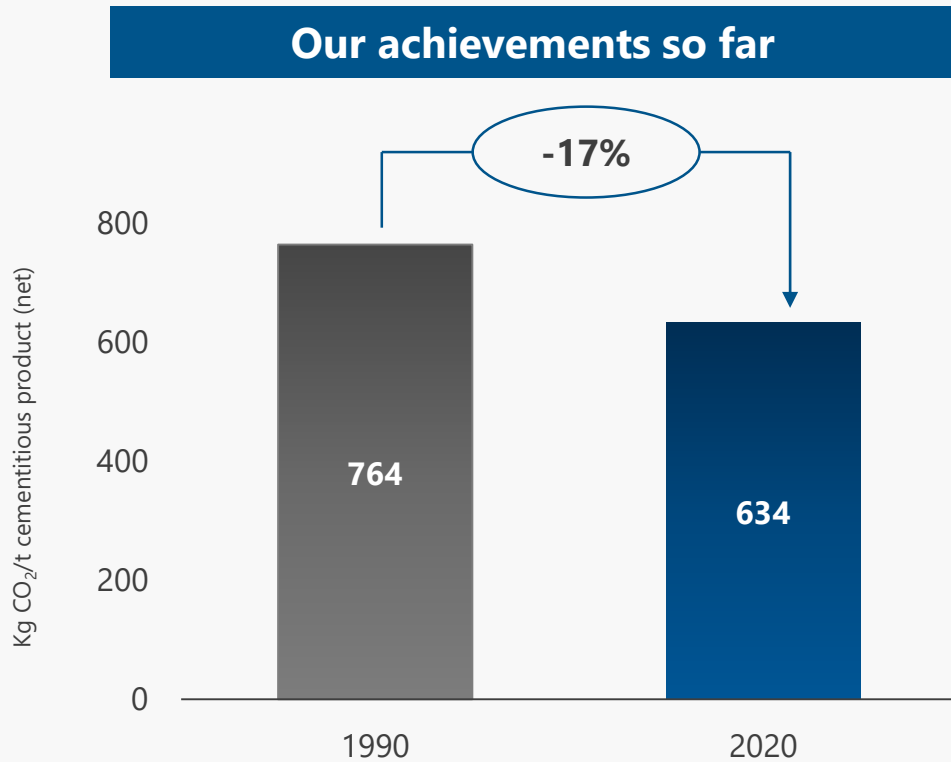
■ Ordinary shares ■ Savings shares



# Cement plants location and capacity



# Specific Net CO<sub>2</sub> emissions: What we have achieved so far



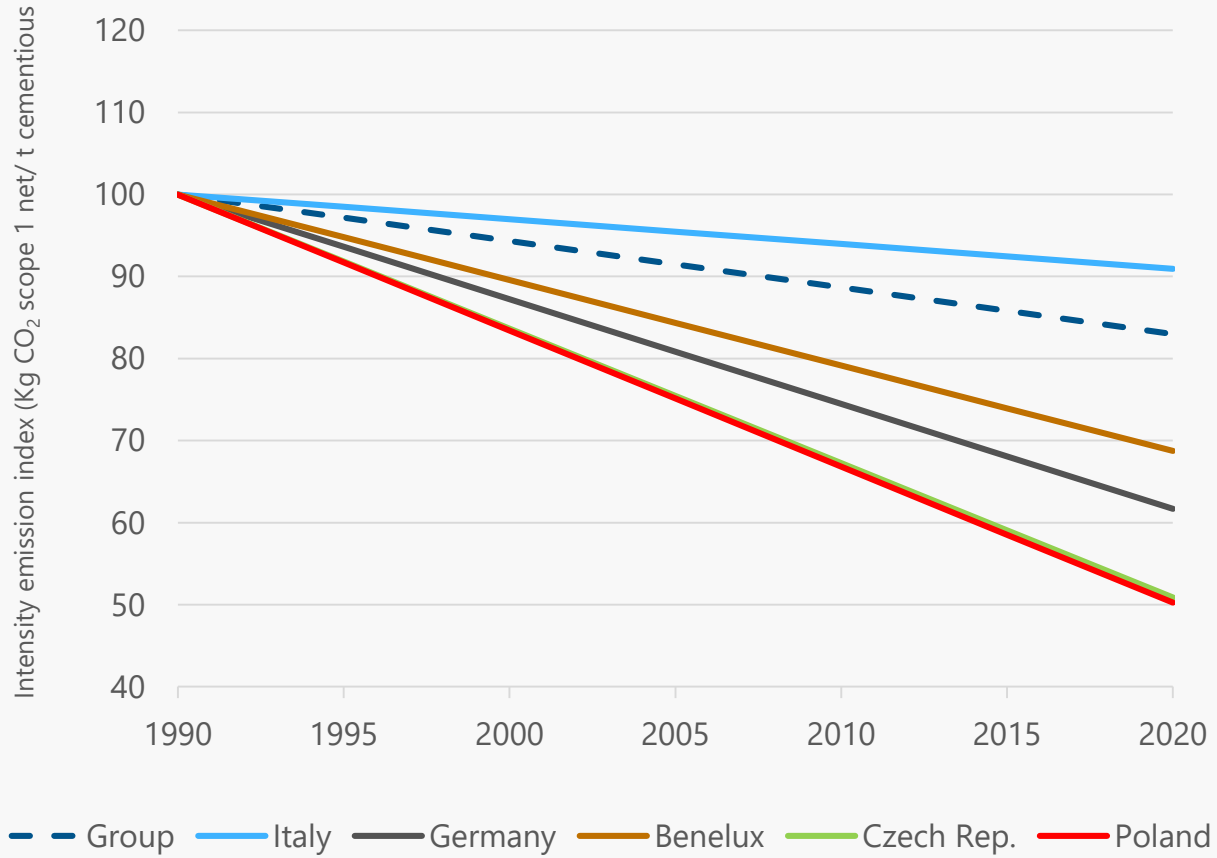
By 2020, we have reduced by approx. **17%** the specific net CO<sub>2</sub> emissions compared to 1990 level (plants taken into consideration according to SBTi methodology)

Reduction's drivers:

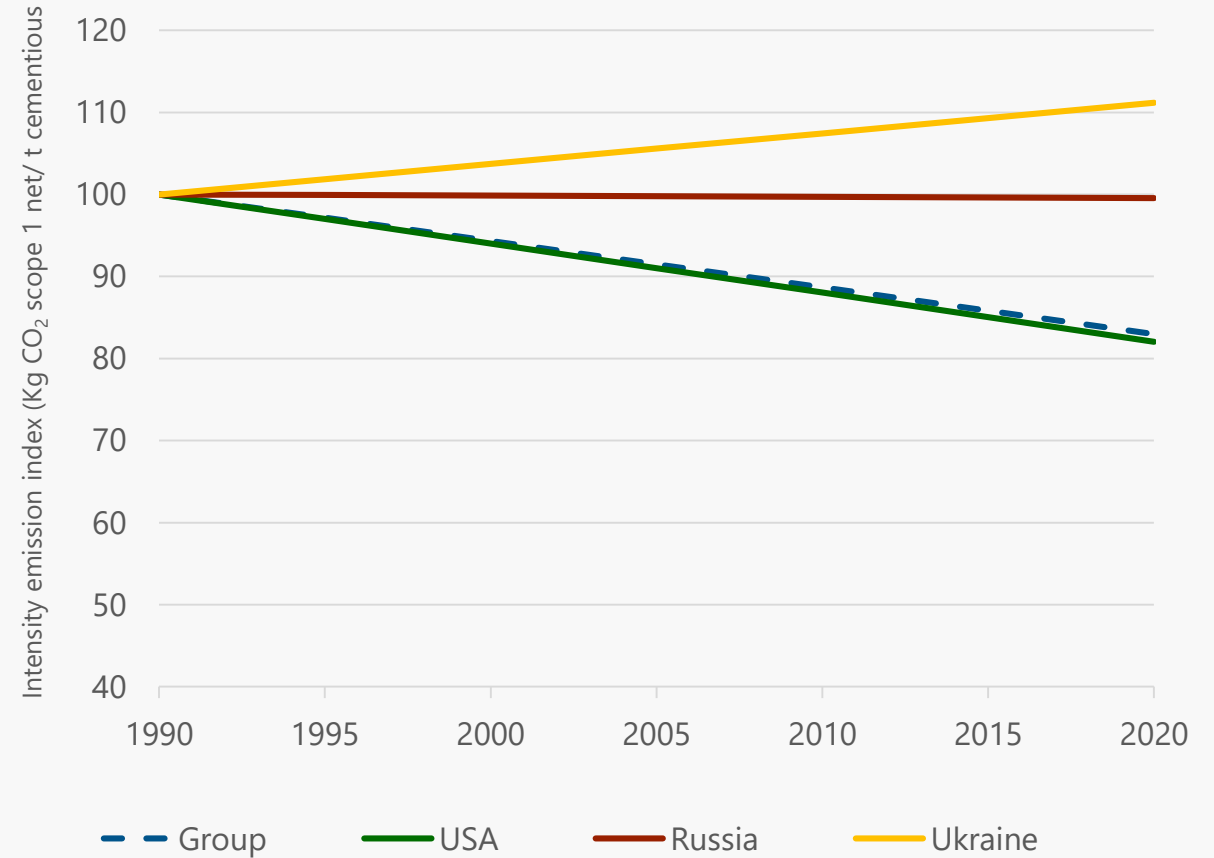
- Higher alternative fuels utilization
- Thermal energy optimization
- Lower clinker to cement ratio
- Improved technologies

# CO<sub>2</sub> Intensity emission index by country: 2020 vs 1990

## EU ETS countries



## Non ETS countries

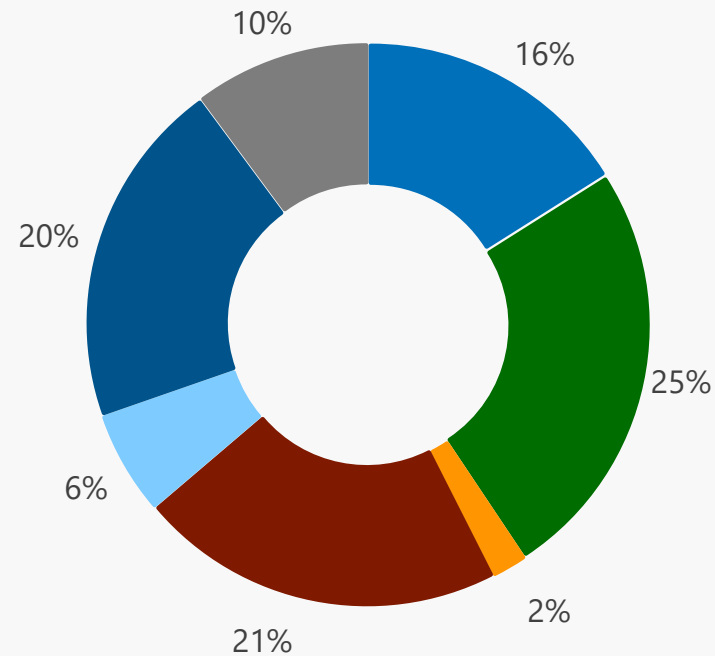


# Capex requirements for decarbonization over the next 5 years

- Over the next 5 years, Buzzi Unicem will be involved in more than 100 initiatives aiming to reduce CO<sub>2</sub> emissions
- This plan leads to CO<sub>2</sub> specific capex per year equal to approx **10-15%** of the annual avg capex spending











## CO<sub>2</sub> Capex breakdown by initiatives

- R&D - Pilot Testing
- Increasing fuel substitution
- Low carbon concrete
- In-house production of electrical power
- Reducing transportation's emissions
- Reducing clinker content in cement
- Reducing CO<sub>2</sub> intensity in energy consumption



- Approx. 75% of CO<sub>2</sub> specific capex will be dedicated to initiatives with high short term potential of CO<sub>2</sub> reduction, such as: increasing fuel substitution, reducing clinker content in cement, in-house production of electrical power and reducing CO<sub>2</sub> intensity in energy consumption
- Within R&D-Pilot Testing category, the most important initiative will be CCU/S

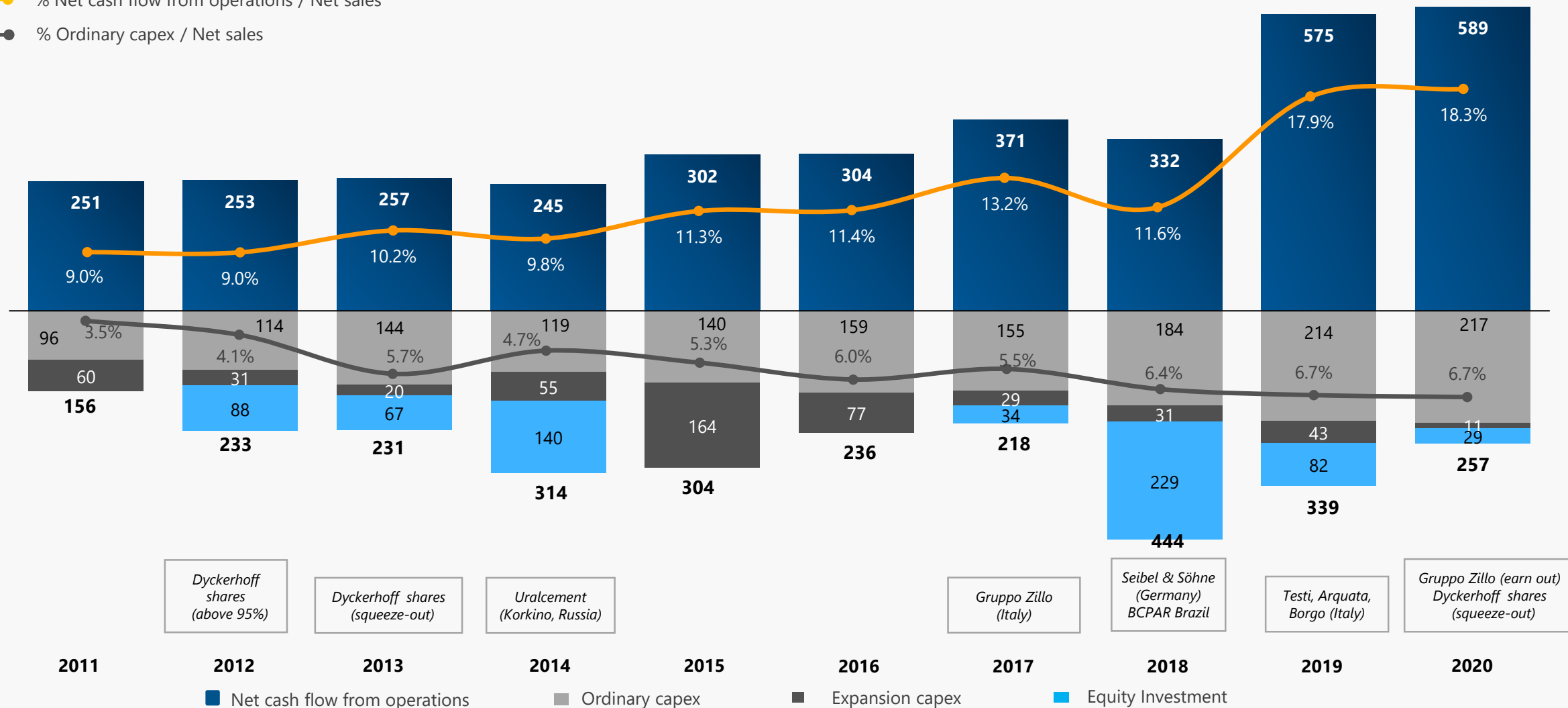
# Historical EBITDA development by country

		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
	<b>Italy</b>	<i>EBITDA</i>	10.3	-5.9	-18.1	-18.7	-37.2	-22.2	-79.7	-1.7	43.4	33.8
		<i>margin</i>	1.8%	-1.2%	-4.2%	-4.8%	-9.8%	-5.9%	-18.6%	-0.4%	8.6%	6.8%
	<b>Germany</b>	<i>EBITDA</i>	90.3	72.2	108.1	88.6	72.1	76.8	78.1	82.5	102.3	123.8
		<i>margin</i>	14.2%	12.0%	18.0%	14.7%	12.6%	13.4%	13.3%	13.0%	15.1%	17.3%
	<b>Lux/ Netherlands</b>	<i>EBITDA</i>	35.0	8.3	11.5	15.9	19.7	25.8	17.6	23.1	22.7	21.7
		<i>margin</i>	15.7%	4.3%	6.3%	9.7%	11.7%	14.7%	9.4%	11.7%	11.8%	11.3%
	<b>Czech Rep/ Slovakia</b>	<i>EBITDA</i>	35.2	25.4	19.2	27.0	32.6	34.4	36.5	43.6	46.3	46.8
		<i>margin</i>	20.5%	17.0%	14.6%	20.2%	24.0%	25.2%	24.7%	26.5%	27.5%	29.4%
	<b>Poland</b>	<i>EBITDA</i>	36.9	21.8	27.1	18.2	22.7	23.4	24.1	31.9	32.1	35.3
		<i>margin</i>	26.6%	20.0%	26.8%	20.4%	20.4%	24.6%	24.9%	28.6%	25.9%	29.9%
	<b>Ukraine</b>	<i>EBITDA</i>	6.9	15.8	12.3	11.0	4.0	12.8	16.0	7.0	21.0	21.9
		<i>margin</i>	6.2%	11.8%	10.0%	12.5%	5.7%	16.1%	16.9%	8.0%	15.9%	18.9%
	<b>Russia</b>	<i>EBITDA</i>	65.7	96.1	92.6	73.4	48.4	43.2	46.0	50.1	57.7	52.9
		<i>margin</i>	37.4%	41.0%	37.2%	35.0%	29.0%	28.0%	24.9%	27.0%	26.9%	28.3%
	<b>USA</b>	<i>EBITDA</i>	71.4	123.9	151.0	207.3	311.7	356.5	369.6	341.2	402.7	444.2
		<i>margin</i>	12.8%	18.2%	20.7%	24.2%	28.1%	31.9%	33.0%	31.9%	32.4%	35.2%
	<b>Total (IFRS reporting)</b>	<i>EBITDA</i>	<b>351.7</b>	<b>357.6</b>	<b>403.7</b>	<b>422.7</b>	<b>473.2</b>	<b>550.6</b>	<b>508.2</b>	<b>577.2</b>	<b>728.1</b>	<b>780.8</b>
		<i>margin</i>	<b>13.8%</b>	<b>14.1%</b>	<b>16.0%</b>	<b>16.9%</b>	<b>17.8%</b>	<b>20.6%</b>	<b>18.1%</b>	<b>20.1%</b>	<b>22.6%</b>	<b>24.2%</b>
	<b>Mexico (50%)</b>	<i>EBITDA</i>	82.6	97.5	77.5	93.9	128.1	146.7	164.6	144.5	126.1	132.5
		<i>margin</i>	34.7%	36.2%	33.2%	36.0%	40.9%	48.2%	48.0%	46.3%	42.5%	46.2%
	<b>Brazil (50%)</b>	<i>EBITDA</i>							15.9	11.7	24.0	
		<i>margin</i>							23.9%	17.4%	34.5%	
	<b>Total (proportional method)</b>	<i>EBITDA</i>	<b>434.3</b>	<b>455.1</b>	<b>481.2</b>	<b>516.6</b>	<b>601.3</b>	<b>697.3</b>	<b>672.8</b>	<b>721.7</b>	<b>865.9</b>	<b>937.3</b>
		<i>margin</i>	<b>14.4%</b>	<b>14.8%</b>	<b>17.5%</b>	<b>18.7%</b>	<b>20.2%</b>	<b>23.5%</b>	<b>21.4%</b>	<b>22.7%</b>	<b>24.2%</b>	<b>26.2%</b>

# Net Cash Flow from Operations and Capex development | €m

● % Net cash flow from operations / Net sales

● % Ordinary capex / Net sales



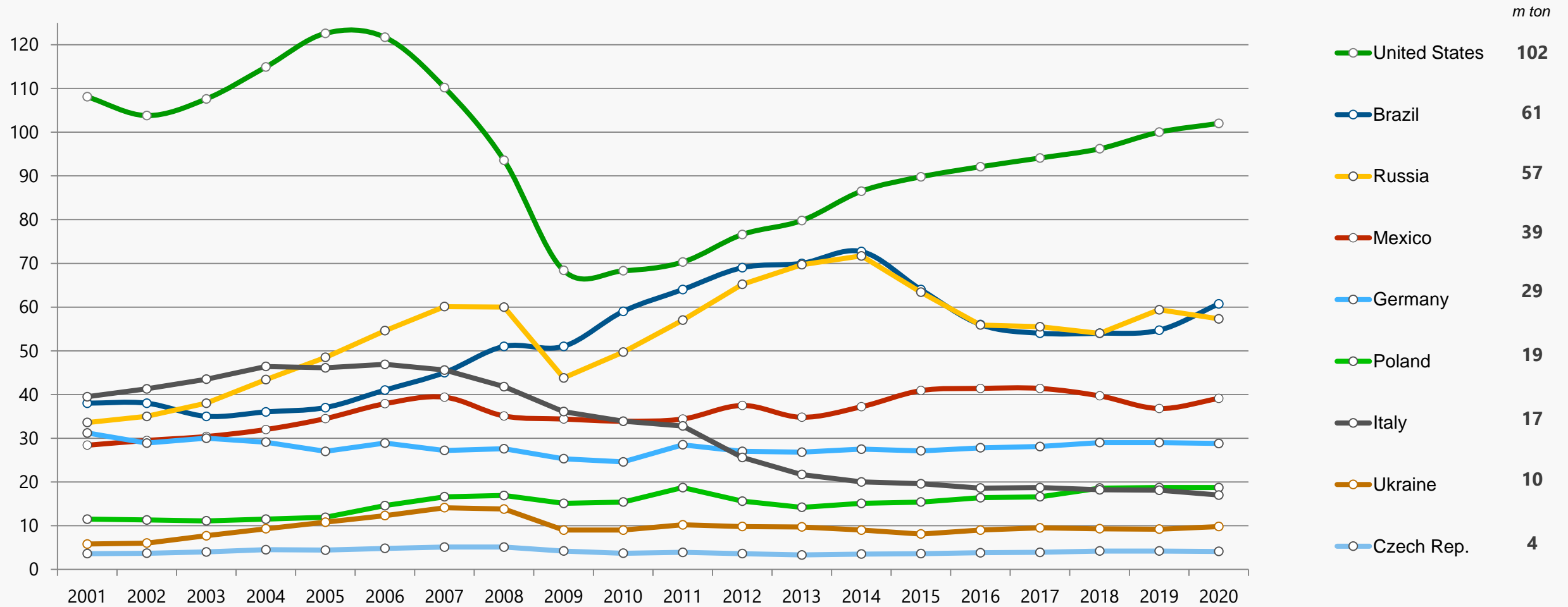
Dyckerhoff shares (above 95%)
Dyckerhoff shares (squeeze-out)
Uralcement (Korkino, Russia)
Gruppo Zillo (Italy)
Seibel & Söhne (Germany) BCPAR Brazil
Testi, Arquata, Borgo (Italy)
Gruppo Zillo (earn out) Dyckerhoff shares (squeeze-out)

# 2020 cement consumption vs peak





# Historical series cement consumption by country



# Italian Conference

1 October 2021

