

J.P.Morgan

Italian Conference 2018

Milan – 28 September 2018

Executive summary H1 2018

▪ Volumes

- Cement up 7.7% in Q2 (+2.3% lfl) and +3.8% YTD (-1.5% lfl)
- Volume reduction in Ukraine. Russia stable. Positive trend in the USA, the Czech Republic and Poland. Volumes up in Italy and in Germany mainly thanks to scope changes
- Ready-mix concrete down 0.7% YTD (+3.8% in Q2)

▪ Prices

- Basically unchanged in the Czech Republic and favorable variances in all other markets

▪ Foreign Exchange

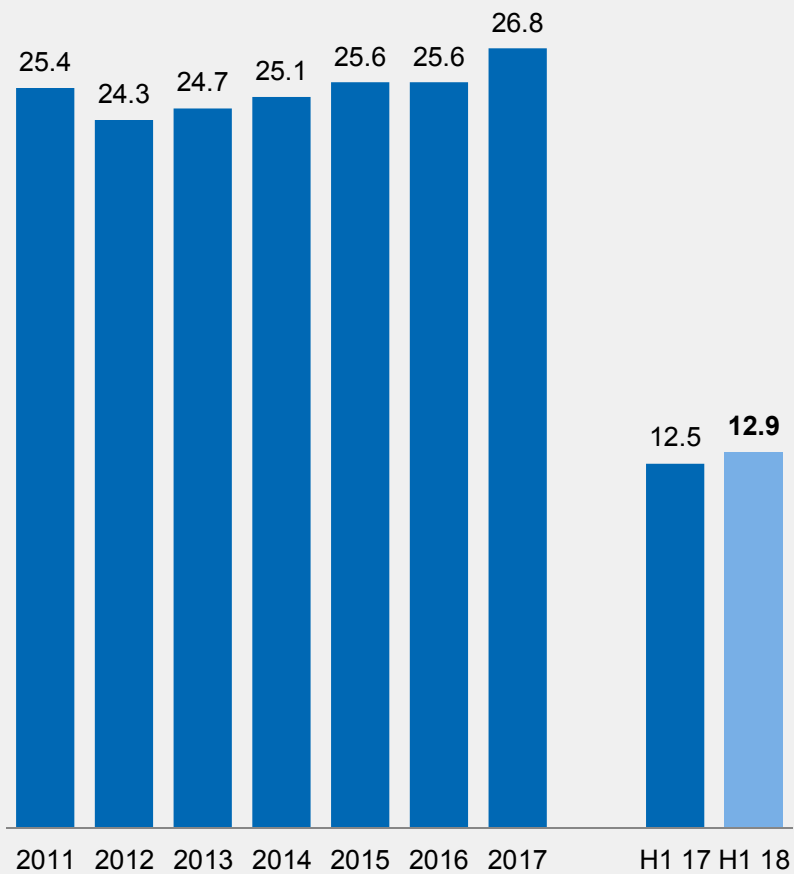
- Negative impact on sales (€m 72.2) and EBITDA (€m 18.8) mainly due to weaker dollar and ruble

▪ Results

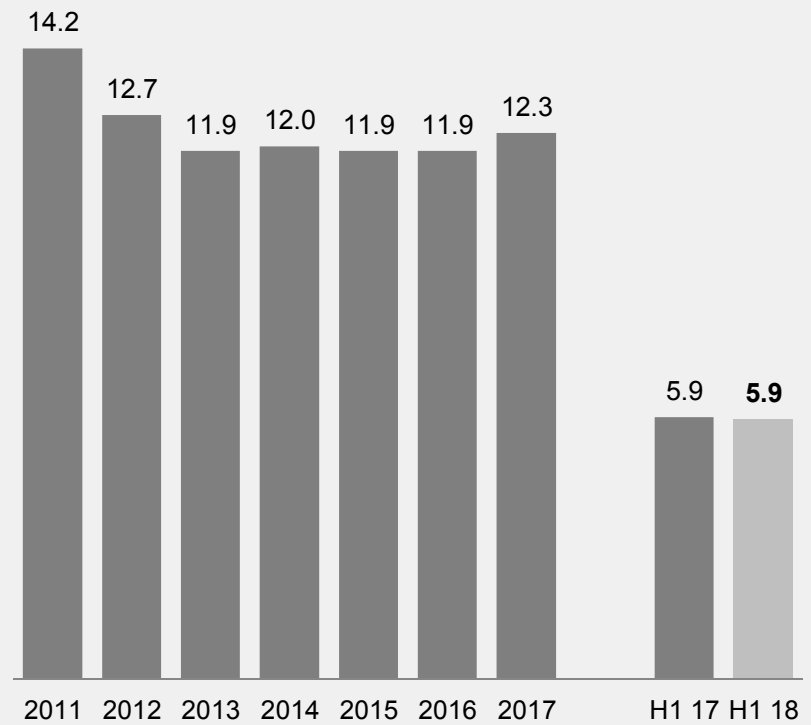
- Revenues at €m 1,337.4 versus €m 1,353.8 in H1 2017
- EBITDA at €m 227.4 (recurring €m 216.4) versus €m 241.1 (recurring €m 245.6) in H1 2017

Volumes H1 2018

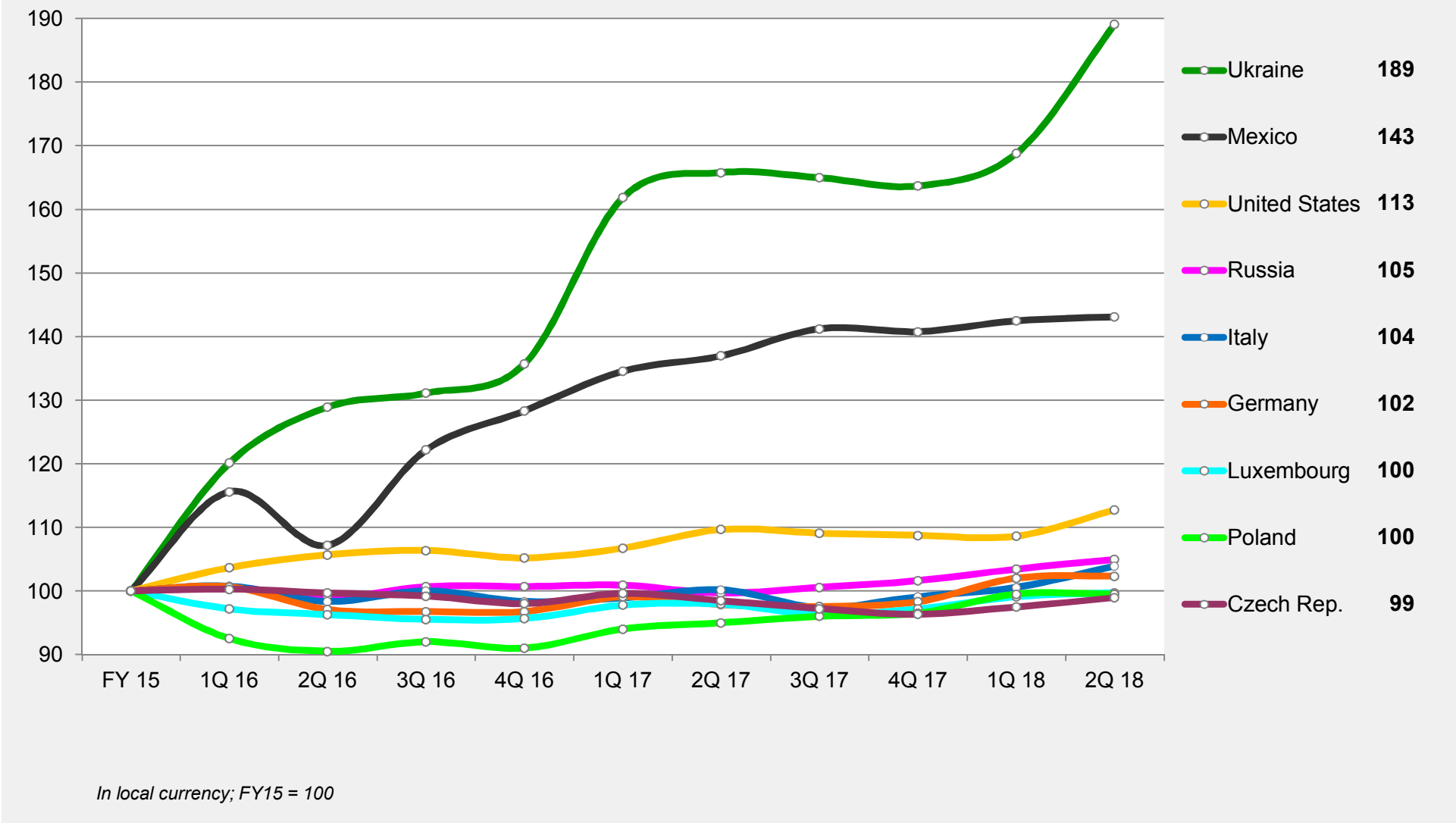
Cement (m ton)









Ready-mix concrete (m m3)












Price index by country












FX changes

		H1 18	H1 17	Δ	2017	current
EUR 1 =		avg	avg	%	avg	
	USD	1.21	1.08	-11.8	1.13	1.17
	RUB	71.96	62.81	-14.6	65.94	77.43
	UAH	32.37	28.97	-11.7	30.02	33.08
	CZK	25.50	26.78	+4.8	26.33	25.61
	PLN	4.22	4.27	+1.1	4.26	4.29
	MXN	23.09	21.04	-9.7	21.33	22.40

Net sales by country

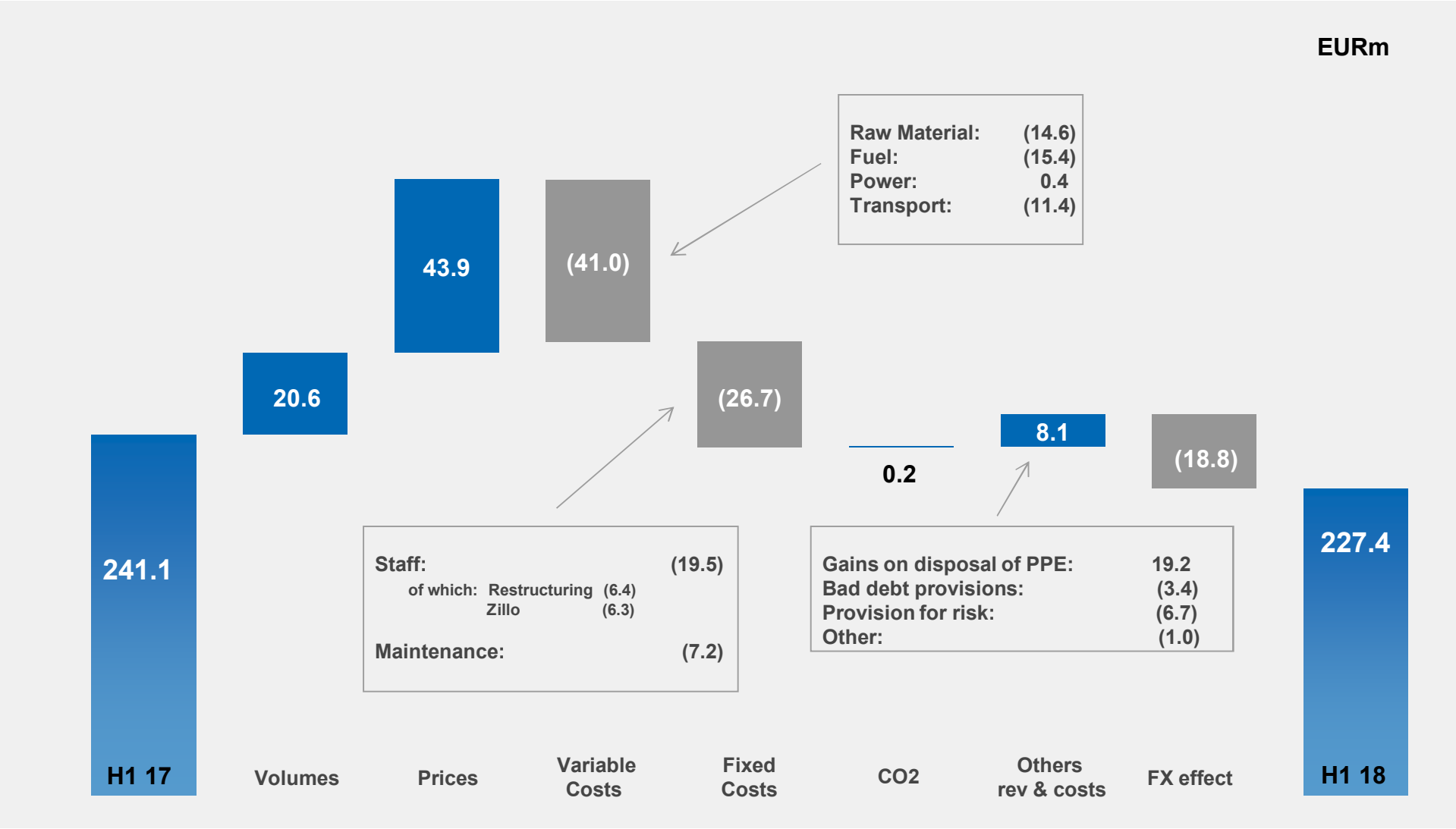
	H1 18	H1 17	Δ	Δ	Forex	Scope	Δ I-f-I
EURm			abs	%	abs	abs	%
 Italy	227.9	200.2	27.7	+13.8	-	36.0	-4.2
 United States	504.7	560.4	(55.6)	-9.9	(59.4)	-	+0.7
 Germany	287.2	282.5	4.6	+1.6	-	5.0	-0.1
 Lux/Netherlands	96.5	90.7	5.8	+6.4	-	-	+6.4
 Czech Rep/Slovakia	75.7	65.6	10.2	+15.5	2.8	-	+11.2
 Poland	50.1	45.6	4.5	+9.8	0.6	-	+8.6
 Ukraine	35.5	42.6	(7.1)	-16.6	(4.2)	-	-6.8
 Russia	82.6	87.0	(4.4)	-5.1	(12.0)	-	+8.8
<i>Eliminations</i>	(22.9)	(20.9)	(2.1)				
Total	1,337.4	1,353.8	(16.4)	-1.2	(72.2)	41.0	+1.1
 Mexico (100%)	315.3	358.5	(43.2)	-12.1	(30.6)	-	-3.5

EBITDA by country

		H1 18	H1 17	Δ	Δ	Forex	Scope	Δ I-f-I
EURm				abs	%	abs	abs	%
	Italy	(8.9)	(13.4)	4.5	+33.5	-	4.8	-2.2
	recurring	(2.9)	(11.0)	8.1	+74.0		4.8	+30.4
	USA	143.0	161.4	(18.4)	-11.4	(16.8)	-	-1.0
	recurring	126.3	163.5	(37.1)	-22.7	(14.9)		-13.6
	Germany	27.8	32.7	(4.9)	-15.0	-	(5.9)	+3.1
	recurring	32.8	32.7	0.1	+0.3	-	(5.9)	+18.4
	Lux/Netherlands	8.3	6.2	2.0	+32.5	-	-	+32.5
	Czech Rep/Slovakia	19.7	13.4	6.3	+46.9	0.9	-	+40.3
	Poland	16.4	9.2	7.2	+79.0	0.2	-	+77.0
	recurring	11.0	9.2	1.8	+19.8	0.1	-	+18.5
	Ukraine	1.6	8.8	(7.2)	-81.8	(0.2)	-	-79.7
	Russia	19.6	22.9	(3.3)	-14.3	(2.9)	-	-1.8
Total		227.4	241.1	(13.7)	-5.7	-18.8	-1.1	+2.6
	recurring	216.4	245.6	(29.2)	-11.9	-16.9	-1.1	-4.6
	Mexico (100%)	153.2	173.0	(19.8)	-11.4	(14.9)	-	-2.8

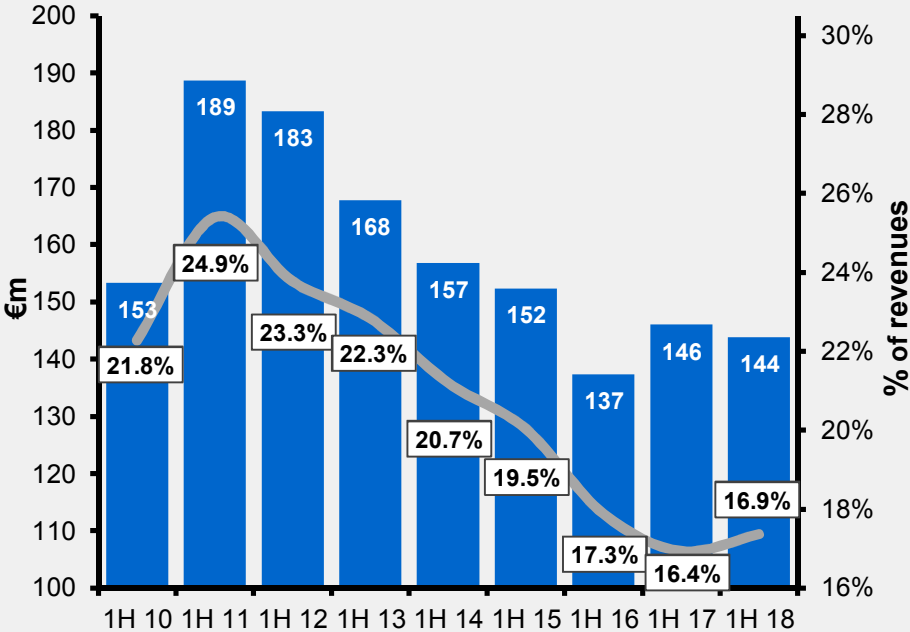
EBITDA variance analysis

EURm



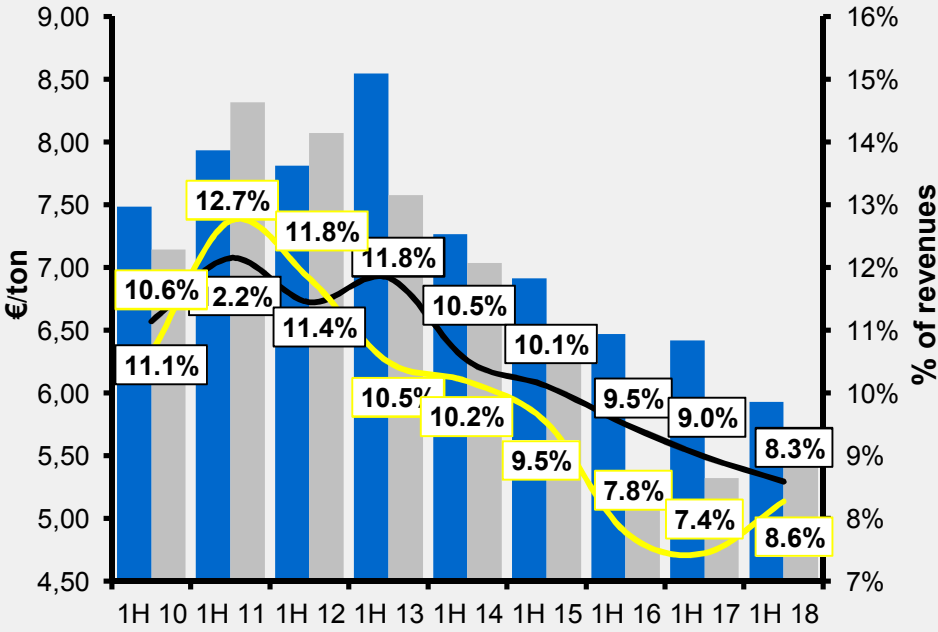
Energy costs impact

Total energy



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

Power & Fuel



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

Consolidated Cash Flow Statement

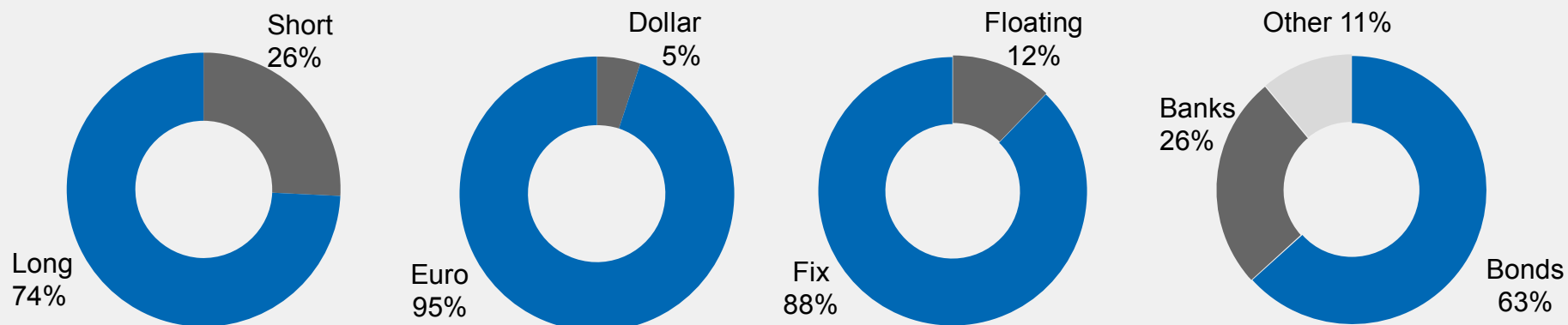
EURm	H1 18	H1 17	2017
Cash generated from operations	96.0	186.5	506.6
<i>% of sales</i>	7.2%	13.8%	18.1%
Interest paid	(15.1)	(15.5)	(43.9)
Income tax paid	(27.7)	(37.1)	(91.9)
Net cash by operating activities	53.2	133.9	370.8
<i>% of sales</i>	4.0%	9.9%	13.2%
Capital expenditures ¹⁾	(107.8)	(90.4)	(183.7)
Equity investments	(54.5)	(27.5)	(33.9)
Dividends paid	(28.3)	(21.8)	(22.0)
Dividends from associates	51.9	32.5	85.3
Disposal of fixed assets and investments	26.3	5.5	12.5
Translation differences and derivatives	27.9	(9.6)	(40.2)
Accrued interest payable	(5.7)	6.9	(1.4)
Interest received	6.4	4.1	9.7
Contingent liabilities			(61.5)
Change in consolidation area and other	(0.9)	(1.3)	(56.4)
Change in net debt	(31.6)	32.3	79.1
Net financial position (end of period)	(894.0)	(909.2)	(862.5)

1) of which expansion projects 18.5 (11.9 in H1 17; 28.7 in 2017)










Net Financial Position

	Jun 18	Dec 17	Δ	Jun 17
EURm				
			abs	
Cash and other financial assets	772.1	829.8	(57.7)	635.0
Short-term debt	(430.4)	(424.6)	(5.7)	(64.2)
Net short-term cash	341.7	405.2	(63.5)	570.8
Long-term financial assets	4.5	3.2	1.3	12.5
Long-term debt	(1,240.3)	(1,270.9)	30.6	(1,492.4)
Net debt	(894.0)	(862.5)	(31.6)	(909.2)

Gross debt breakdown (€m 1,670.6)



Expected trading in 2018

	Δ Volume	Δ Price
 Italy	+	+
 United States of America	+	+
 Germany	+	+
 Luxembourg	-	+
 Czech Republic	+	+
 Poland	+	+
 Ukraine	-	+
 Russia	+	+
 Mexico	-	+

Note: Prices in local currency

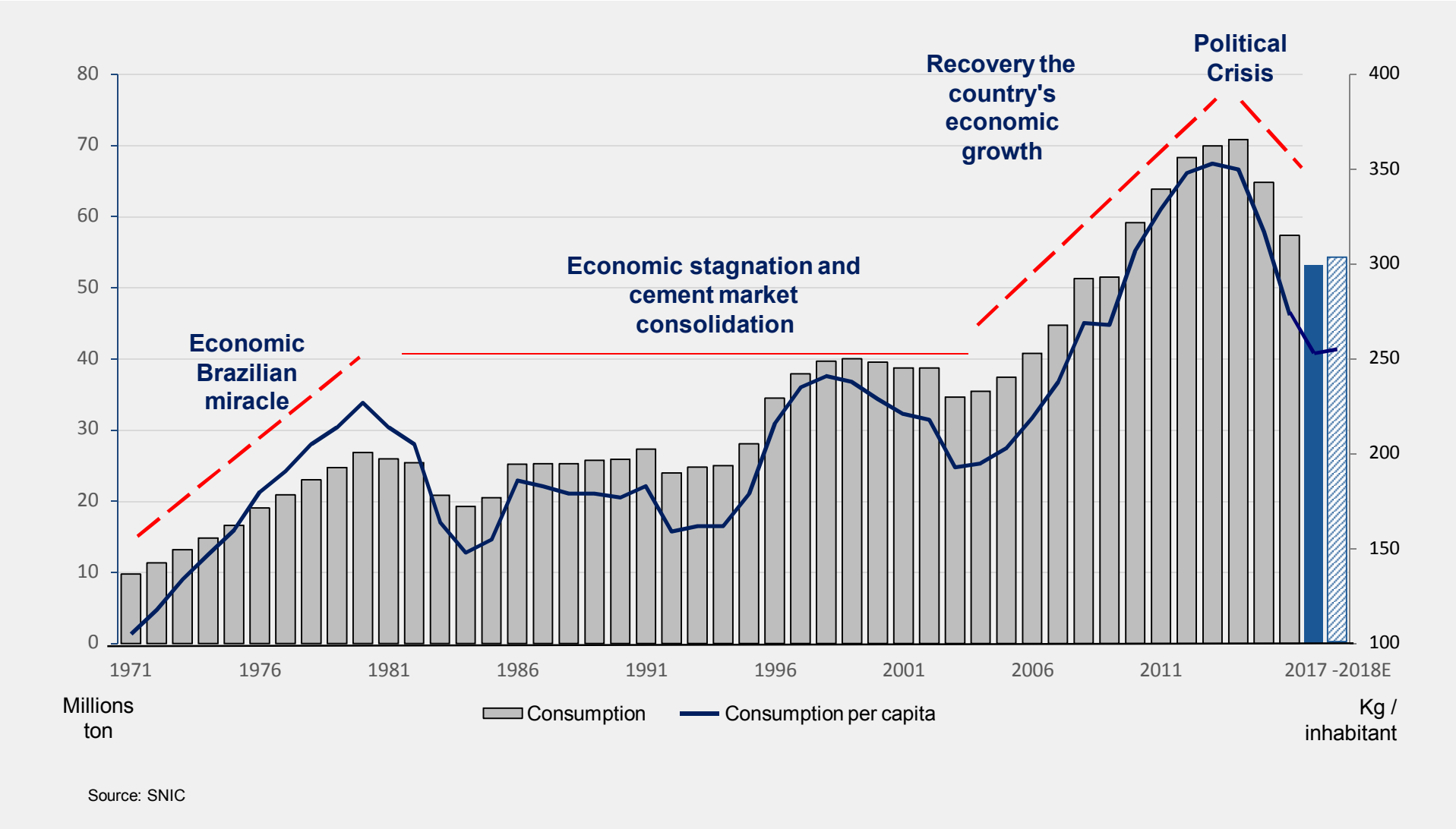
Strategic move: agreement with Grupo Ricardo Brennand (1/6)

RATIONALE

- 1- Stable improvement in the Buzzi Unicem financial situation
- 2- Enlargement of the geographical diversification
- 3- Brazil: largest economy in South America
- 4- Per capita cement consumption in Brazil is currently at its lowest levels in years
- 5- Current downturn in the Brazilian economy and cement industry in particular, is expected to be positively resolved starting from 2019

Strategic move: agreement with Grupo Ricardo Brennand (2/6)

National cement market: evolution over last 45 years



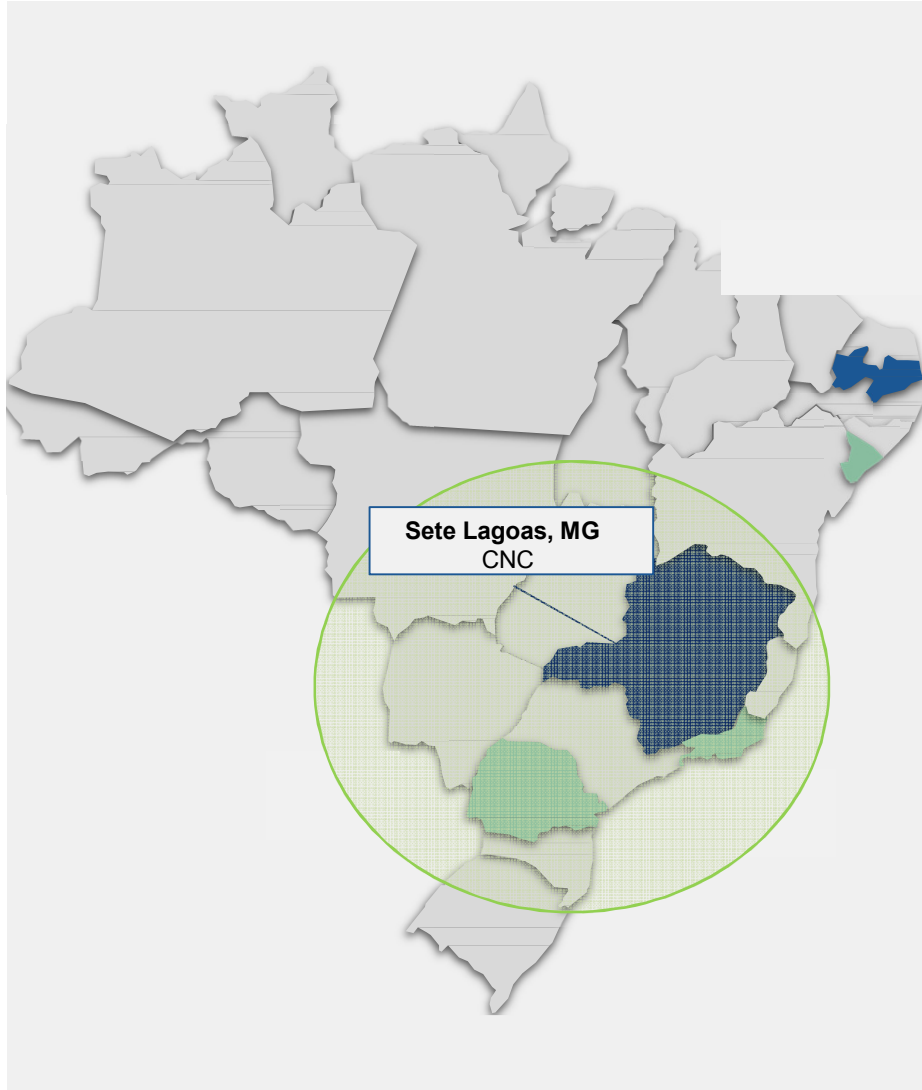
Strategic move: agreement with Grupo Ricardo Brennand (3/6)

- On 6 September, 2018 Buzzi Unicem has signed an agreement with Grupo Ricardo Brennand aimed at acquiring 50% of BCPAR SA, a subsidiary of Brennand Cimentos
- BCPAR SA owns, among other things, two full-cycle cement plants operating in Brazil, one in the North-East region of the country (state of Paraíba) and the other in the South-East (state of Minas Gerais)
- The first step of the agreements entails an outlay by Buzzi Unicem of R\$ 700 million (of which R\$ 350 million for the stake purchase held by the current minority shareholders and R\$ 350 million for the dedicated capital increase) corresponding to approximately € 150 million
- A shareholders' agreement will be signed between the Ricardo Brennand Group and Buzzi Unicem providing for the co-control management rules of the joint venture BCPAR SA, on the basis of an equal participation in the board of directors and the shareholders' meeting. The agreement also entails a Put option (exercisable from 1 January 2023) and a Call option (exercisable from 1 January 2025) referring to the residual ownership interest by Brennand Cimentos (50%)

Strategic move: agreement with Grupo Ricardo Brennand (4/6)

- The exercise price of the options will be established on the basis of the consolidated average EBITDA achieved by BCPAR SA during the three years before the exercise of the option, taking into account the net financial position
- The minimum exercise price of the options is equal to US\$250 million, to which the corresponding portion (50%) of the net financial position at the time of purchase must be added or deducted
- The strike is the same in case of either Put or Call
- The completion of the 100% acquisition, if the option are exercised, will occur no later than 2026
- Closing is expected to take place by 31 December 2018

Strategic move: agreement with Grupo Ricardo Brennand (5/6)

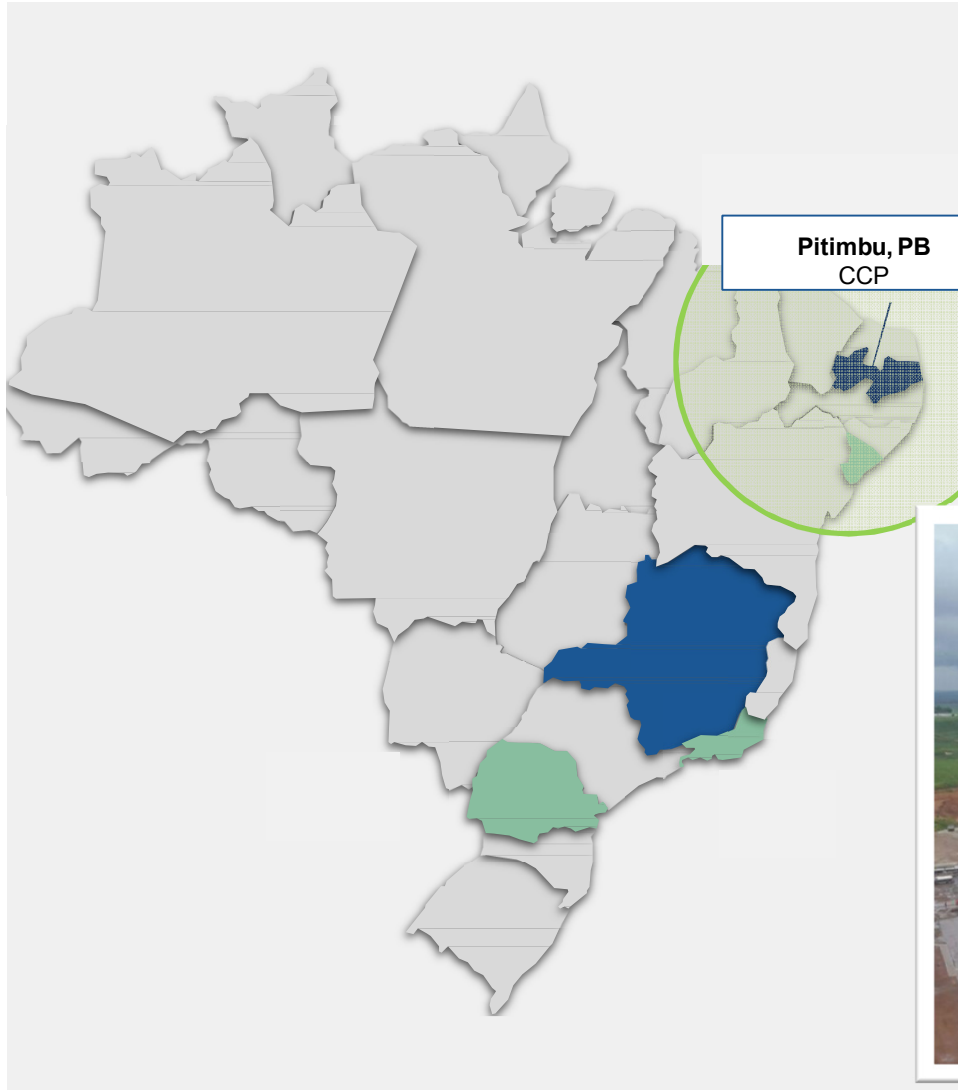


Minas Gerais Cement Plant (CNC):

- **CNC is a complete cement production line**, able to produce clinker (1 rotary kiln) and cement (2 cement mills)
- **Started** its operation in May 2011. The total production capacity is 2.4 million tons of cement per year and 1.2 million tons of clinker per year
- **The plant meets cement demand** of Southeast Region (largest Brazilian Market), part of the South, Mid-West and North



Strategic move: agreement with Grupo Ricardo Brennand (6/6)



Paraíba Cement Plant (CCP):

- **CCP is a complete cement production line**, able to produce clinker (1 rotary kiln) and cement (1 cement mill)
- **Started** its operation in August 2015, with total production capacity of 1.7 million tons of cement per year and 1.4 million tons of clinker per year
- **The plant meets cement demand** of Northeast Region (second largest cement market in Brazil)



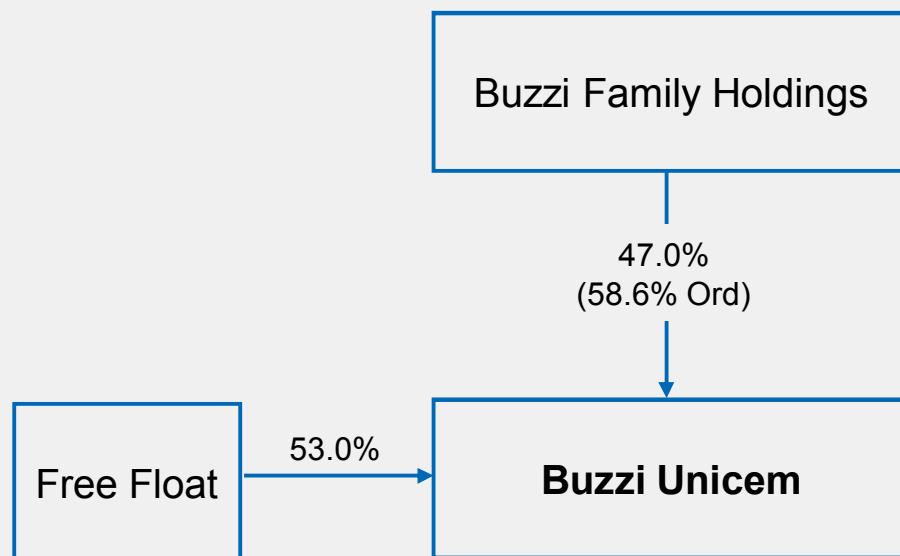
Appendix

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), US (# 4 cement producer), Germany (# 2 cement producer), joint venture in Mexico (# 4 cement producer)
 - 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

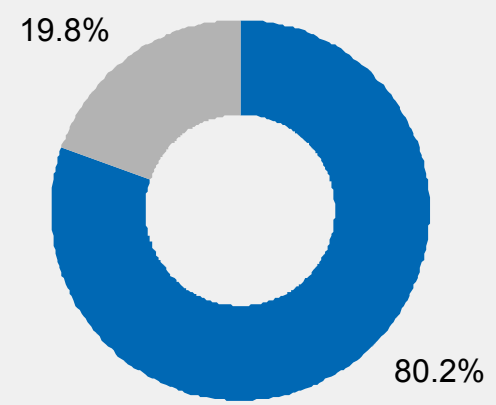
“Value creation through lasting, experienced know-how and operating efficiency”

Ownership structure



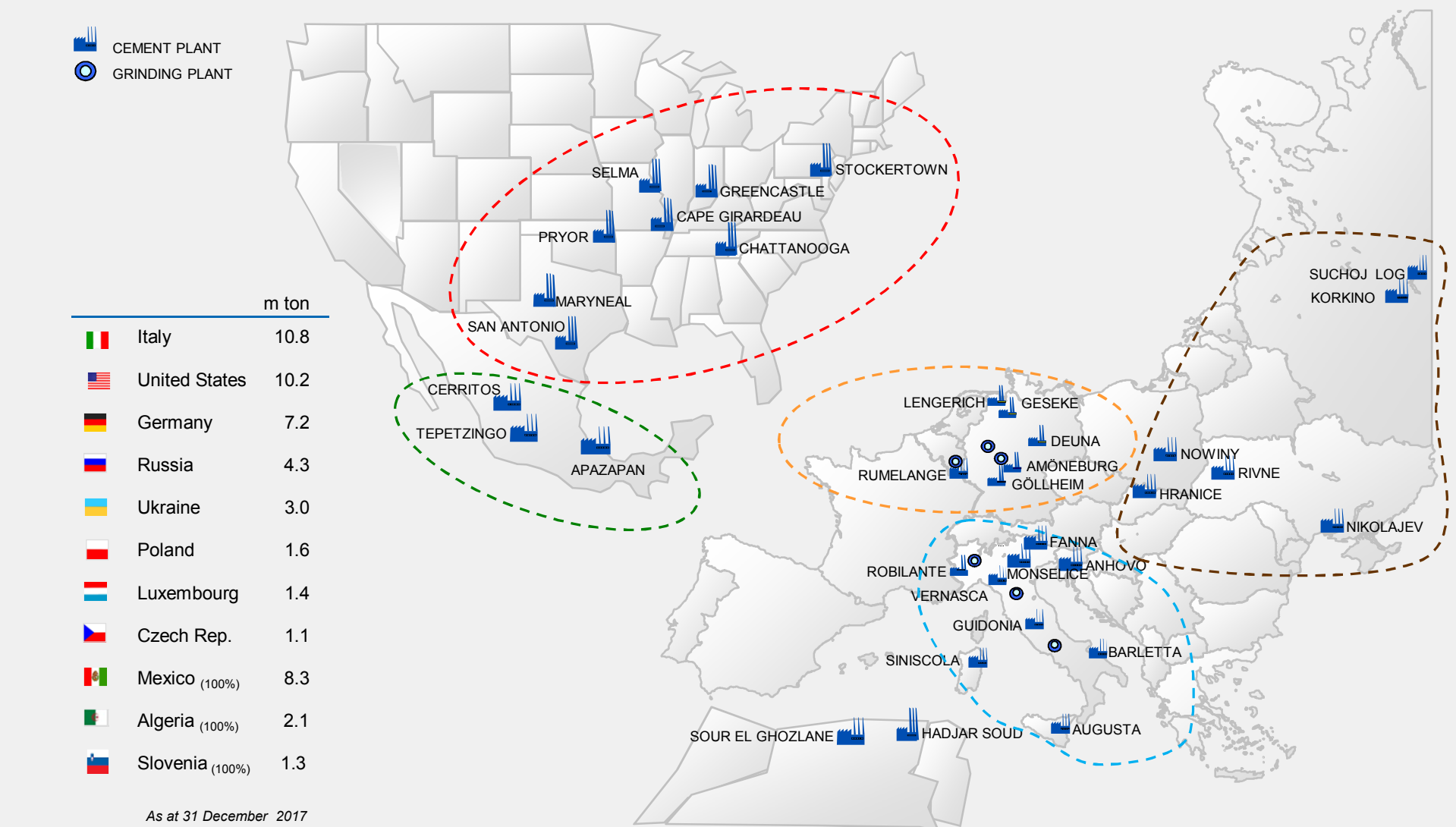
Share capital

■ Ordinary	165,349,149
■ Savings	40,711,949
Total shares	206,061,098



As at 31 December 2017

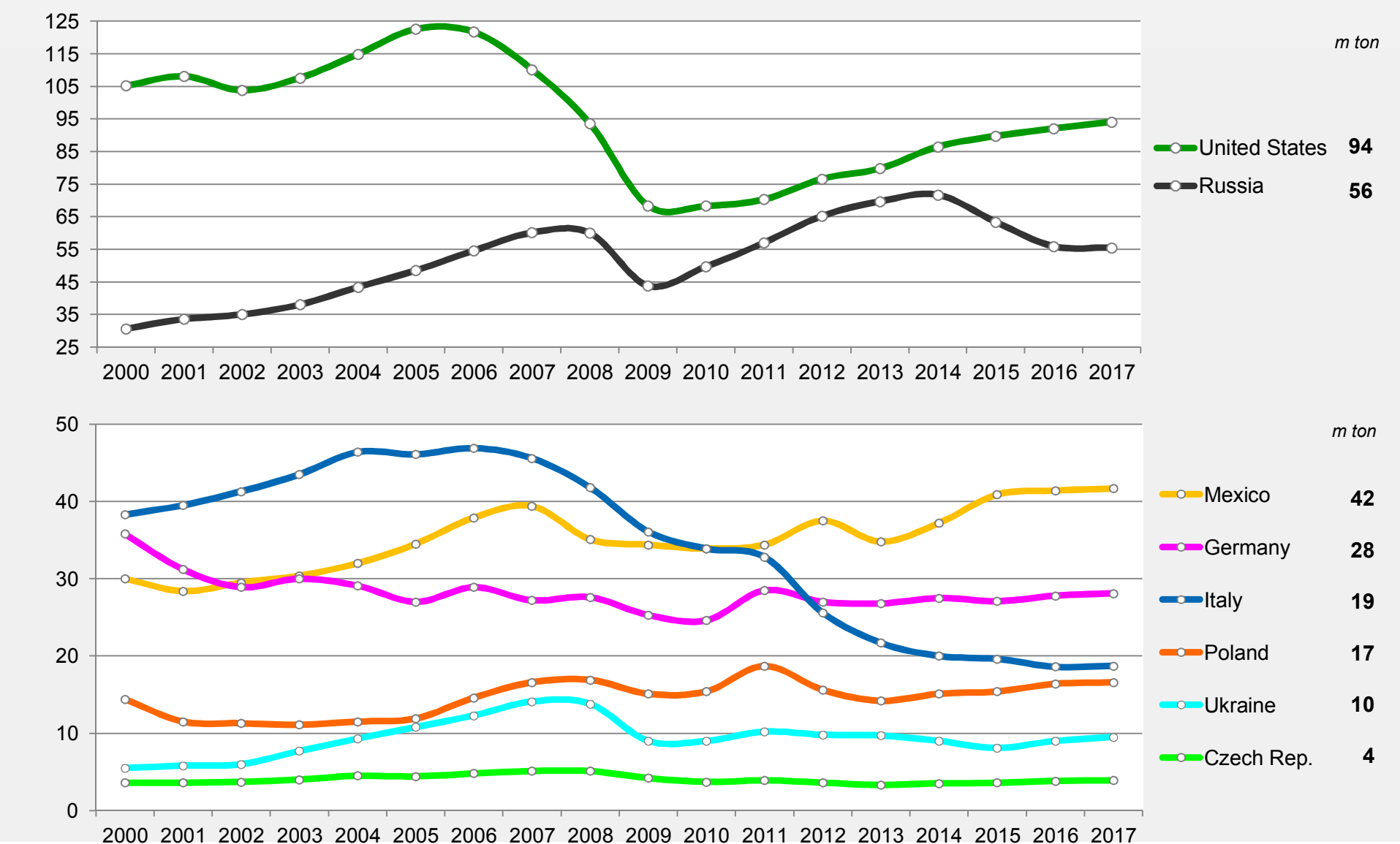
Cement plants location and capacity












2017 Consumption vs. Peak



Historical series of cement consumption by country



Historical EBITDA development by country

EURm		2010	2011	2012	2013	2014	2015	2016	2017
 Italy	EBITDA	32.5	10.3	-5.9	-18.1	-18.7	-37.2	-22.2	-79.7
	margin	5.3%	1.8%	-1.2%	-4.2%	-4.8%	-9.8%	-5.9%	-18.6%
 Germany	EBITDA	76.3	90.3	72.2	108.1	88.6	72.1	76.8	78.1
	margin	13.9%	14.2%	12.0%	18.0%	14.7%	12.6%	13.4%	13.3%
 Lux/ Netherlands	EBITDA	17.0	35.0	8.3	11.5	15.6	19.7	25.8	17.6
	margin	8.3%	15.7%	4.3%	6.3%	9.7%	11.7%	14.7%	9.4%
 Czech Rep/ Slovakia	EBITDA	32.8	35.2	25.4	19.2	27.0	32.6	34.3	36.5
	margin	20.5%	20.5%	17.0%	14.6%	20.2%	24.0%	25.2%	24.7%
 Poland	EBITDA	33.4	36.9	21.8	27.1	18.2	22.7	23.4	24.1
	margin	25.8%	26.6%	20.0%	26.8%	20.4%	20.4%	24.6%	24.9%
 Ukraine	EBITDA	-10.5	6.9	15.8	12.3	11.0	4.0	12.8	16.0
	margin	-12.8%	6.2%	11.8%	10.0%	12.5%	5.7%	16.1%	16.9%
 Russia	EBITDA	39.7	65.7	96.1	92.6	73.4	48.4	43.2	46.0
	margin	32.0%	37.4%	41.0%	37.2%	35.0%	29.0%	28.0%	24.9%
 USA	EBITDA	88.7	71.4	123.9	151.0	207.3	311.7	356.5	369.6
	margin	14.8%	12.8%	18.2%	20.7%	24.2%	28.1%	31.9%	33.0%
 Mexico	EBITDA	77.2	82.6	97.5	77.5	Adoption of IFRS 11			
	margin	36.2%	34.7%	36.2%	33.2%				
Consolidated	EBITDA	387.0	434.3	455.1	481.2	422.7	473.2	550.6	508.2
	margin	14.6%	15.6%	16.2%	17.5%	16.9%	17.8%	20.6%	18.1%