

## Italian Conference 2019

Milan – 27 September 2019

# Executive summary H1 2019

## ▪ Volumes

- Cement stable in Q2 (+0.7%) and up +7.1% YTD (+6.3% lfl)
- Q2 with volume reduction in Poland, Luxembourg, Czech Republic; weak results in Italy and in the USA; instead the trend was positive in Ukraine, Russia and Germany
- Ready mix concrete down 0.5% YTD
- Italy: YTD cement volume up and stable ready-mix
- United States: cement volume up despite significant flooding and logistics issues along the Mississippi river in June. Promising trend for ready mix concrete
- Central Europe: strong cement volumes YTD in Germany; small decline in Luxembourg; ready mix concrete stable in Germany and up in Lux/Ned
- Eastern Europe: well ahead of 2018 with robust progress achieved in Ukraine, Russia, Poland and marginal weakness in the Czech Republic. Ready mix concrete down, particularly in Ukraine and the Czech Republic

## ▪ Prices

- Favorable variances in all countries of operations

## ▪ Foreign Exchange

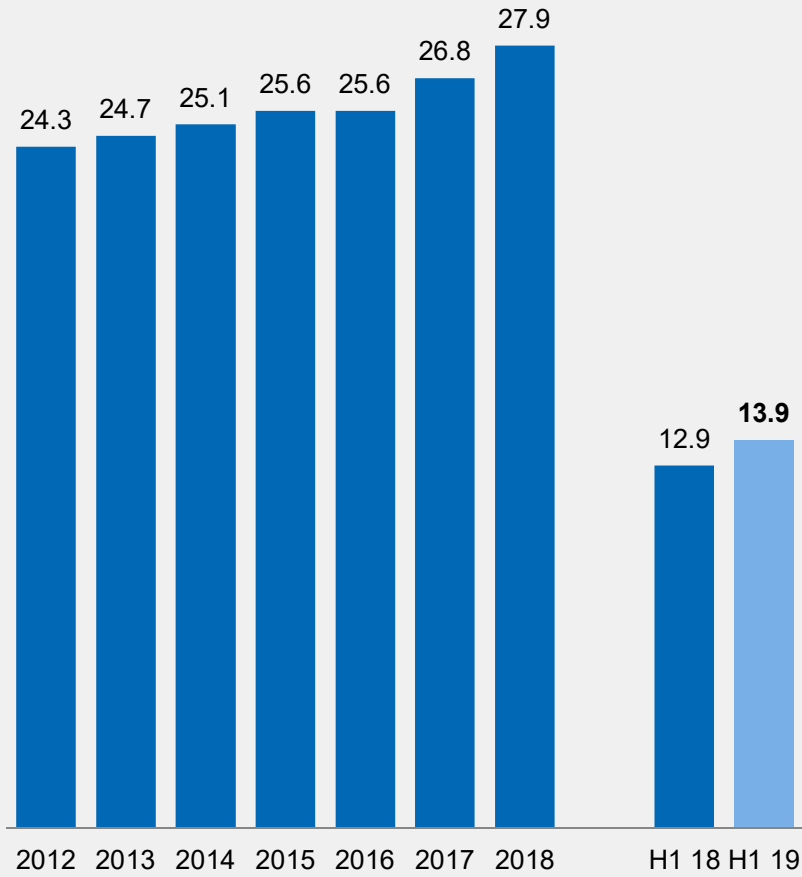
- Positive impact on sales (€m 37.7) and EBITDA (€m 9.0) mainly due to stronger dollar

## ▪ Results

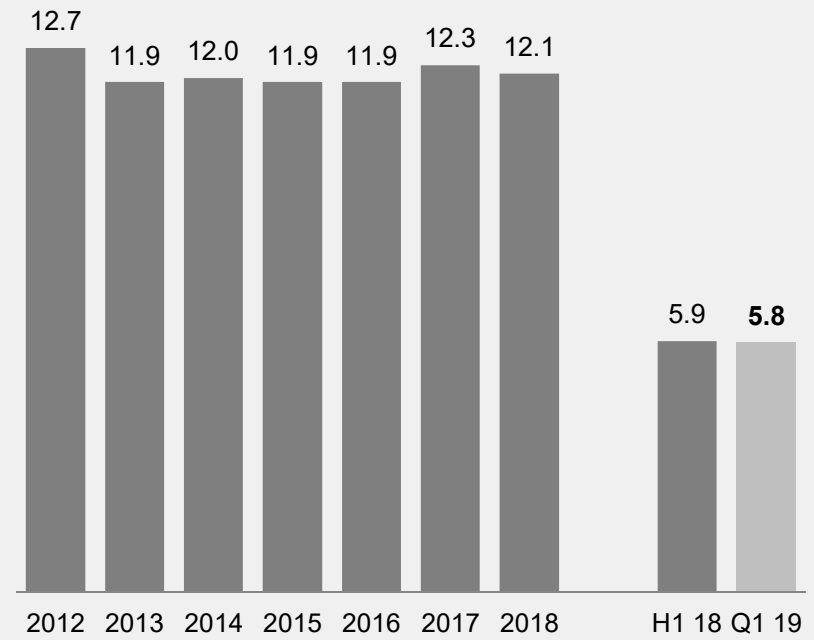
- Net sales at €m 1,518.7 (€m 1,337.4 in 2018), +10.2% like-for-like
- EBITDA at €m 288.6 (recurring €m 276.3) versus €m 227.4 (recurring €m 216.4) in H1 2018

# Volumes

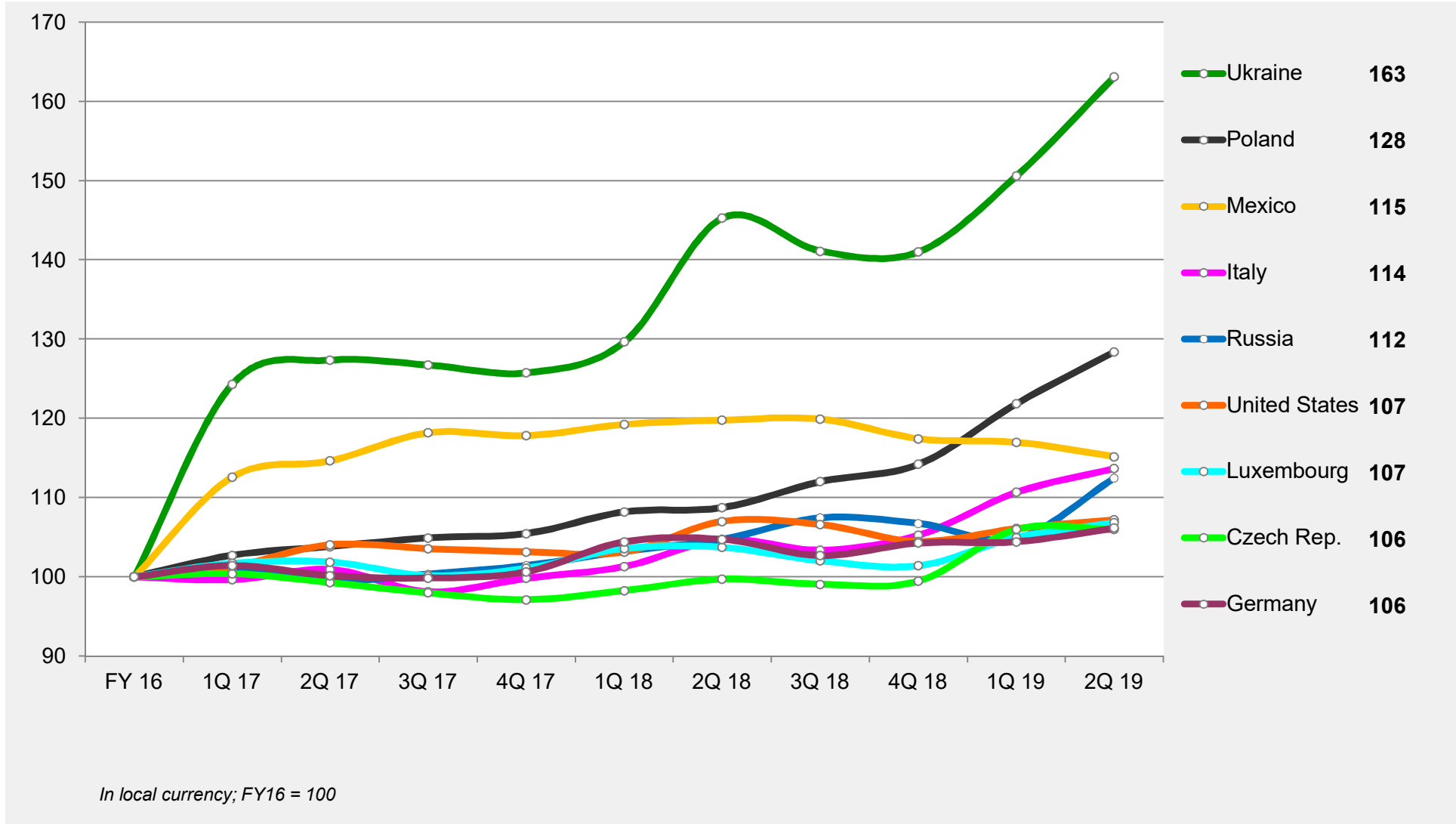
## Cement (m ton)










## Ready-mix concrete (m m3)













# Price index by country













## FX changes

		H1 19	H1 18	Δ	2018	current
EUR 1 =		avg	avg	%	avg	
	USD	1.13	1.21	+6.7	1.18	1.10
	RUB	73.74	71.96	-2.5	74.04	70.02
	UAH	30.42	32.37	+6.0	32.11	26.69
	CZK	25.68	25.50	-0.7	25.65	25.87
	PLN	4.29	4.22	-1.7	4.26	4.38
	MXN	21.65	23.09	+6.2	22.71	21.38
	BRL	4.34	4.14	-4.8	4.31	4.58

## Net sales by country

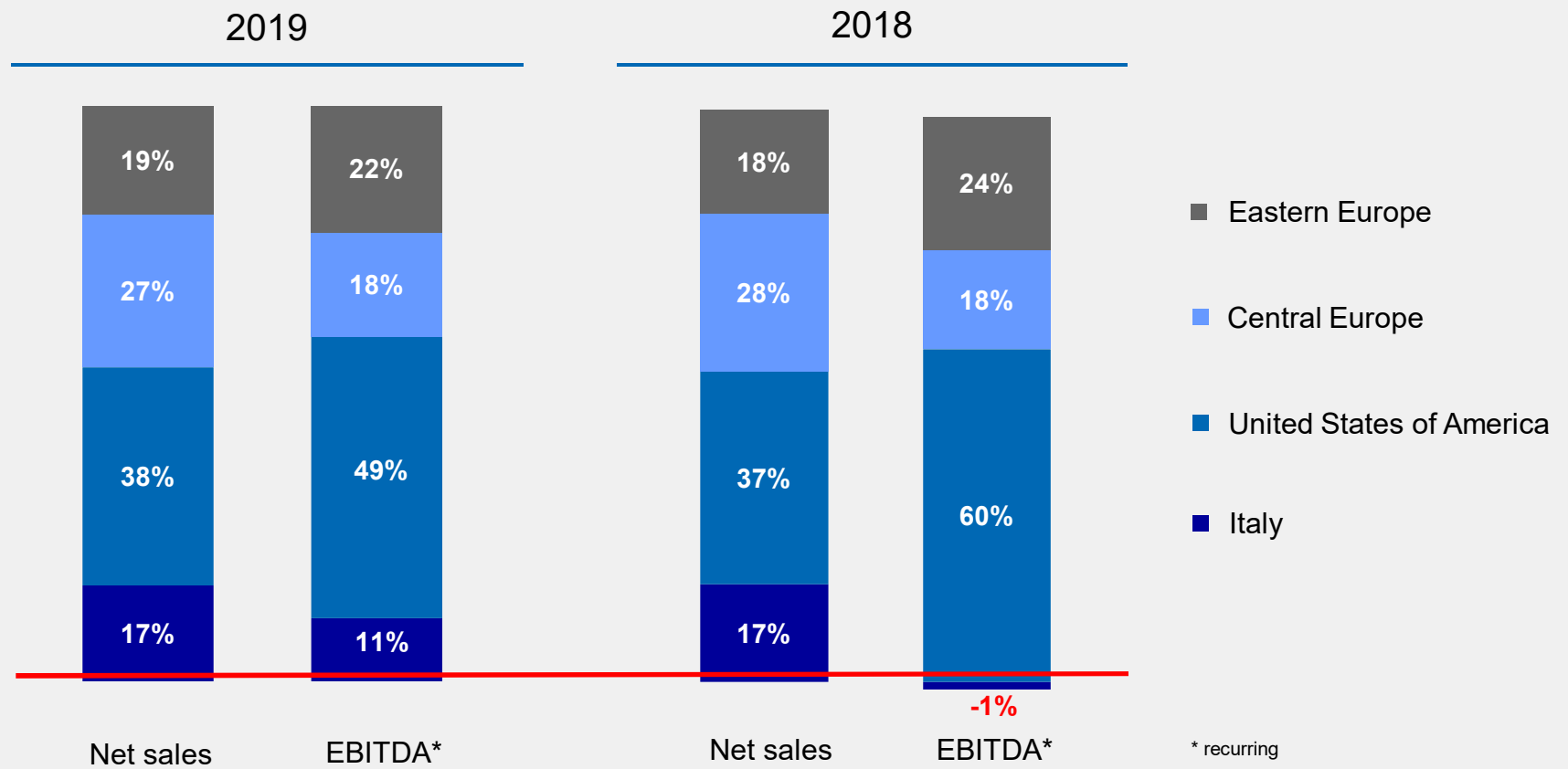
	H1 19	H1 18	Δ	Δ	Forex	Scope	Δ I-f-I
EURm			abs	%	abs	abs	%
 Italy	253.4	227.9	25.5	+11.2	-	-	+11.2
 United States	577.1	498.6	78.5	+15.7	38.4	-	+8.0
 Germany	322.4	287.2	35.2	+12.3	-	7.4	+9.7
 Lux/Netherlands	96.7	96.5	0.2	+0.2	-	-	+0.2
 Czech Rep/Slovakia	74.9	75.7	(0.8)	-1.1	(0.5)	-	-0.5
 Poland	58.2	50.1	8.1	+16.3	(1.0)	-	+18.2
 Ukraine	52.9	35.5	17.4	+48.9	3.2	-	+40.0
 Russia	100.6	82.6	8.0	+21.8	(2.5)	-	+24.8
<i>Eliminations</i>	(17.5)	(16.8)	(0.8)				
<b>Total</b>	<b>1,518.7</b>	<b>1,337.4</b>	<b>181.3</b>	<b>+13.6</b>	<b>37.7</b>	<b>7.4</b>	<b>+10.2</b>
 Mexico (100%)	303.7	315.3	(11.6)	-3.7	18.8	-	-9.6
 Brazil (100%)	65.5	66.8	(1.4)	-2.0	(3.2)	-	+2.7

## EBITDA by country

EURm	H1 19	H1 18	Δ abs	Δ %	Forex abs	Scope abs	Δ I-f-I %
 Italy	32.1	(8.9)	41.1	>100	-	-	>100
 USA	143.0	143.0	-	-	9.5	-	-6.6
 Germany	42.1	24.9	17.2	+69.0	-	1.1	+64.6
 Lux/Netherlands	9.0	8.0	1.0	+12.5	-	-	+12.5
 Czech Rep/Slovakia	17.7	19.3	(1.6)	-8.5	(0.1)	-	-7.8
 Poland	12.5	15.4	(2.9)	-18.8	(0.2)	-	-17.4
 Ukraine	7.1	1.6	5.5	>100	0.4	-	>100
 Russia	24.6	19.6	5.0	+25.4	(0.6)	-	+28.5
<b>Total</b>	<b>288.6</b>	<b>227.4</b>	<b>61.2</b>	<b>+26.9</b>	<b>9.0</b>	<b>1.1</b>	<b>+22.5</b>
recurring	276.3	216.4	59.9	+27.7	8.5	1.1	+23.6
 Mexico (100%)	132.6	153.2	(20.6)	-13.5	8.2	-	-18.8
 Brazil (100%)	7.5	12.6	(5.1)	-40.8	(0.4)	-	-37.9

# Net sales and EBITDA development

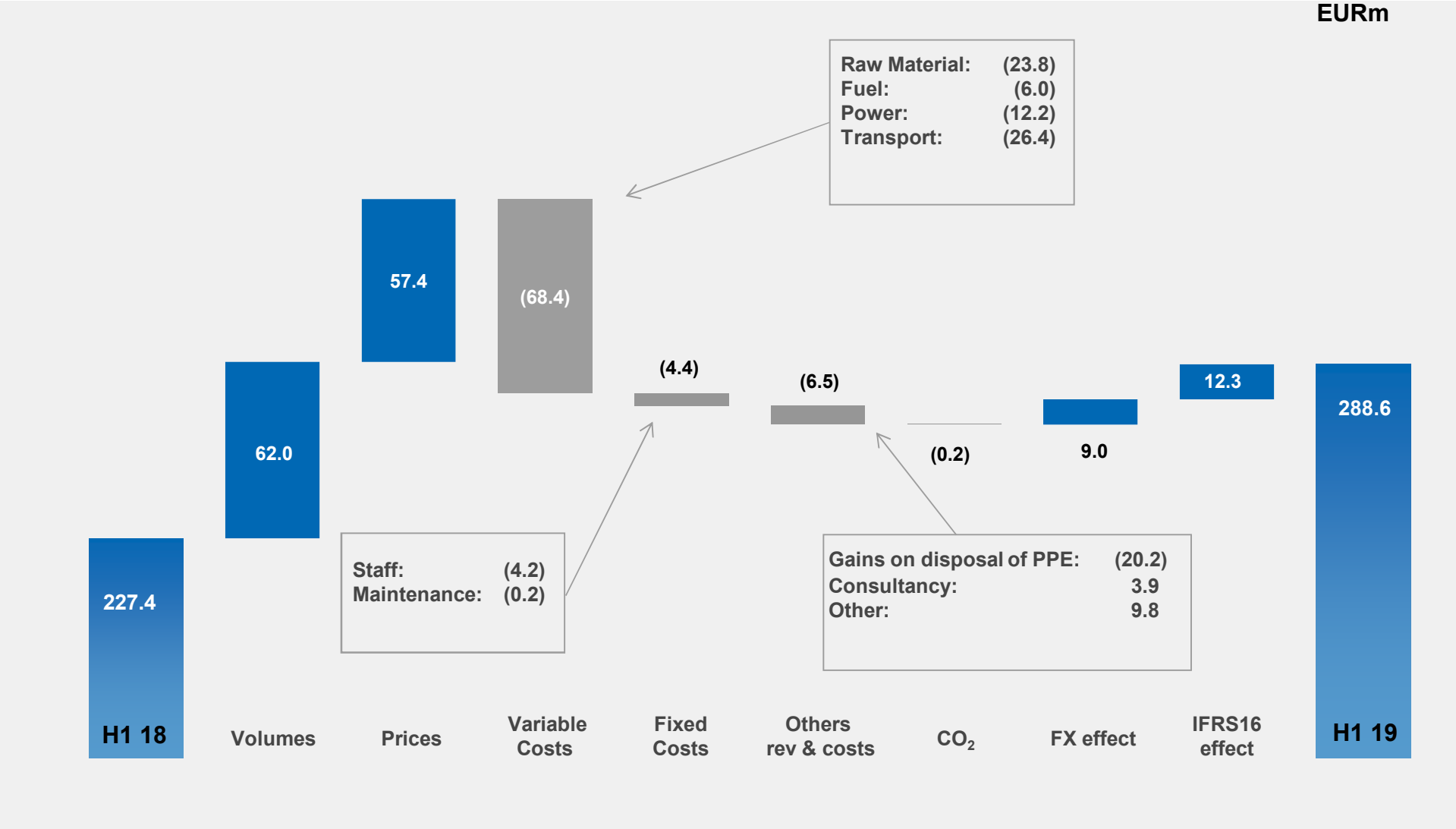
- Italy improving, thanks to higher prices and internal sales of CO<sub>2</sub>
- Decreasing US contribution from 60% to 49% of EBITDA in H1 19 vs H1 18





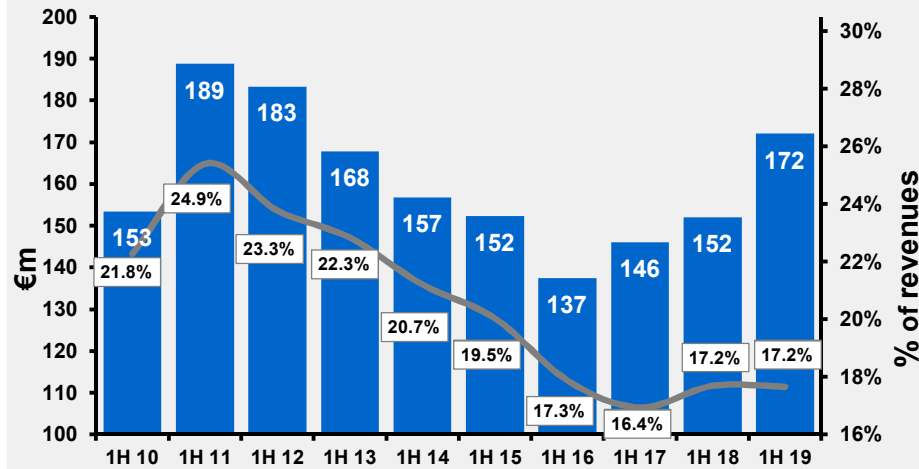
# EBITDA variance analysis

EURm



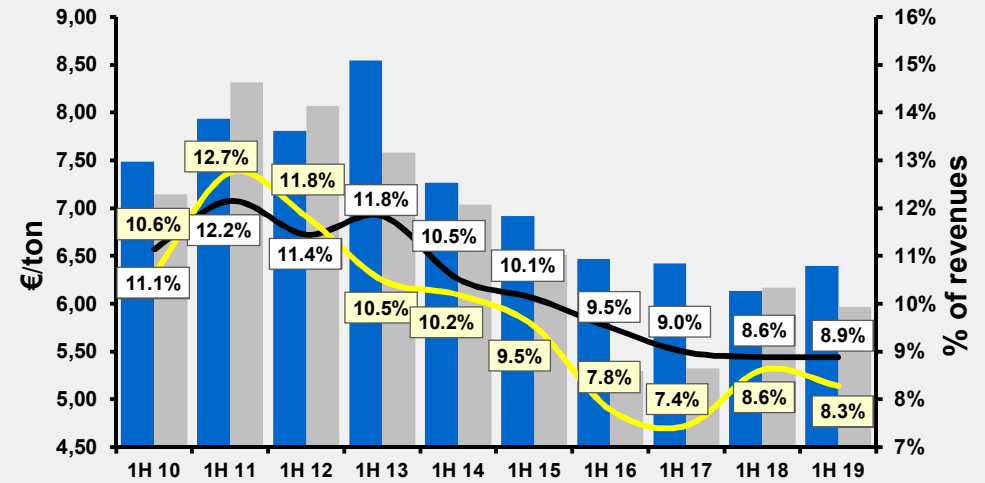
# Energy costs impact

## Total energy



- Energy cost (€m)
- Energy cost / Cement revenues

## Power & Fuel



- Power cost (€/ton)
- Fuel cost / revenues (%)
- Fuel cost (€/ton)
- Power cost / revenues (%)

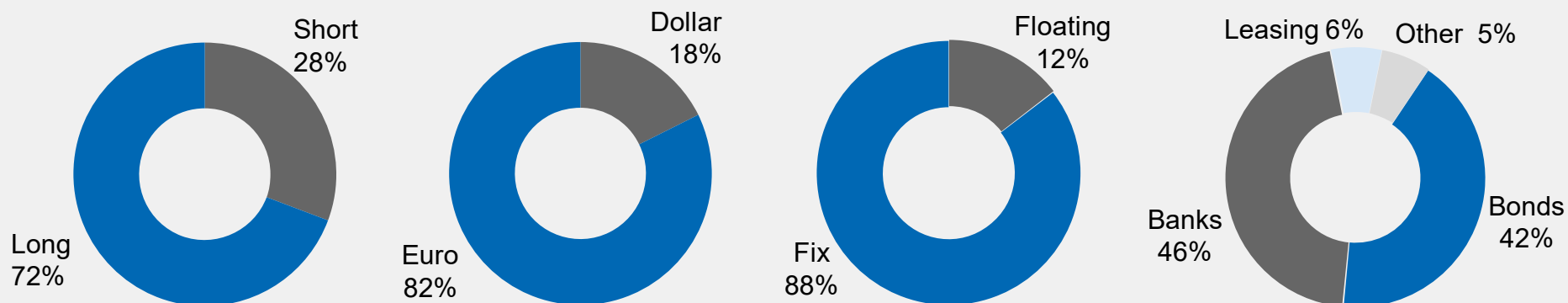
# Consolidated Cash Flow Statement

EURm	H1 19	H1 18	FY 18
<b>Cash generated from operations</b>	<b>195.2</b>	<b>96.0</b>	<b>453.4</b>
<i>% of sales</i>	<i>12.9%</i>	<i>7.2%</i>	<i>15.8%</i>
Interest paid	(19.3)	(15.1)	(45.4)
Income tax paid	(27.5)	(27.7)	(76.4)
<b>Net cash by operating activities</b>	<b>148.4</b>	<b>53.2</b>	<b>331.6</b>
<i>% of sales</i>	<i>9.8%</i>	<i>4.0%</i>	<i>11.5%</i>
Capital expenditures	(126.3)	(107.8)	(215.3)
Equity investments	(0.5)	(54.5)	(228.5)
Purchase of treasury shares			(118.7)
Repayment of convertible bond	114.8		
Adoption of IFRS 16	(93.7)		
Dividends paid	(26.8)	(28.3)	(28.6)
Dividends from associates	49.1	51.9	80.9
Disposal of fixed assets and investments	5.7	26.3	45.2
Translation differences and derivatives	(0.9)	27.9	90.1
Accrued interest payable	(4.5)	(5.7)	3.5
Interest received	0.8	6.4	14.4
Change in consolidation area and other	(3.6)	(0.9)	(2.6)
<b>Change in net debt</b>	<b>71.5</b>	<b>(31.6)</b>	<b>(28.0)</b>
<b>Net financial position (end of period)</b>	<b>(819.0)</b>	<b>(894.0)</b>	<b>(890.5)</b>































# Net Financial Position

	Jun 19	Dec 18	Δ	Jun 18
EURm	abs			
Cash and other financial assets	639.2	450.7	188.6	772.1
Short-term debt	(389.7)	(387.1)	(2.6)	(430.2)
Short-term leasing	(21.4)	(0.2)	(21.2)	(0.2)
<b>Net short-term cash</b>	<b>228.1</b>	<b>63.4</b>	<b>164.8</b>	<b>341.7</b>
Long-term financial assets	3.3	4.3	0.9	4.5
Long-term debt	(978.4)	(956.4)	22.0	(1,238.3)
Long-term leasing	(72.1)	(1.7)	(70.3)	(1.9)
<b>Net debt</b>	<b>(819.0)</b>	<b>(890.5)</b>	<b>71.5</b>	<b>(894.0)</b>

## Gross debt breakdown (€m 1,461.5)



# Expected trading in 2019

	$\Delta$ Volume	$\Delta$ Price
 Italy		
 United States of America		
 Germany		
 Luxembourg		
 Czech Republic		
 Poland		
 Ukraine		
 Russia		
 Mexico		
 Brazil		

Prices in local currency

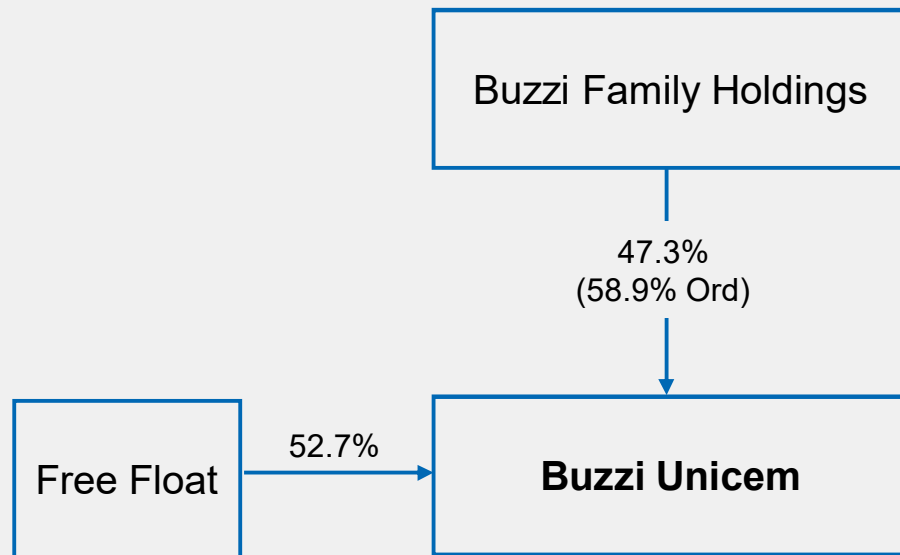
# Appendix

## 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), joint venture 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”***

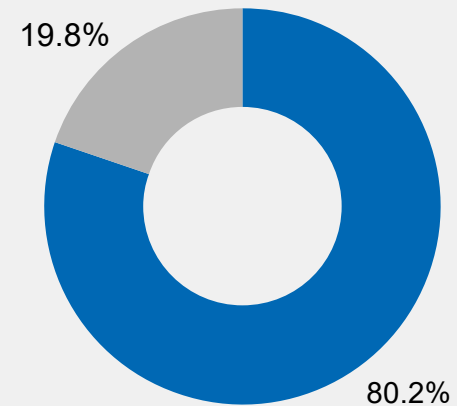
# Shares & Shareholders



**Share capital**

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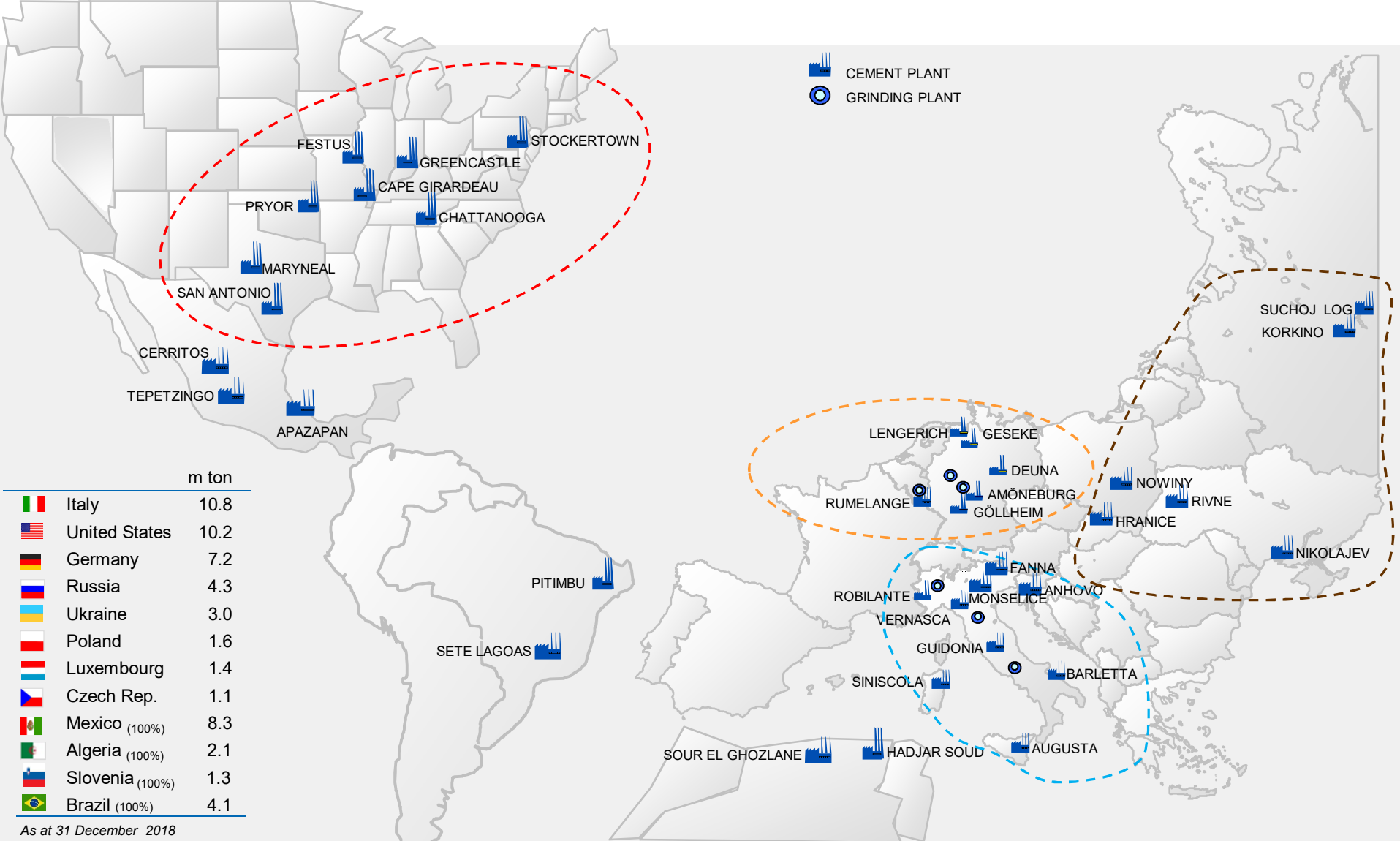
■ Ordinary	165,349,149
■ Savings	40,711,949
<b>Total shares</b>	<b>206,061,098</b>



As at 31 August 2019



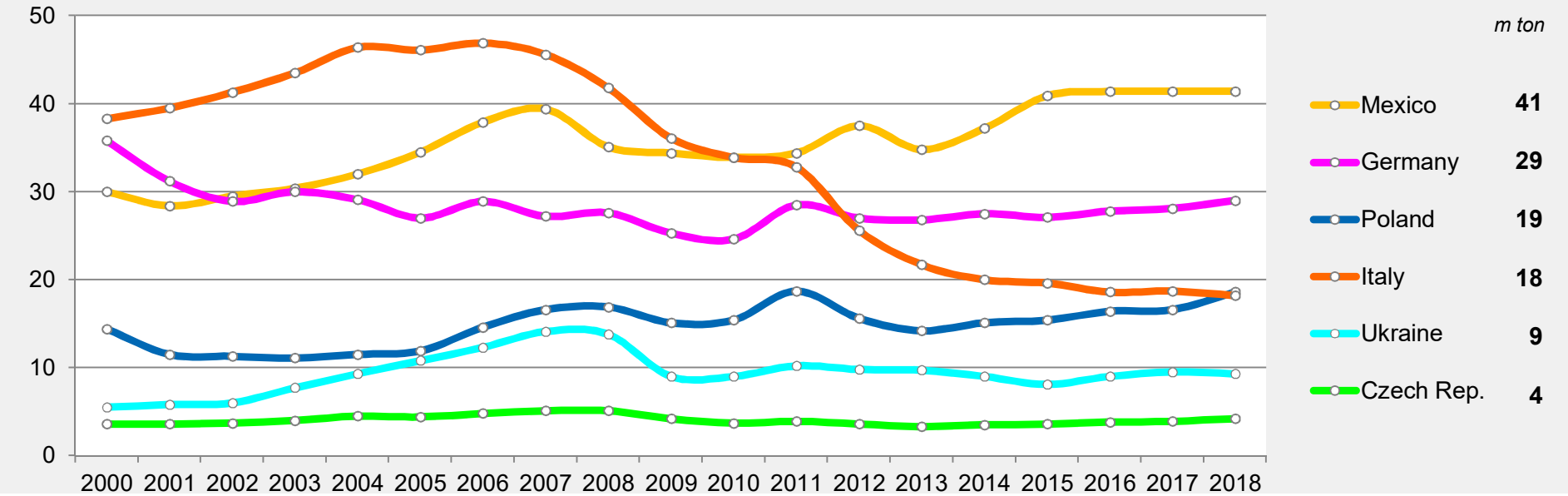
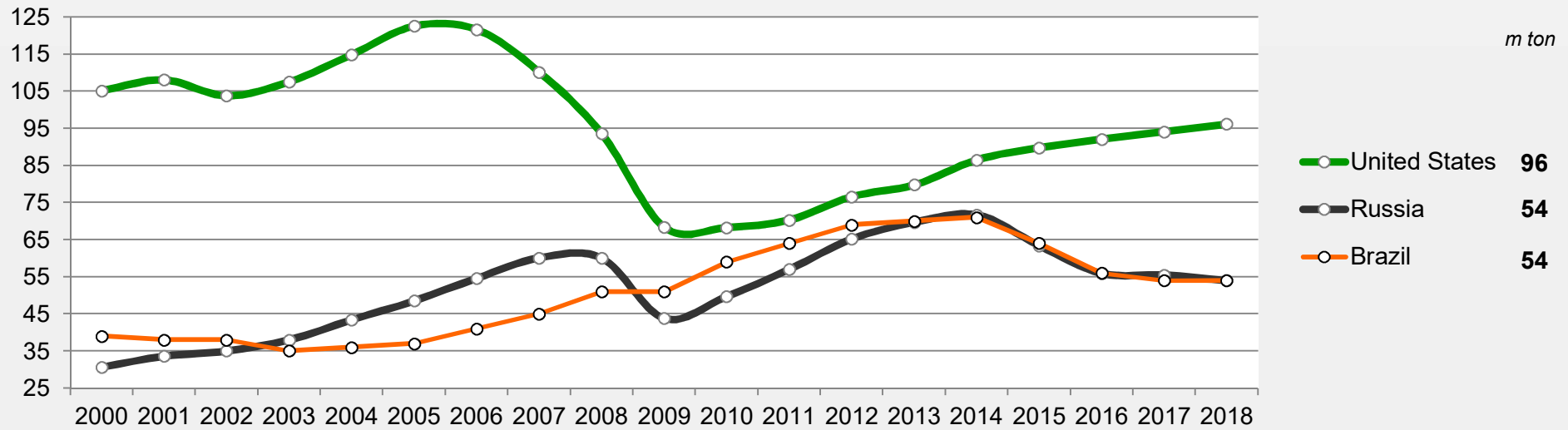
# Cement plants location and capacity












# 2018 Consumption vs. Peak



# Historical series of cement consumption by country



## Historical EBITDA development by country

EURm		2011	2012	2013	2014	2015	2016	2017	2018	
 Italy	EBITDA	10.3	-5.9	-18.1	-18.7	-37.2	-22.2	-79.7	-1.7	
	margin	1.8%	-1.2%	-4.2%	-4.8%	-9.8%	-5.9%	-18.6%	-0.4%	
 Germany	EBITDA	90.3	72.2	108.1	88.6	72.1	76.8	77.9	82.5	
	margin	14.2%	12.0%	18.0%	14.7%	12.6%	13.4%	13.3%	13.0%	
 Lux/ Netherlands	EBITDA	35.0	8.3	11.5	15.6	19.7	25.8	17.6	23.1	
	margin	15.7%	4.3%	6.3%	9.7%	11.7%	14.7%	9.4%	11.7%	
 Czech Rep/ Slovakia	EBITDA	35.2	25.4	19.2	27.0	32.6	34.3	36.6	43.6	
	margin	20.5%	17.0%	14.6%	20.2%	24.0%	25.2%	24.7%	26.5%	
 Poland	EBITDA	36.9	21.8	27.1	18.2	22.7	23.4	24.2	31.9	
	margin	26.6%	20.0%	26.8%	20.4%	20.4%	24.5%	24.9%	28.6%	
 Ukraine	EBITDA	6.9	15.8	12.3	11.0	4.0	12.8	16.0	7.0	
	margin	6.2%	11.8%	10.0%	12.5%	5.7%	16.1%	16.9%	8.0%	
 Russia	EBITDA	65.7	96.1	92.6	73.4	48.4	48.2	46.0	50.1	
	margin	37.4%	41.0%	37.2%	35.0%	29.0%	28.0%	24.9%	27.0%	
 USA	EBITDA	71.4	123.9	151.0	207.3	311.7	356.5	369.6	341.2	
	margin	12.8%	18.2%	20.7%	24.2%	28.1%	31.9%	33.0%	31.9%	
 Mexico	EBITDA	82.6	97.5	77.5	Adoption of IFRS 11					
	margin	34.7%	36.2%	33.2%						
<b>Consolidated</b>	<b>EBITDA</b>	<b>434.3</b>	<b>455.1</b>	<b>481.2</b>	<b>422.7</b>	<b>473.2</b>	<b>550.6</b>	<b>508.2</b>	<b>577.2</b>	
	<b>margin</b>	<b>15.6%</b>	<b>16.2%</b>	<b>17.5%</b>	<b>16.9%</b>	<b>17.8%</b>	<b>20.6%</b>	<b>18.1%</b>	<b>20.1%</b>	