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Oggetto : Board of Directors examines preliminary consolidated results for 2021 and approves the 2022-2024 Industrial Plan update

Testo del comunicato

Vedi allegato.

PRESS RELEASE

Cementir Holding: Board of Directors examines preliminary consolidated results for 2021 and approves the 2022-2024 Industrial Plan update

- Revenue at the record level of EUR 1,360.0 million, up by 11% compared to 2020
- EBITDA at the record level of EUR 311.0 million, up by 17.9% on 2020. Recurring EBITDA of EUR 300 million, up by 14% on 2020
- EBIT up by 25.8% to EUR 197.8 million
- Net financial debt down to EUR 40.4 million (EUR 122.2 million at 31 December 2020)
- 2024 Industrial Plan targets: revenue to around EUR 1.65 billion, EBITDA at around EUR 350 million, Net cash position over EUR 300 million
- Green capex to EUR 97 million; CO₂ emissions targets by 2030 are confirmed
- Dividend expected to grow over time, with a dividend payout ratio between 20 and 25%

Rome, 8 February 2022 – The Board of Directors of Cementir Holding N.V., chaired by Francesco Caltagirone Jr., today examined the preliminary unaudited consolidated results as at 31 December 2021.

Please note that the complete, definitive results for 2021 are currently being reviewed by the external auditor and will be examined and approved by the Board of Directors at its meeting scheduled for 9 March.

Financial highlights

(Euro millions)	2021	2020	Change %
Revenue from sales and services	1,360.0	1,224.8	11.0%
EBITDA	311.0	263.7	17.9%
<i>EBITDA/Revenue from sales and services %</i>	22.9%	21.5%	
EBIT	197.8	157.2	25.8%

Sales volumes

('000)	2021	2020	Change %
Grey, White cement and Clinker (metric tonnes)	11,156	10,712	4.1%
Ready-mixed concrete (m ³)	5,093	4,435	14.8%
Aggregates (metric tonnes)	11,052	10,222	8.1%

Net financial debt

(millions of euros)	31-12-2021	31-12-2020
Net financial debt	40.4	122.2

Group employees

	31-12-2021	31-12-2020
Number of employees	3,083	2,995

“2021 marked for Cementir the year of the historic record of Revenues and EBITDA despite the uncertainties related to the pandemic crisis, the substantial increase in energy costs, materials and services and the devaluation of the Turkish lira. The Group has achieved excellent results, with revenues up 11% and EBITDA on a recurring basis up 14%, demonstrating the resilience of its business model. Cash generation, which reached around EUR 120 million, allowed us to reduce net financial debt by approximately 73 million, net of the IFRS 16 impact, to distribute 21.9 million of dividends and to invest 24.8 million in a share buyback.

The new 2022-2024 Industrial Plan will continue to be centered around ESG as our medium-long term strategy, integrating ESG more and more into our business model and not limiting our commitment only to mitigating the impact on the environment.” commented Francesco Caltagirone Jr, Chairman and Chief Executive Officer.

During 2021, cement and clinker **sales volumes** reached 11.2 million tonnes, up 4.1% compared to 2020 thanks to a favourable trend in all countries.

Sales volumes of ready-mixed concrete, equal to 5.1 million cubic metres, increased by 14.8% mainly due to Turkey and, to a lesser extent, Denmark and Norway.

In the aggregates segment, sales volumes reached 11.1 million tonnes, up 8.1%.

Group **revenue** set the historical record of EUR 1,360.0 million, up 11% compared to EUR 1,224.8 million in 2020. At constant 2020 exchange rates, revenue would have been equal to EUR 1,399.5 million, an increase of 14.3% on the previous year.

Also, **EBITDA** hit an historical record of EUR 311.0 million, up by 17.9% compared to EUR 263.7 million in 2020, following better results achieved in all countries except Denmark and Malaysia. This result includes around EUR 11 million of net non-recurring income related to real estate. Excluding these non-recurring items, EBITDA would have been EUR 300 million, up 14.0% on 2020 recurring EBITDA. At constant exchange rates with 2020, EBITDA would have reached € 319.0 million.

The EBITDA margin was 22.9% compared to 21.5% in 2020.

EBIT, after EUR 113.2 million of amortization, depreciation, impairment losses and provisions (EUR 106.6 million in 2020), amounted to EUR 197.8 million, up 25.8% compared to EUR 157.2 million in the previous year.

At constant exchange rates EBIT would have reached EUR 203.5 million.

The Group made **investments** of EUR 79.6 million, on top of which further EUR 19.5 million relate to the application of IFRS 16 accounting standard. For 2020, the corresponding amounts were equal to EUR 55.7 million and 30.2 million, respectively.

Net financial debt as at 31 December 2021 was EUR 40.4 million, a reduction of EUR 81.8 million compared to EUR 122.2 million as at 31 December 2020. This amount includes EUR 76.0 million due to the application of IFRS 16 (EUR 85.3 million as at 31 December 2020), dividends distribution of EUR 21.9 million, EUR 24.8 million of share buyback and the acquisition of an aggregates business in Turkey for approximately EUR 4 million.

Performance in the fourth quarter of 2021

Financial highlights

(Euro millions)	Oct-Dec 2021	Oct-Dec 2020	Change %
Revenue from sales and services	351.7	328.0	7.2%
EBITDA	95.9	85.7	11.9%
<i>EBITDA/Revenue from sales and services %</i>	<i>27.3%</i>	<i>26.1%</i>	
EBIT	64.5	59.5	8.4%

Sales volumes

('000)	Oct-Dec 2021	Oct-Dec 2020	Change %
Grey, White cement and Clinker (metric tonnes)	2,826	3,011	-6.1%
Ready-mixed concrete (m ³)	1,326	1,312	1.1%
Aggregates (metric tonnes)	2,793	2,708	3.1%

In the fourth quarter of 2021, cement and clinker **sales volumes** reached 2.8 million tonnes, down by 6.1% compared to the fourth quarter of 2020, mainly because of Turkey.

Ready-mixed concrete sales volumes of the, equal to 1.3 million cubic metres, were up by 1.1% thanks to the positive trend in Belgium and Turkey.

Aggregates sales volumes reached 2.8 million tonnes, up 3.1% mainly as a result of the contribution of Turkey.

Revenue from sales was EUR 351.7 million, up 7.2% compared to EUR 328.0 million in the fourth quarter of 2020, with a positive development in all geographical areas with the exception of Sweden and Malaysia.

EBITDA, equal to EUR 95.9 million, including EUR 11.1 million of net non-recurring income, increased by 11.9% compared to EUR 85.7 million in the fourth quarter of 2020. Recurring EBITDA was EUR 84.8 million, up 6% on last year comparable figure (EUR 80 million).

EBIT amounted to EUR 64.5 million up 8.4% on EUR 59.5 million of the fourth quarter of 2020.

2022-2024 Industrial Plan update

The Board of Directors has reviewed and approved the three-year Group Industrial Plan update for the period 2022-2024 and the 2022 budget. In continuity with the previous one, the new Plan confirms a renewed commitment to sustainable growth, aiming to mitigate the impact on the environment, foster product innovation and seek operational excellence, as tools to continue to grow and generate higher returns.

The results achieved in 2021 have shown that the Group's business model is resilient and capable of combining sustainability and profitability.

The Industrial Plan is based on five **strategic priorities**:

- **Sustainability**

Cementir has defined specific medium and long-term sustainability objectives in line with the United Nations Sustainable Development Goals to: promote the circular economy, reduce the impact on the environment, give value to people and communities and promote health and safety in the workplace.

By 2030, the Group aims to reduce CO₂ emissions (scope 1) by 30% compared to 1990 levels. The 2030 objectives have been validated by the Science Based Target initiative and are consistent with the goal of maintaining global warming "well below 2°C". As part of the 2030 roadmap, significant investments in sustainability are planned, of which EUR 116 million will fall in the 2022-2025 period.

These investments will include, among others: the construction of a new kiln at our Belgian plant in order to increase alternative fuels use from current 40% to 80%; the switch to natural gas and biogas in some plants; the extension of district heating and other energy efficiency projects. There are also initiatives to reduce transport climate change impact and make the best possible use of water resources.

It should be noted that the new kiln in Belgium, originally scheduled for 2021, has been postponed by one year due to delays attributable to the pandemic, to the increase in raw materials cost, to the unavailability of resources and lack of supplies.

- **Innovation**

The Group plans to significantly increase the production low carbon cement such as Futurecem™, which enables clinker content reduction and therefore CO₂ emissions reduction by approximately 30%. Other sustainable and high value-added products at an advanced stage of development and commercialization include: Ultra-High-Performance Concrete (UHPC), Glass-Fiber Reinforced Concrete (GFRC), concrete for 3D printing. Some pilot projects are also being undertaken in Carbon Capture, Usage and Storage, with the participation of leading industrial and technological partners.

- **Improve competitiveness**

The digitalization of all processes will continue with the introduction of digital technologies to increase efficiency and quality of products and services provided. Digital transformation focuses on the entire value chain, from procurement to production processes, maintenance, logistics and corporate functions.

Further initiatives aimed at improving efficiency and containing costs will be implemented in all geographic areas, with particular attention to lean manufacturing, logistics and maintenance.

- **Growth and positioning**

Besides the consolidation of its leadership in white cement globally, the Group will remain ready to seize any acquisition opportunities in the core businesses to improve its industrial and competitive positioning.

Trading activity is also expected to grow over the three-year Plan in order to optimize purchases and logistics of raw materials, fuels, spare parts and finished products.

- **Human capital**

The Group's commitment will be focused on health and safety with the initiatives envisaged by the Zero Accidents program, on the development of human capital and the enhancement of skills through an integrated system of evaluation and growth of people to improve individual and the entire organization performance.

Plan 2022-2024: main performance and financial targets

The Plan envisages the achievement of the following targets in 2024:

(EUR million)	Actual unaudited 2021	2024 Target
Revenue (billion)	1.36	~ 1.65
EBITDA recurring	300	~350
Average yearly capex (including green capex)	79.6	104
(Net financial debt) / Net cash end period	-40.4	>300
Net financial debt / EBITDA	0.1x	n.a.

- **Revenue expected to reach EUR 1.65 billion**, with an annual average growth rate (CAGR) of 6.7%. An increase in the sales volumes of cement, ready-mixed concrete and aggregates is expected in all geographical areas, with price increases especially in the cement sector in the course of 2022, to offset the significant increase in energy, raw material and logistics costs.
- **EBITDA¹ to reach around EUR 350 million**, with an annual average growth rate (CAGR) of about 5%. EBITDA is expected to grow in all geographical areas with the exception of Turkey. Among the Plan assumptions there is a double-digit increase in the cost of fuels and electricity and an average yearly CO₂ shortage of approximately 500,000 tons, whose economic impact is mitigated by an indexed mechanism between product pricing and extra CO₂ cost.
- **Annual capex of approximately EUR 72 million** directed towards developing production capacity, maintaining plant efficiency and safety.
- **Cumulative Green capex of EUR 97 million**, for specific sustainability projects enabling, among others, CO₂ emissions reduction in line with Group's objectives.

The expected cash generation driven by improved results and working capital optimization will allow to reach a 2024 net cash position of over EUR 300 million.

¹ EBITDA excludes non recurring items

Finally, the Plan assumes the distribution of a growing dividend, corresponding to a payout ratio between 20% and 25%.

Outlook for 2022

For the year 2022, the Group expects to achieve consolidated revenues of over EUR 1.5 billion, EBITDA between EUR 305 and 315 million and net cash position of approximately EUR 60 million at the end of the period, after EUR 95 million investments.

This forward-looking indication does not include any resurgence of the Covid-19 pandemic in the coming months.

The foregoing reflects the view of the company's management only, and does not represent a guarantee, a promise, an operational suggestion or even just an investment advice. It should therefore not be taken as a forecast on future market trends and of any financial instruments concerned.

* * *

Preliminary results for 2022 and 2022-2024 Industrial Plan update will be presented to the financial community in a **conference call** to be held today, Tuesday 8 February, at 5.30 pm (CET). Dial-in numbers are as follows:

Italy: +39 02 802 09 11
UK: + 44 1 212 81 8004

USA: +1 718 7058796
USA (freephone): 1 855 2656958

The supporting presentation will be made available on the website www.cementirholding.com in the Investors section before the start of the conference call.

Disclaimer

This press release contains forward-looking statements. These statements are based on current expectations and projections of the Group regarding future events and, by their very nature, are exposed to inherent risks and uncertainties. These statements relate to events and depend on circumstances that may or may not occur or exist in the future. Accordingly, readers should not to place undue reliance on them. Actual results may differ materially from those stated due to multiple factors, including: the volatility and deterioration of capital and financial markets, changes in commodity prices, changes in macroeconomic conditions and economic growth and other changes in business conditions, changes in atmospheric conditions, floods, earthquakes or other natural disasters, changes in the regulatory and institutional framework (both in Italy and abroad), production difficulties, including constraints on the use of plants and supplies and many other risks and uncertainties, most of which are outside the Group's control.

*In addition to conventional financial indicators under IFRS, the Cementir Holding Group also uses a number of **alternative performance indicators** to allow a better assessment of earnings and financial performance. In line with Consob Communication 92543/2015 and the ESMA Guidelines (ESMA/2015/1415), the meaning and content of the indicators used in this press release are provided below.*

- *EBITDA: an indicator of operating performance calculated by adding together "EBIT" and "Amortisation, depreciation, impairment losses and provisions";*
- *Net financial debt: an indicator of financial structure calculated according to Consob Communication 6064293/2006, as the sum of the items:
 - o *current financial assets;*
 - o *cash and cash equivalents;*
 - o *Current and non-current liabilities.**
- *Net capital invested: calculated as the total amount of non-financial assets, net of non-financial liabilities.*

CEMENTIR HOLDING N.V. is an international manufacturer of grey and white cement, ready-mixed concrete, aggregates and concrete products, exporting to over 70 countries worldwide. As global leader in white cement, the Group employs approximately 3,000 people in 18 countries.

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