



BUSINESS PLAN 2018-2020

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Cementir Group changed over the past two years...

- Substantial M&A activity over the last 20 months for a total value of over 800 M€
 - Acquisition of Sacci completed of 29 July 2016 for 125 M€
 - Acquisition of the Group *Compagnie des Ciments Belges (CCB)*, completed on 25 October 2016 for 312 M€
 - Sale of all assets and activities in Italy (including Sacci), executed on 2 January 2018 for 315 M€
 - Acquisition of an additional 38.75% stake in Lehigh White Cement Company, completed on 29 March 2018 for 107 M\$ (approx. 87 M€)

100% of Group's revenue being realized abroad from 2018

...better diversification and leading market positions

- Greater stability of results and reduction of the risk profile due to:
 - Exit from the Italian market, after years of losses
 - Decreased exposure to the Turkish and Egyptian markets
- Leader market positions:
 - Global leadership in white cement
 - Market leader in Denmark
 - Market leader in ready-mixed concrete in Scandinavia
 - Third player in Belgium
 - Market leader in white cement in the United States

Attractive business and geographical portfolio

Strategy - Six key priorities

- 1 Greater profitability
- 2 Improve cash flow generation
- 3 Strengthen the leadership in white cement
- 4 Innovation and development of special products
- 5 Increase the use of alternative fuels and raw materials
- 6 People development

Key priorities: Greater profitability

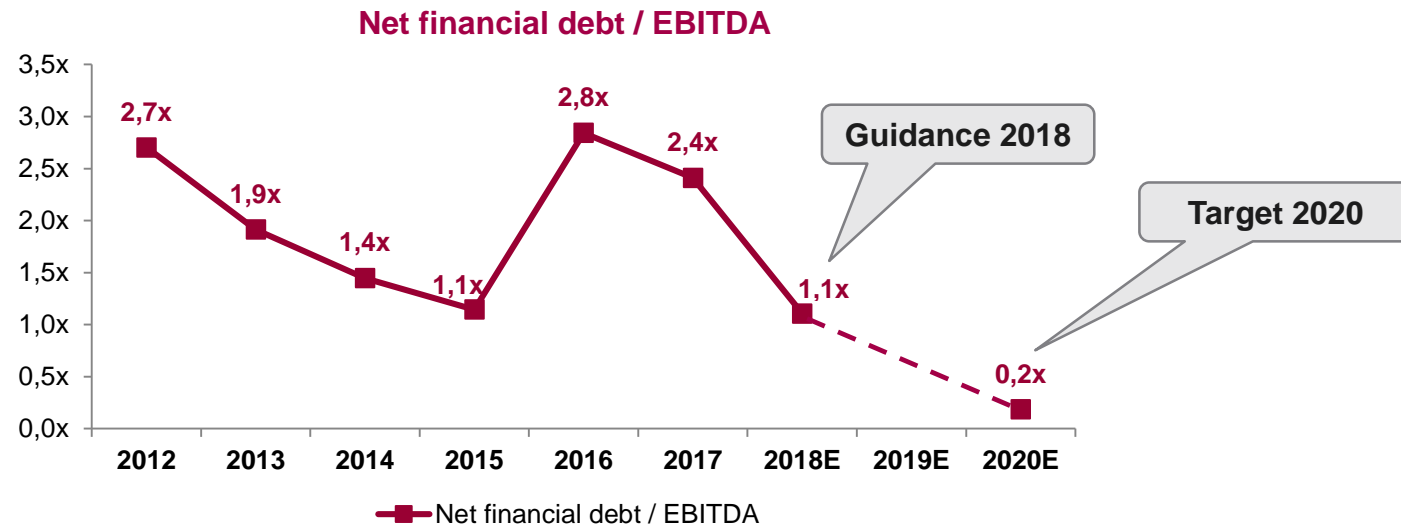
Several actions and initiatives to improve profitability and operating efficiency in all areas:

- **Processes rationalization and containment of costs**, while increasing volumes in all business areas and geographical areas;
- **Focus on pricing and value added products and services**
- **Optimization of purchases and logistics**
 - New trading company Spartan Hive to manage raw materials, fuels, spare parts and finished products
 - Targeted actions in the various geographical areas
- **Process improvement for reducing fuel and electricity consumption**, also through continuous improvement projects, counterbalancing increases in fuel and freight costs

Key priorities: Improve cash flow generation

Focus on cash generation

- Optimization of working capital, which remains essentially stable despite increasing volumes in all business areas and geographical areas (specific targets on the rotation of inventories, the days sales outstanding, ageing of receivables and payment terms of suppliers)
- Rigorous investment plan to maintain the production capacity and plants' efficiency, with a Capex / Net Sales ratio below 7%
- Progressive reduction of Net financial debt / EBITDA, to seize potential opportunities for further growth through acquisition



Key priorities: Consolidation of the leadership in white cement

Leverage on a stronger commercial presence in North America and unique global competitive position

- Group white cement volumes sold from 2.25 Mt in 2017 up to around 3 Mt in 2020, with the contribution of Lehigh White
- Leadership position in many markets supplied
 - Market leader in West and North Europe, Egypt, China, Malaysia, Australia and US
- In 2020, out of 3 Mt of total volumes sold, 1.5 Mt are exported.
 - This would represent close to 27% of global white cement being traded, confirming the Group as leader in global trading flows
- Commercial presence with local sales force and/or controlled logistic setup in 20 key target markets, with sales in more than 70 countries

White cement strategy at a glance

CATCH

EXTERNAL GROWTH OPPORTUNITIES, BOTH IN CONSOLIDATED AND IN NEW MARKETS

EXPLOIT

OUR UNIQUE PRODUCTION / COMMERCIAL FOOTPRINT IN WHITE CEMENT, BY CROSS-REGIONAL SYNERGIES, WITHIN AN INTEGRATED GLOBAL PERSPECTIVE AND GUIDANCE



GROUP GLOBAL LEADERSHIP IN WHITE CEMENT

PURSUE

PRODUCT INNOVATION & NEW BUSINESS MODELLING WITHIN DOWNSTREAM APPLICATIONS & TECHNOLOGIES FOR WHITE CEMENT

DEVELOP

A UNIQUE VALUE PROPOSITION TO THE CURRENT AND POTENTIAL CUSTOMER BASE IN EXISTING AND NEW GEO MARKETS

ENHANCE

GLOBAL MARKETING & BRANDING AS AN ASSET

Global leadership in white cement

#1 worldwide with 3.3 Mt of production capacity

- Niche product sold globally
- White cement demand accounts for less than 1% of global cement demand
- Non-cyclical product with annual growth rate of 2-4%
- Demand moves broadly in line with grey cement consumption, however it is less of a commodity product and consumption can be advanced by the creation of positive perceptions in terms of fashion /aesthetics and effective promotion through marketing
- White cement is used for both renovation (decoration and repairs & maintenance work) and new build
- Mainly B2B product, being in the formulation of premix products
- Resistance to high temperature
- Scarcity of raw materials, completely absent in certain countries (Brasil, Australia, parts of Africa)

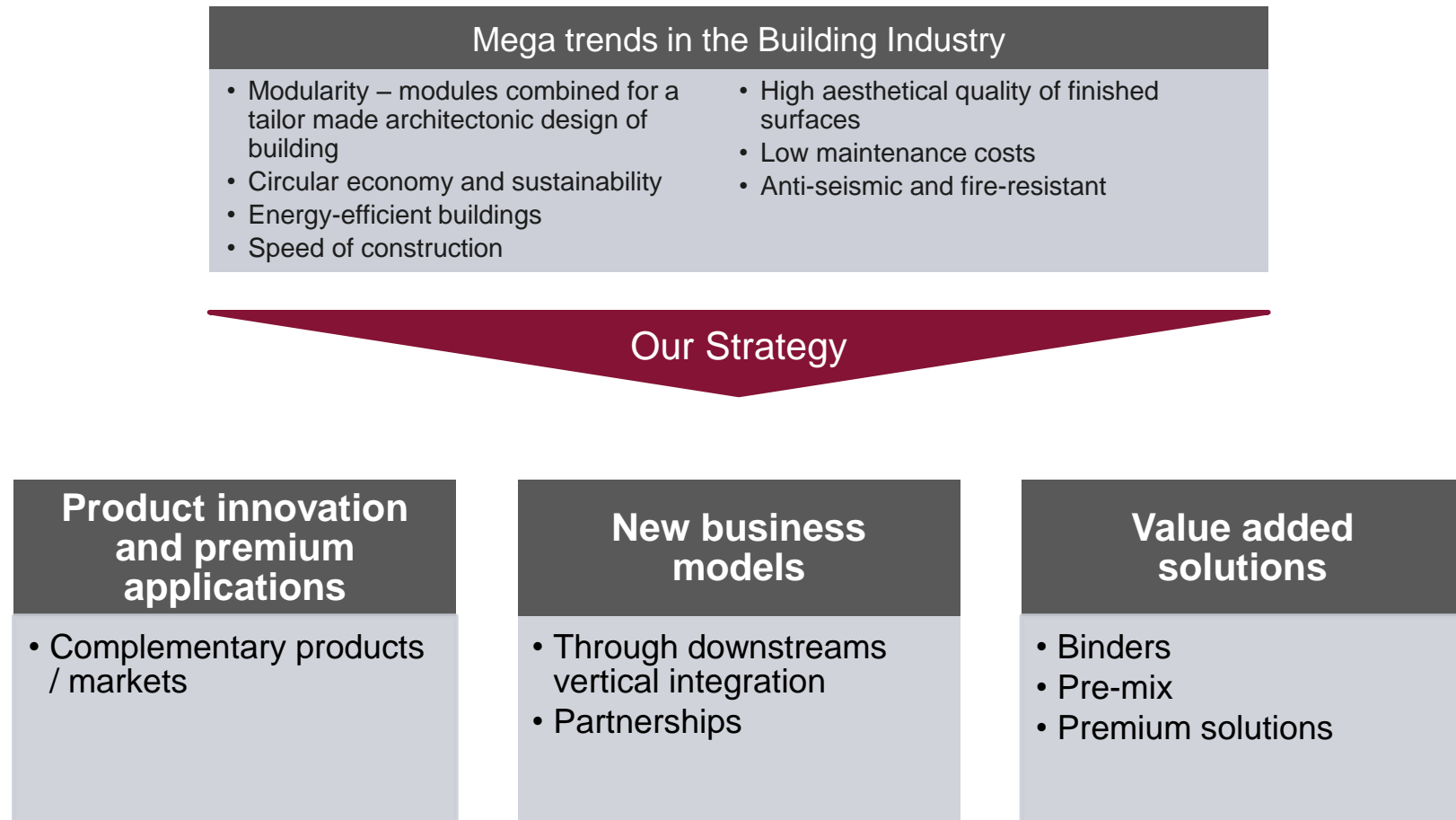


	2012 Consumption	2017 Capacity	2017 Consumption	2017 Per capita Consumption	2022E Consumption	Consumption CAGR 2017-2022E
	(Mt)	(Mt)	(Mt)	(kg)	(Mt)	(%)
Asia (excl China)	2.1	2.9	2.4	0.9	3.1	5.3%
China	4.8	7.3	4.9	3.7	5.7	3.1%
Europe	2.8	7.1	3.1	3.6	3.4	1.9%
<i>Eastern Europe & CIS</i>	1.1	2.7	1.1	2.3	1.3	3.4%
<i>Western Europe</i>	1.7	4.4	2.0	4.8	2.1	1.0%
Middle East & Africa (MEA)	5.7	8.6	5.3	8.6	5.8	1.8%
<i>Middle East</i>	3.9	5.2	3.5	15.6	3.8	1.7%
<i>Africa (mainly North)</i>	1.8	3.4	1.8	1.5	2.0	2.1%
North America	1.1	0.8	1.6	4.4	1.7	1.2%
Latin America	0.9	1.8	1.2	1.9	1.3	1.6%
Total	17.4	28.5	18.5	2.5	21.0	2.5%

* Source: CW Research – Global White Cement Market and Trade Report 2017

Key priorities: Innovation and development of special products

InWhite project is the global innovation engine for white cement



Key priorities: Innovation and development of special products

Innovative solutions under development

Ultra-high Performance Concrete (UHPC)

- Premium pre-mixes for high added-value applications



Glass Fiber Reinforced Concrete (GFRC)

- Premium pre-mixes for high added-value applications



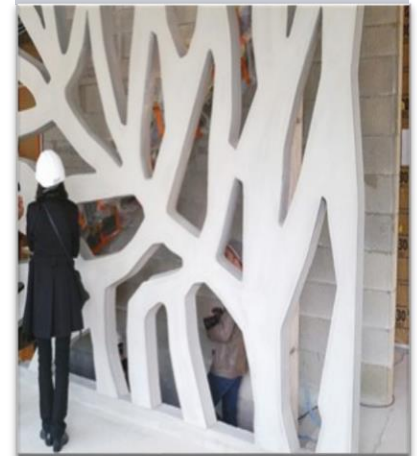
Magnetic Concrete mix

- Pre mixes and product concept for high efficiency magnetic applications



3D Concrete printing

- Premium pre mix fit for purpose for 3D concrete printing



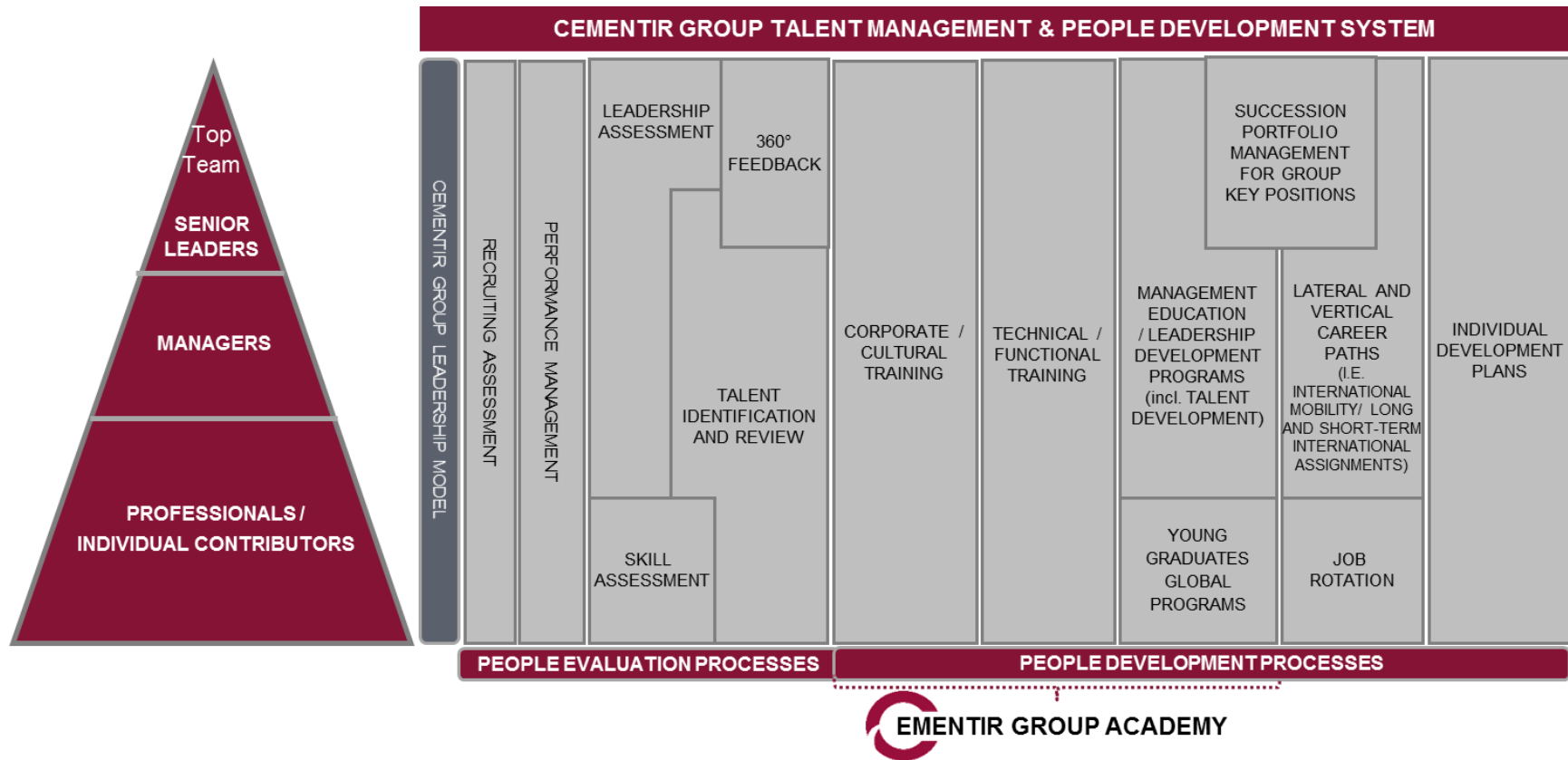
Key priorities: Increase the use of alternative fuels and raw materials

Defined targets to promote the use of alternative fuels and raw materials and energy efficiency targets:

- **Counterbalance increase of fossil fuels**
- **Challenging regulatory framework for CO₂ emissions: main actions to reduce CO₂**
 - Optimize the use of alternative fuels with biomass (CO₂ neutral)
 - Reduce thermal consumption (SHC)
 - Reduce the clinker content of cement
 - Utilize renewable energy resources
- **Major projects in Denmark, Turkey and Belgium for grey cement production**
 - Aalborg plant (Denmark) -> increase RDF volumes for grey cement production (from 42% to 45% in 2020)
 - Izmir plant (Turkey) -> increase volumes of alternative fuels (from 7% to 18% in 2020)
 - Edirne plant (Turkey) -> increase volumes of alternative fuels (from 27% to 38% in 2020)
 - Gaurain plant (Belgium) -> increase volumes of alternative fuels (from 36% to 40% in 2020)

Key priorities: People development

Focus on developing and enhancing people's competencies, skills and motivation through an **inclusive and differentiated evaluation and development system** to realize people's full potential and improve individual and organization performance in a context of strong competition and fast change



New Group organizational model

To ensure effective execution of our strategy and achievement of expected results and flexibility for acquisitions

The model is built on four key pillars:

- *GROUP STANDARDIZATION AND HARMONIZATION*
- *ADAPTABILITY*
- *AGILITY*
- *GLOCALITY*

It is based on the integration of various structures, according to a clear and effective repartition of organizational accountabilities:

1. *CORPORATE*, as the leading, enabling, controlling and integrating body
2. *REGIONS*, accountable for realizing Group strategy and reaching and monitoring business objectives, coordinating several Business Units
3. *BUSINESS UNITS*, accountable for the management of the full value chain in the areas of their competence and ensuring the related business results
4. *PROFESSIONAL FAMILIES*, responsible for setting guidelines, coordinating functional areas across the Group, developing the resources mapped in the family and foster Group integration

Financial targets for 2020

	Actual 2017	Guidance 2018	Target 2020	
Revenue from sales (EUR billion)	1.14 *	1.25	1.34	<ul style="list-style-type: none"> ➤ Increase in volumes of grey and white cement in all geographical areas; prices in line with the relevant markets ➤ Higher sales volumes of ready-mixed concrete and aggregates
EBITDA (EUR million)	213 *	235	270	<ul style="list-style-type: none"> ➤ Profitability increase in all business and geographical areas ➤ Increase of both fuels price and freight costs from 2018 ➤ Containment of Fixed costs vs inflation
EBIT (EUR million)	140 *	160	194	<ul style="list-style-type: none"> ➤ Assuming D&A of approx. 75-76 M€
Annual Capex (EUR million)	92	80	70-75	<ul style="list-style-type: none"> ➤ Optimization of investments for developing production capacity and maintaining plant efficiency ➤ Capex / Net sales ratio < 7%; in 2020 = 5.4%
Extraordinary Capex (EUR million)		87		<ul style="list-style-type: none"> ➤ Acquisition of 36.75% of Lehigh White Cement Company (106.6 M\$)
Net financial debt (EUR million)	537	260	50	<ul style="list-style-type: none"> ➤ Net financial debt reduction also due to sale of Cementir Italia (315 M€) and cash out of LWCC (87 M€)
Net financial debt / EBITDA	2.5x	1.1x	0.2x	<ul style="list-style-type: none"> ➤ Excluding perimeter expansion

* Excluding Italian companies sold on 2 January 2018 and EBITDA excludes also non recurring revenue of 10.1 M€

Several factors could impact the targets of the Plan

Among the main factors which could negatively affect the achievements of the targets of this Business Plan:

- Changes in macroeconomic conditions and economic growth and other changes in business conditions
- A prolonged instability in Egypt
- Strong devaluation of currencies in the emerging countries

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