HSBC

HSBC Italian Jewels Conference

24 September 2020

Buzzi Unicem

Executive Summary

VOLUMES

In Q2 cement volumes declined in all geographies, particularly in Italy and Eastern Europe, due to the pandemic impact, apart from the USA. For Q2 as a whole, cement down -6.1%.

YTD cement volumes down (-3.4%) at 13.4 mton; ready-mix concrete volumes more impacted (-6.3%)

- Italy: severe contraction due to the lockdown of industrial operations until May. Stronger trend in June but YTD volumes still down significantly. Heavier impact on ready-mix production
- United States: cement up in the first half, thanks to marginal impact from Covid-19 and no restrictions on construction activity (except in the North-East); ready-mix slightly down
- Central Europe: Cement YTD slightly down in Germany and unfavorable in Luxembourg (very weak April and stronger trend in May-June). Ready mix up in Germany thanks to different scope but significantly down in Benelux
- Eastern Europe: cement slightly better in Czech Republic, meanwhile Ukraine, Poland and Russia more affected by the pandemic; ready-mix decreased

PRICES

Favorable variance across the board in local currencies, particularly in Poland and Italy

FOREIGN EXCHANGE

Almost €m 11 advantage on Net sales and €m 3 on EBITDA from stronger dollar and hryvnia

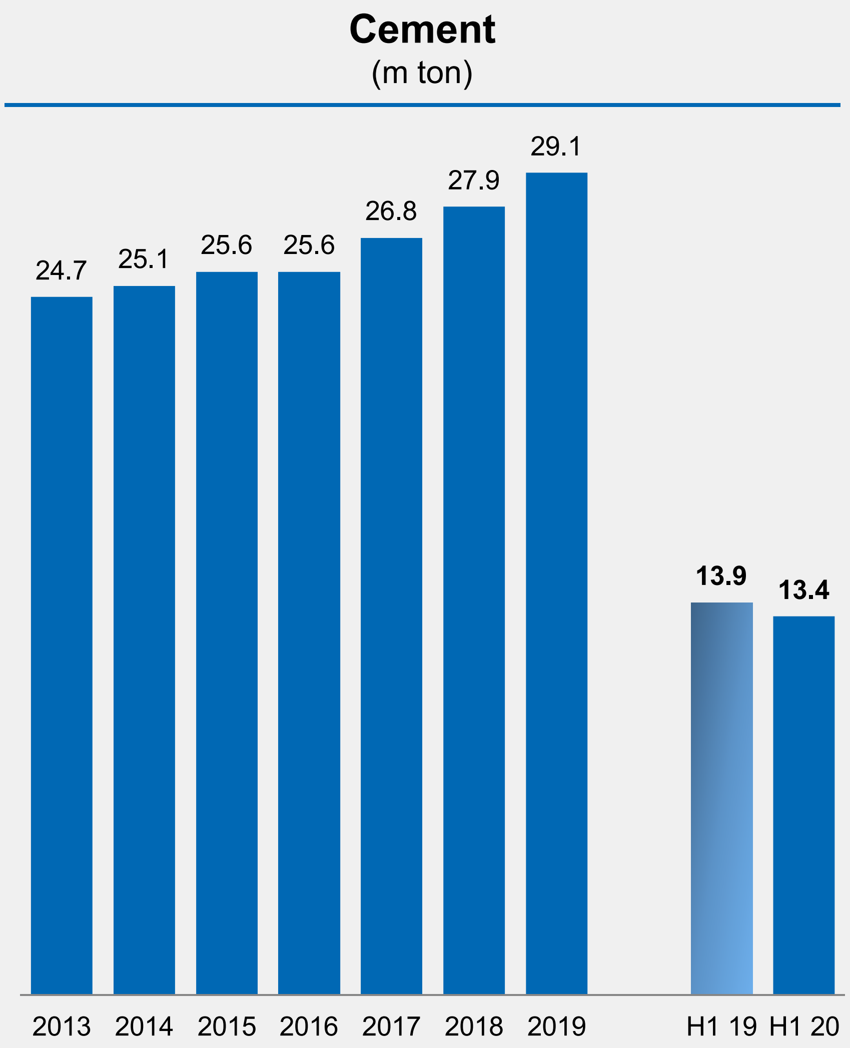
FINANCIALS

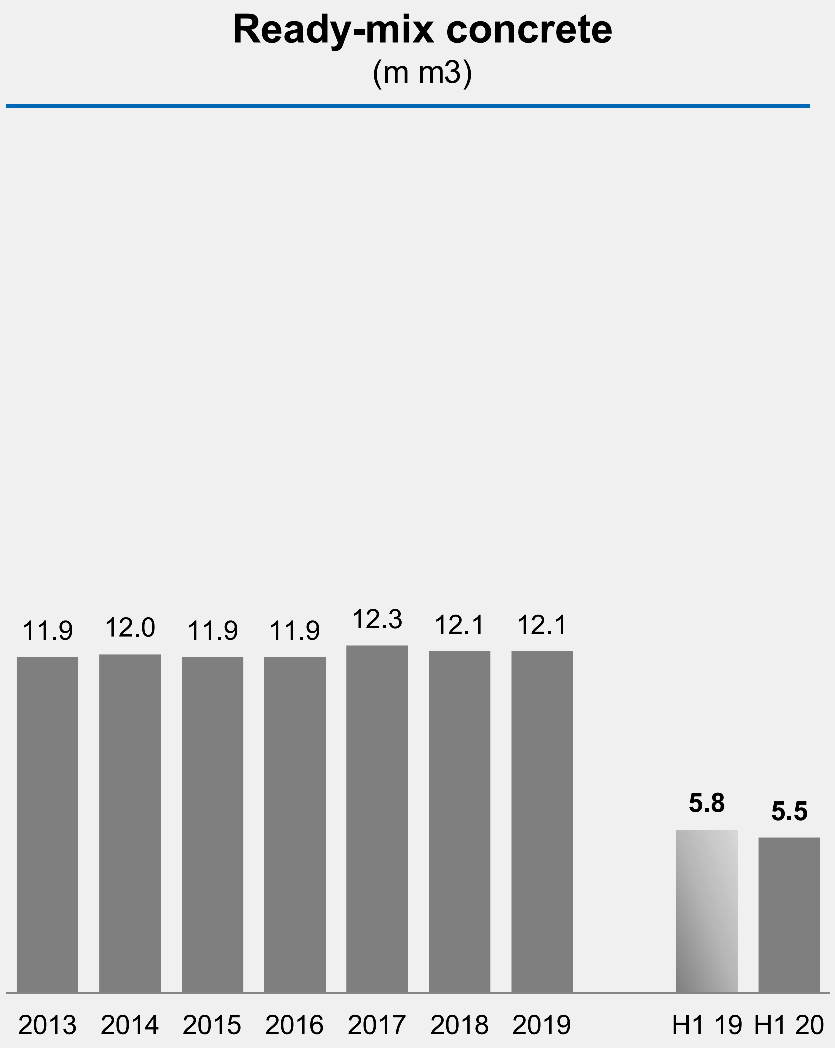
- Net Sales at €m 1,520 (€m 1,519 in 2019), -1.4% like-for-like
- EBITDA at €m 314 (€m 289 in 2019), +8.3% like-for-like
- Net debt at €m 385 versus €m 568 at year end 2019

GUIDANCE

Guidance for 2020: recurring EBITDA expected to decrease between 5% and 10% versus last year

Volumes H1 2020





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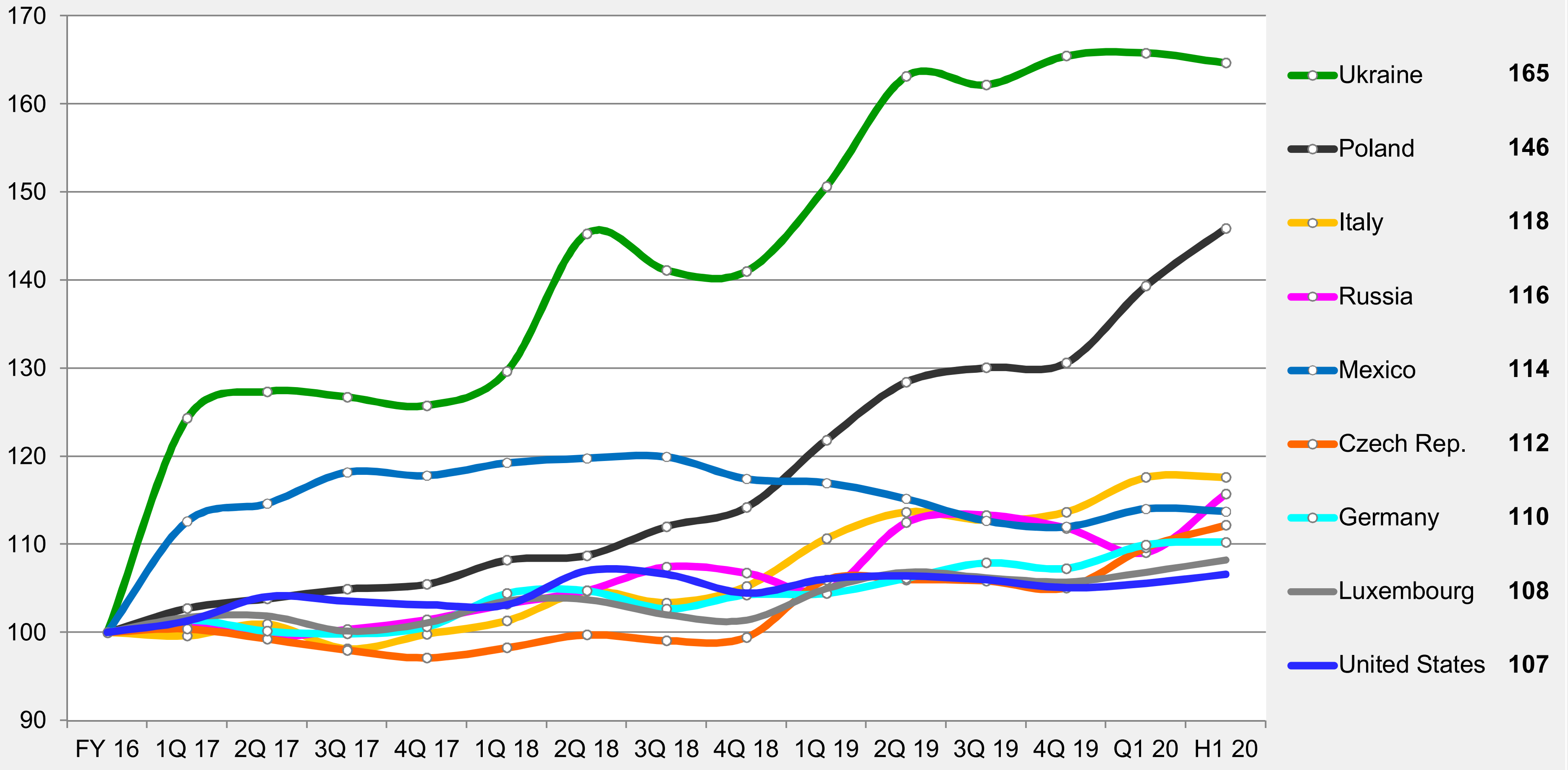
Price Index by country

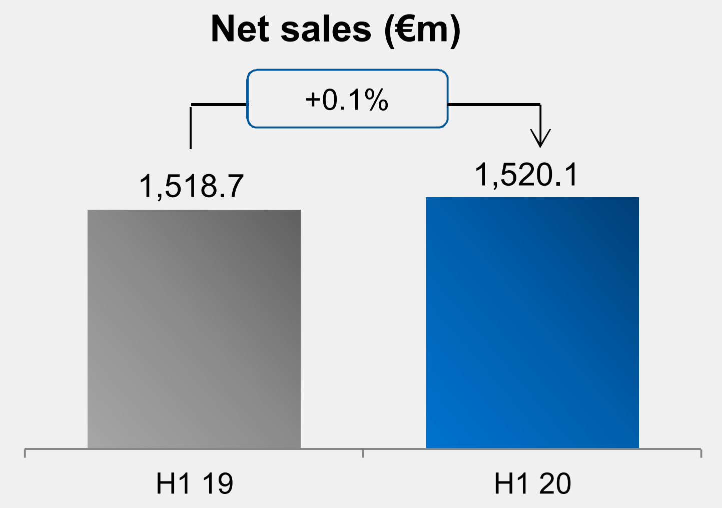


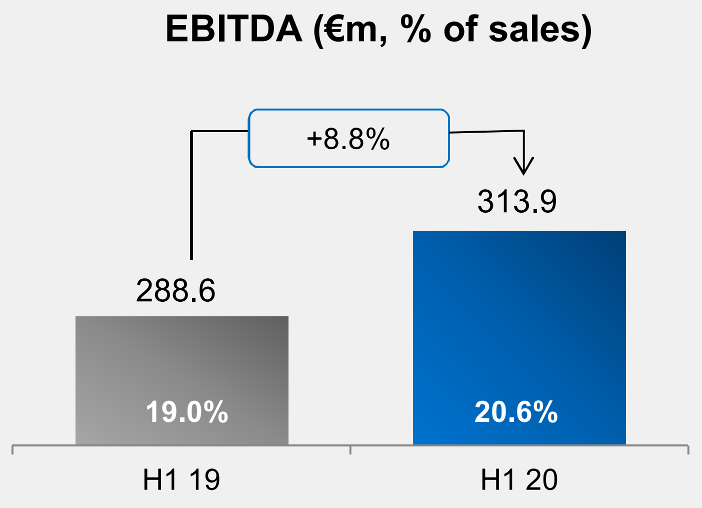
In local currency; FY16 = 100

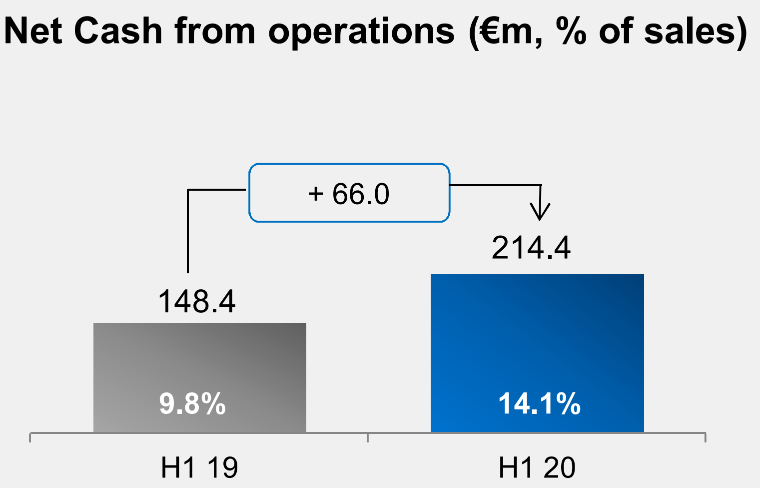
FX changes

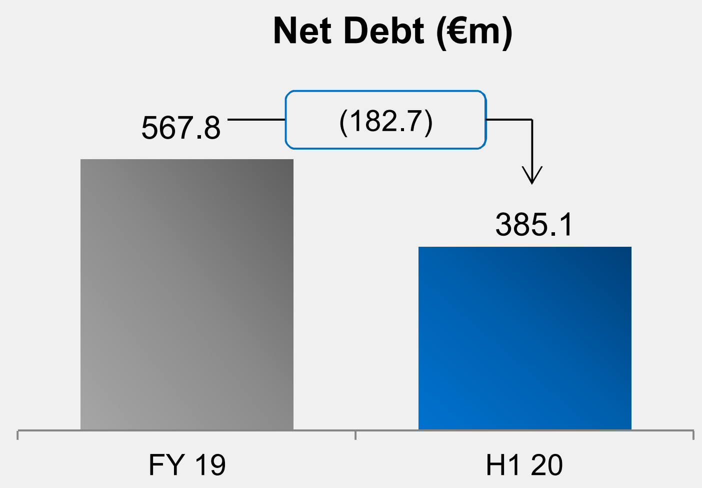
EUR 1 =		H1 20 avg	H1 19 avg	Δ %	2019 Avg	Current
	USD	1.10	1.13	+2.5	1.12	1.17
	RUB	76.67	73.74	-4.0	72.46	89.15
	UAH	28.63	30.42	+5.9	28.92	33.13
	CZK	26.33	25.68	-2.5	25.67	27.01
	PLN	4.41	4.29	-2.8	4.30	4.49
	MXN	23.84	21.65	-10.1	21.56	25.12
	BRA	5.41	4.34	-24.6	4.41	6.37

H1 20 Financial Highlights









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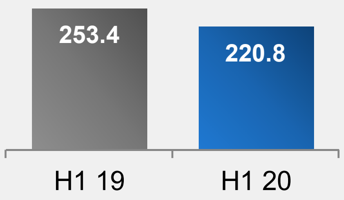
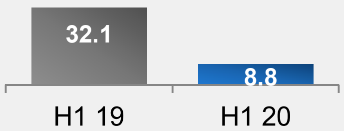
Results by Geographic Area | Italy & United States of America

Italy

Net sales (€m)



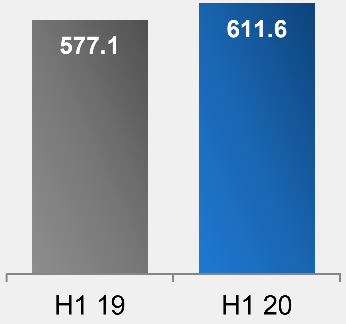
EBITDA (€m)



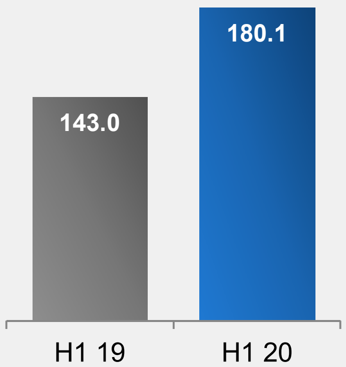
- Cement volumes down due to lockdown of industrial operations in Mar and Apr. Recovery trend in May and June. Stronger impact on readymix production
- Favourable trend for selling prices.
- 13% of consolidated H1 net sales (17% in H1 19) and 3% of consolidated H1 EBITDA (11% in H1 19)

USA

Net sales (€m)



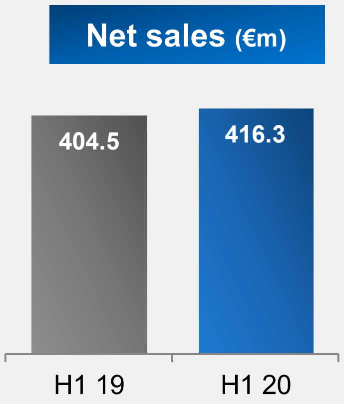
EBITDA (€m)

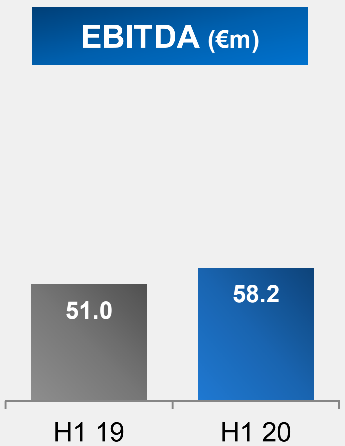


- Cement volumes improved thanks to marginal impact from Covid-19 and no restrictions on the construction sector in the vast majority of the country. Ready-mix slightly down
- No relevant changes in average selling prices in local currency
- 40% of consolidated H1 net sales (38% in H1 19) and 57% of consolidated H1 EBITDA (50% in H1 19)

Results by Geographic Area | Central & Eastern Europe

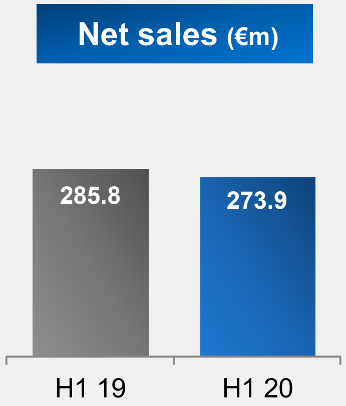
Central Europe

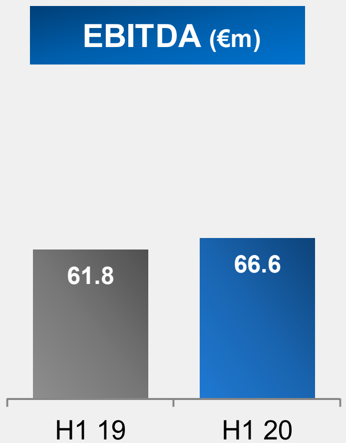




- Cement volumes only slightly down in Germany, thanks to limited negative impact from Covid-19. Luxembourg unfavorable after very weak April and stronger trend in May-June. Ready-mix concrete up thanks to different scope in Germany
- Average selling prices improved
- 27% of consolidated H1 net sales (27% in H1 2019) and 19% of consolidated H1 EBITDA (18% in H1 19)

Eastern Europe



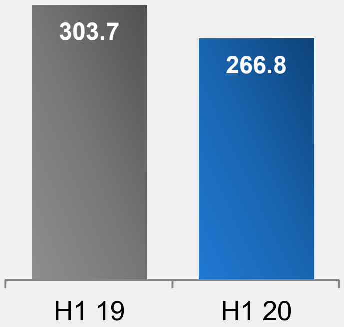


- Cement volumes slightly better in Czech Republic, meanwhile Ukraine, Poland and Russia perfomed worse, more affected by the pandemic; ready-mix negatively impacted too
- Average selling prices in local currency improved (Poland in particular)
- 18% of consolidated H1 net sales (19% in H1 19) and 21% of consolidated H1 EBITDA (21% in H1 19)

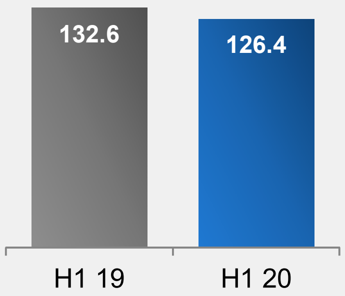
Results by Geographic Area | Mexico & Brazil (valued at equity)

Mexico

Net Sales (€m) – 100%



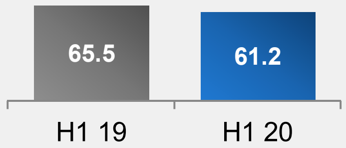
EBITDA (€m) – 100%



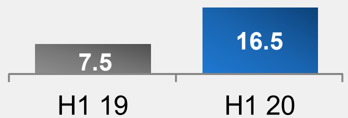
- Cement volumes slightly up, thanks to a series of civil works considered strategic by the government, which allowed the carrying on of production and sales in the plants. Ready-mix decreased significantly
- Average selling prices in local currency declined
- Negative impact from the depreciation of the Mexican peso (-10%)

Brazil

Net sales (€m) – 100%

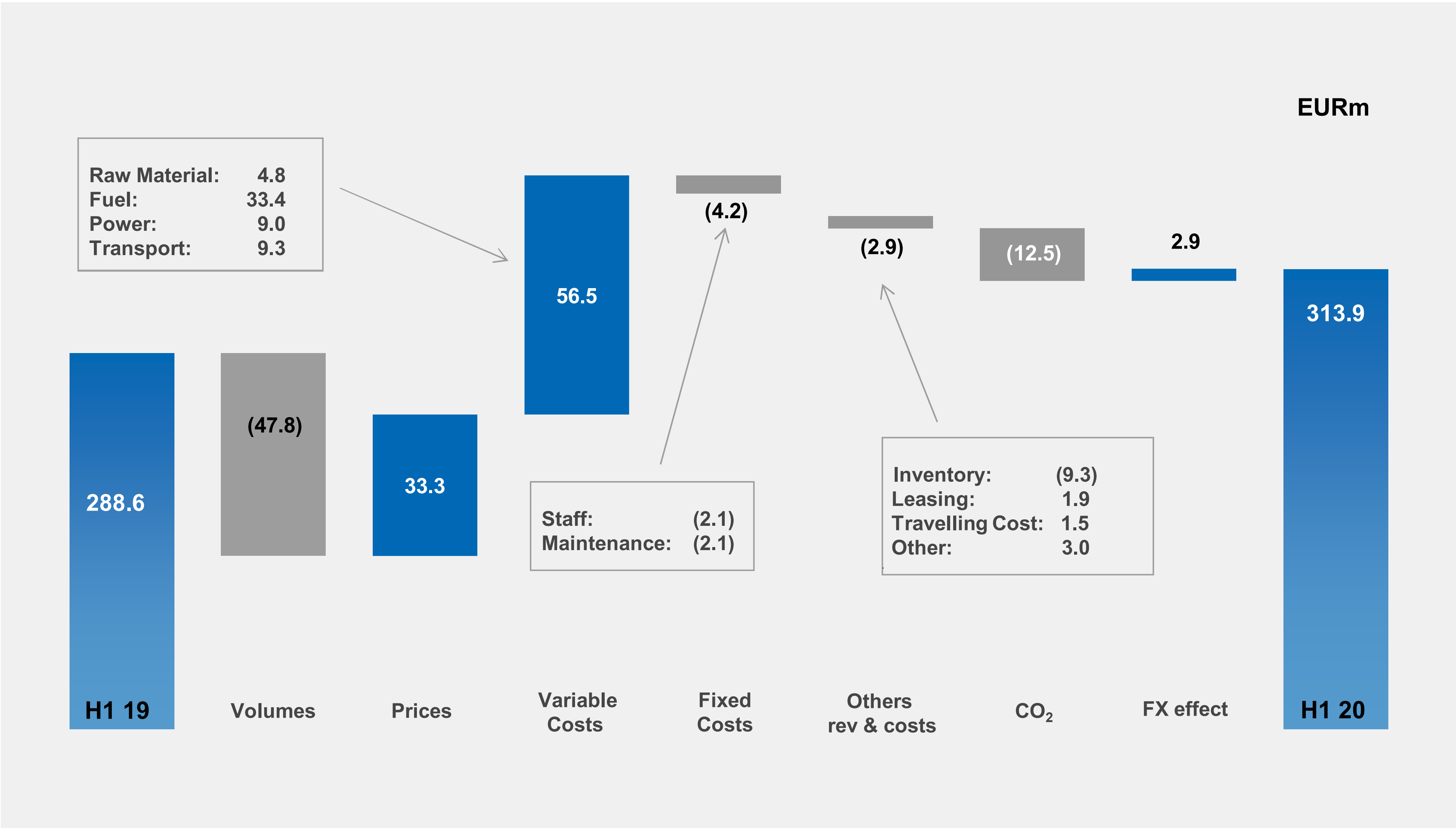


EBITDA (€m) – 100%

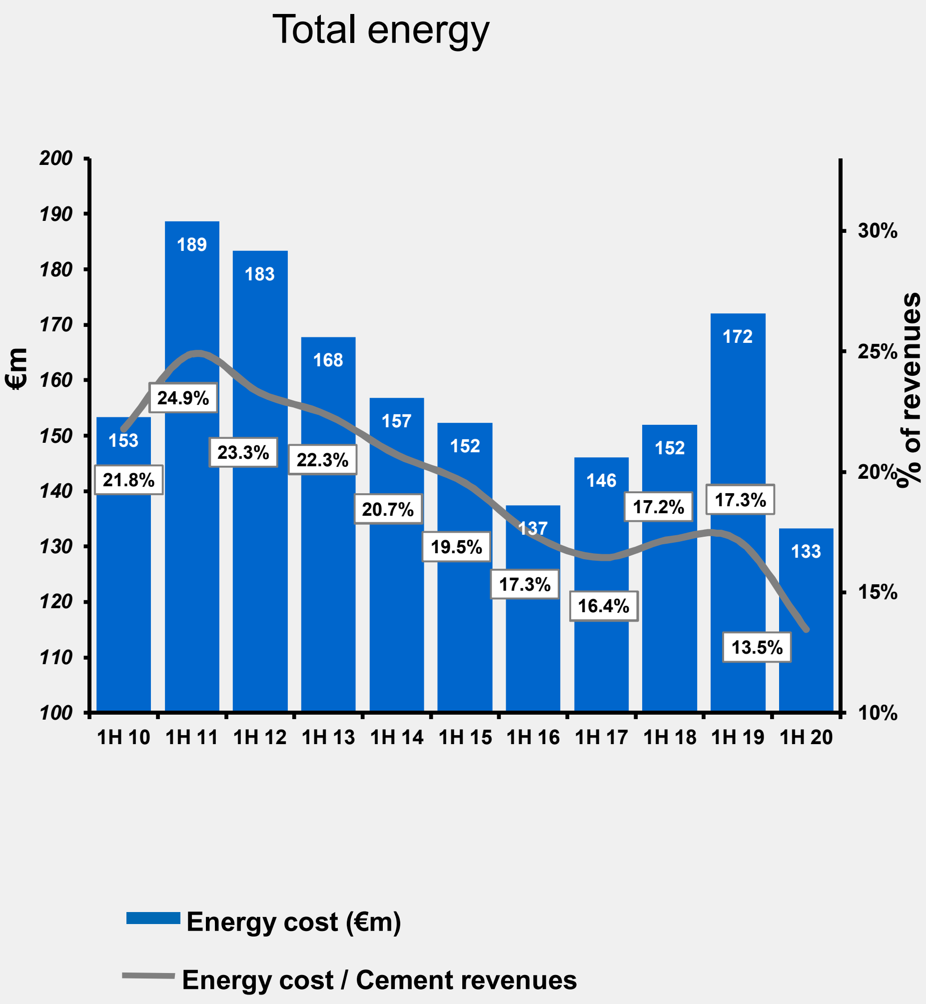


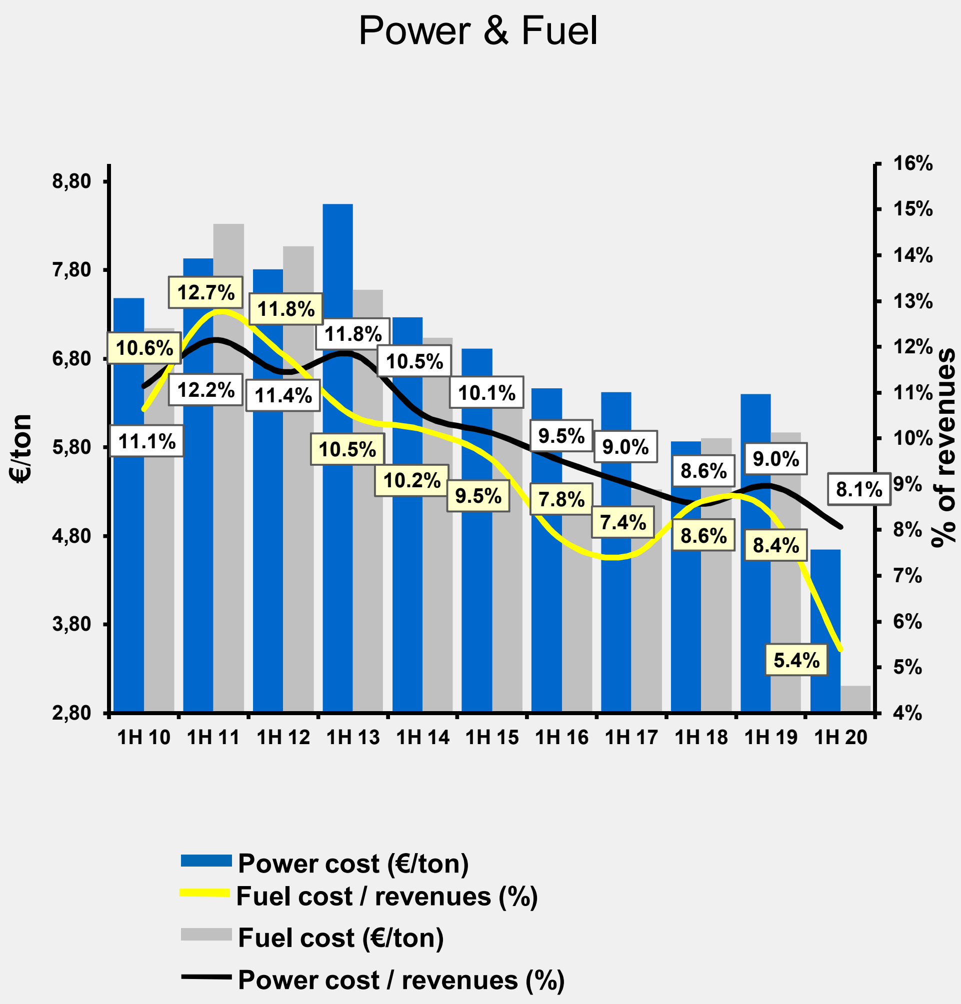
- Cement volumes improved despite some cointainment measures introduced by the local authorities following the worsening of the pandemic in the country
- Positive variance in selling prices, in local currency
- Negative impact from the meaningful depreciation of the Brazilian real (-25%)

EBITDA variance analysis



Energy costs impact





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Consolidated Cash Flow Statement

EURm	H1 20	H1 19
Cash generated from operations	**256.2**	**195.2**
% of sales	16.9%	13.0%
Interest paid	(18.3)	(19.3)
Income tax paid	(23.5)	(27.5)
Net cash by operating activities	**214.4**	**148.4**
% of sales	14.1%	9.8%
Capital expenditures	(107.6)	(126.3)
IFRS 16 leasing	-	(93.7)
Equity investments	(0.7)	(0.5)
Purchase of treasury shares	(7.3)	-
Repayment of convertible bond + option	-	114.8
Dividends paid	(31.9)	(26.8)
Dividends from associates	171.0	49.1
Disposal of fixed assets and investments	10.4	5.7
Translation differences and derivatives	(71.2)	(0.9)
Accrued interest payable	3.3	4.5
Interest received	6.4	0.8
Change in consolidation area and other	(4.1)	(3.6)
Change in net debt	**182.7**	**71.5**
Net financial position (end of period)	**(385.1)**	**(819.0)**

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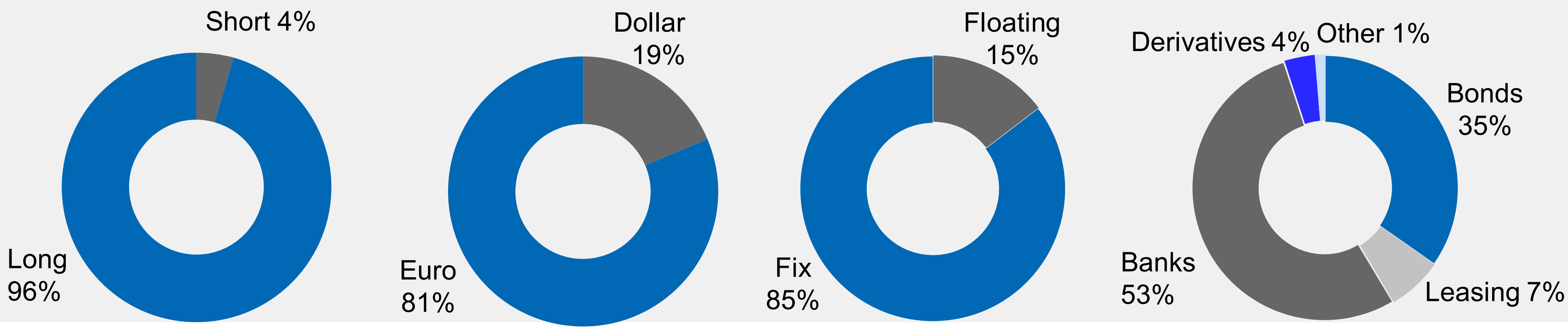
Net Financial Position

EURm	Jun 20	Dec 19	Δ abs	Jun 19
Cash and other financial assets	1,045.0	840.9	204.1	639.2
Short-term debt	(40.7)	(72.2)	31.5	(389.7)
Short-term leasing	(22.5)	(22.5)	-	(21.4)
Net short-term cash	**981.8**	**746.1**	**235.7**	**228.1**
Long-term financial assets	2.4	2.9	(0.5)	3.3
Long-term debt	(1,294.2)	(1,242.1)	(52.1)	(978.4)
Long-term leasing	(75.1)	(74.7)	(0.4)	(72.1)
Net debt	**(385.1)**	**(567.8)**	**182.7**	**(819.0)**

Gross debt breakdown (1,432.4 €m)



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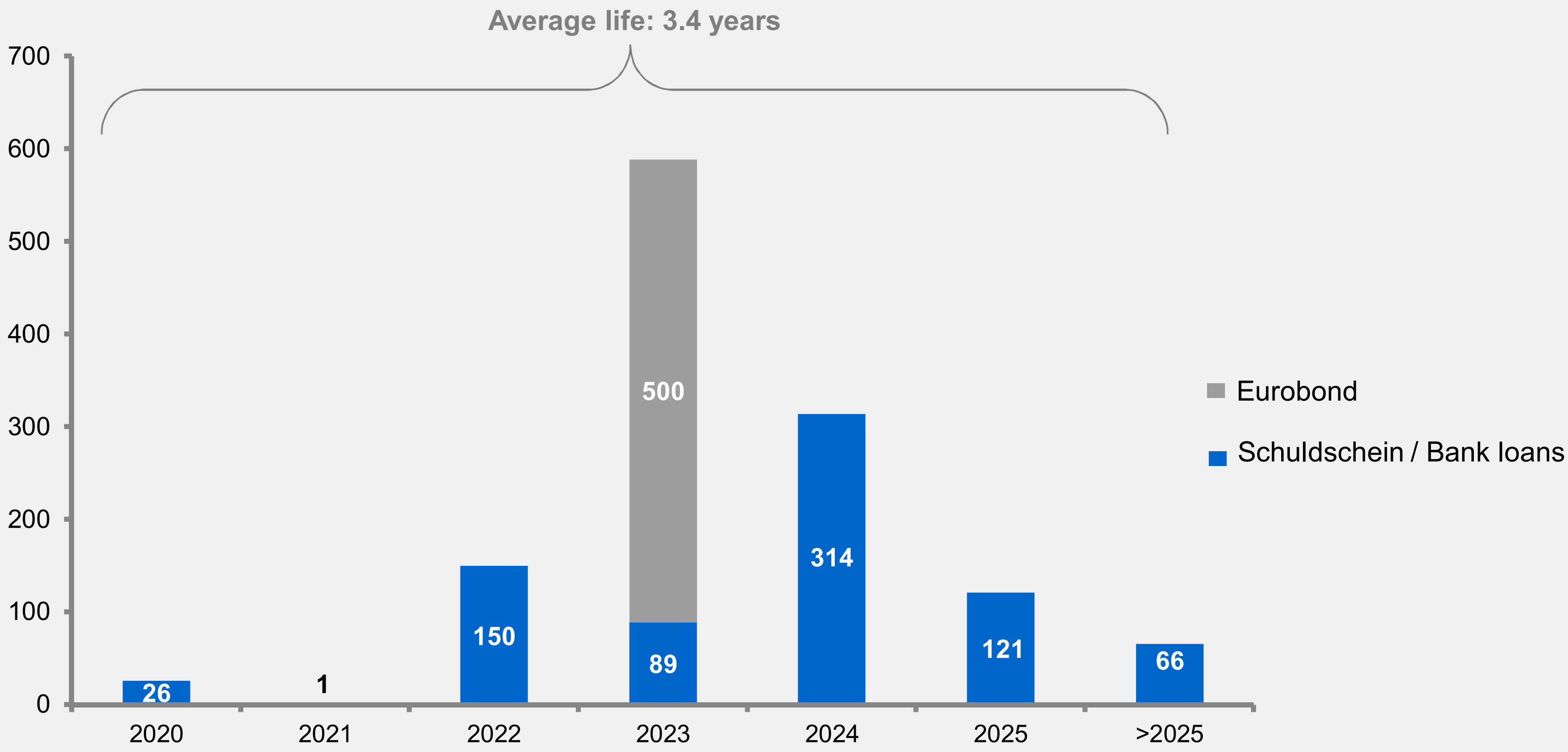
Debt Maturity Profile

- Total nominal value of debt and borrowings (except €m 98 leasing), stood at €m 1,267 at June 2020
- As at June 2020 available €m 322m of undrawn committed facilities (€m 300 for Buzzi Unicem, €m22 for Dyckerhoff)



Guidance 2020: Recurring EBITDA expected to decrease between 5% and 10% versus 2019 results

Italy

- In the second half, a foreseeable moderate recover in demand will only partially offset the loss in volumes suffered during the lockdown period
- Operating results expected to be higher than previous year, net of the sale of CO_2 emission rights

USA

- Demand expected to contract in the second half due to the concerns and growing uncertainties following the critical epidemiological picture
- Operating results in local currency expected to close somewhat down in comparison with previous year

Central Europe

- Expected some marginal slowdown in demand in the second half
- Operating results should remain in line with previous year

Eastern Europe

- In the second half, demand is not expected to rebound due to the continuing criticality of the epidemiological picture and the related greater uncertainties regarding the timing of the economic recovery
- Operating results expected to worsen in comparison with previous year

Appendix

Buzzi Unicem at a Glance

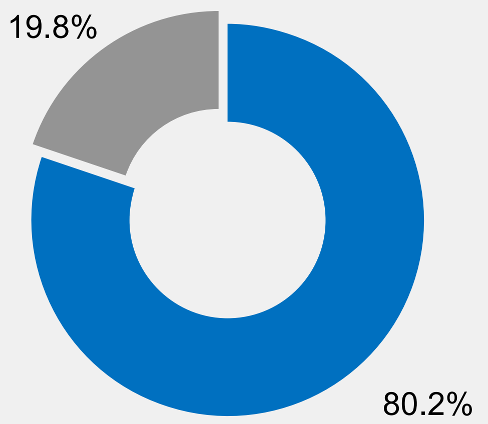
- International multi-regional, "heavy-side" group, focused on cement, ready-mix and aggregates
- Dedicated management with a long-term vision of the business
- Highly efficient, low cost producer with strong and stable cash flows
- Successful geographic diversification with leading positions in attractive 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

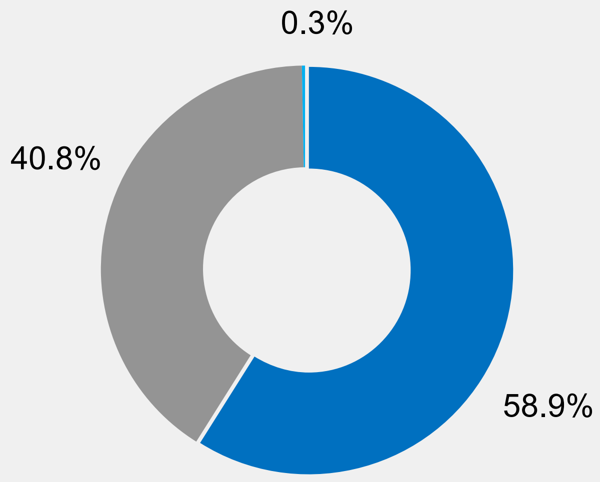
Share Capital

• Ordinary	165,349,149
• Savings	40,711,949
Number of shares	206,061,098



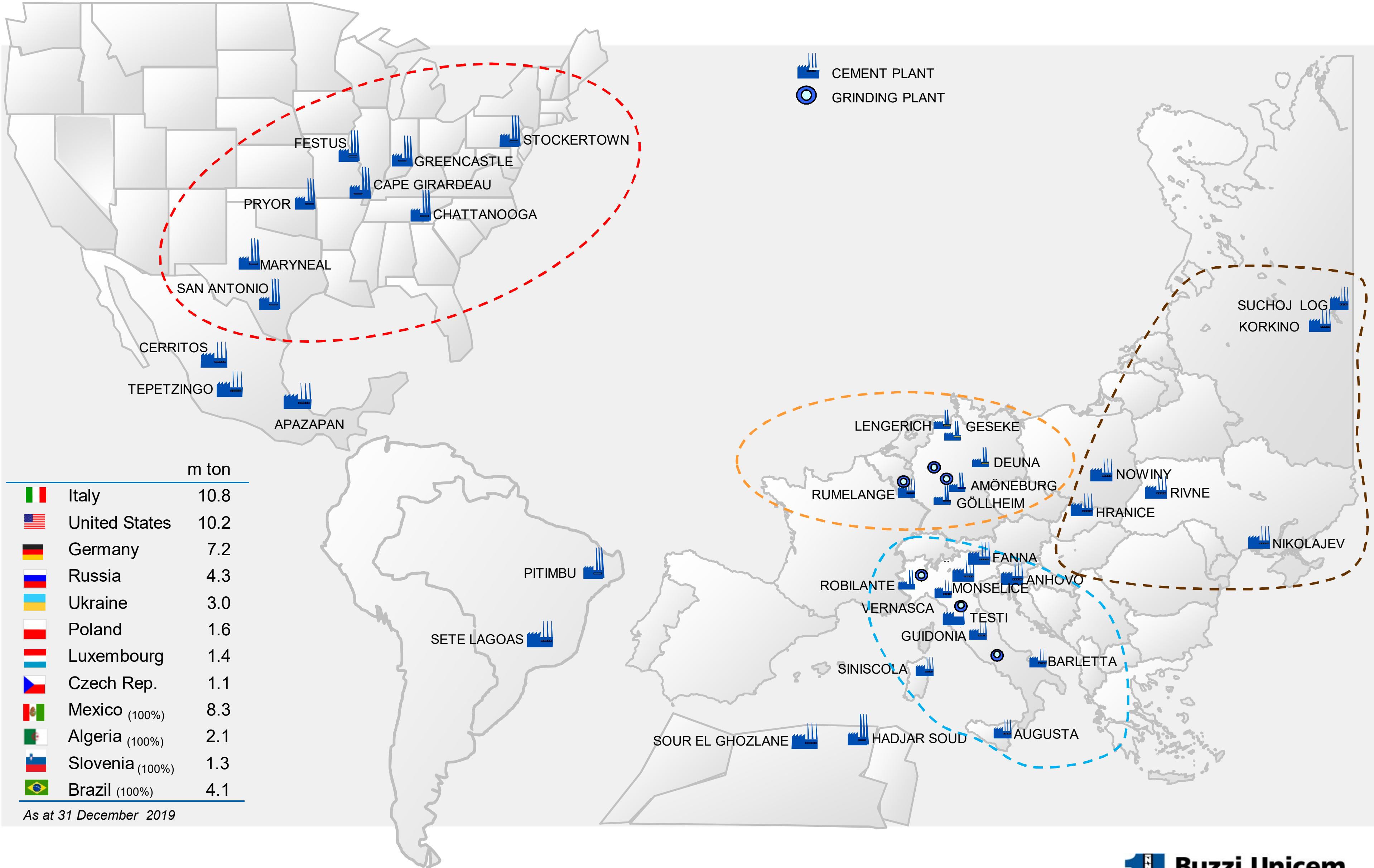
Ordinary Shares

• Buzzi holdings	97,461,300
• Free float	67,486,691
• Treasury shares	401,158



As at 30 August 2020

Cement plants location and capacity



	m ton
Italy	10.8
United States	10.2
Germany	7.2
Russia	4.3
Ukraine	3.0
Poland	1.6
Luxembourg	1.4
Czech Rep.	1.1
Mexico (100%)	8.3
Algeria (100%)	2.1
Slovenia (100%)	1.3
Brazil (100%)	4.1

As at 31 December 2019

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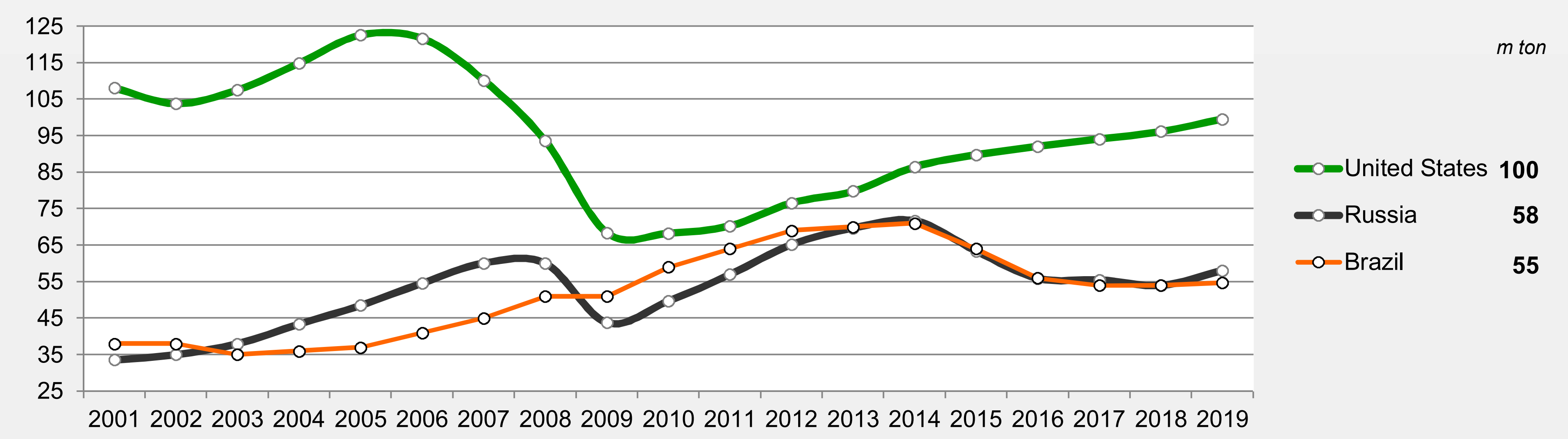
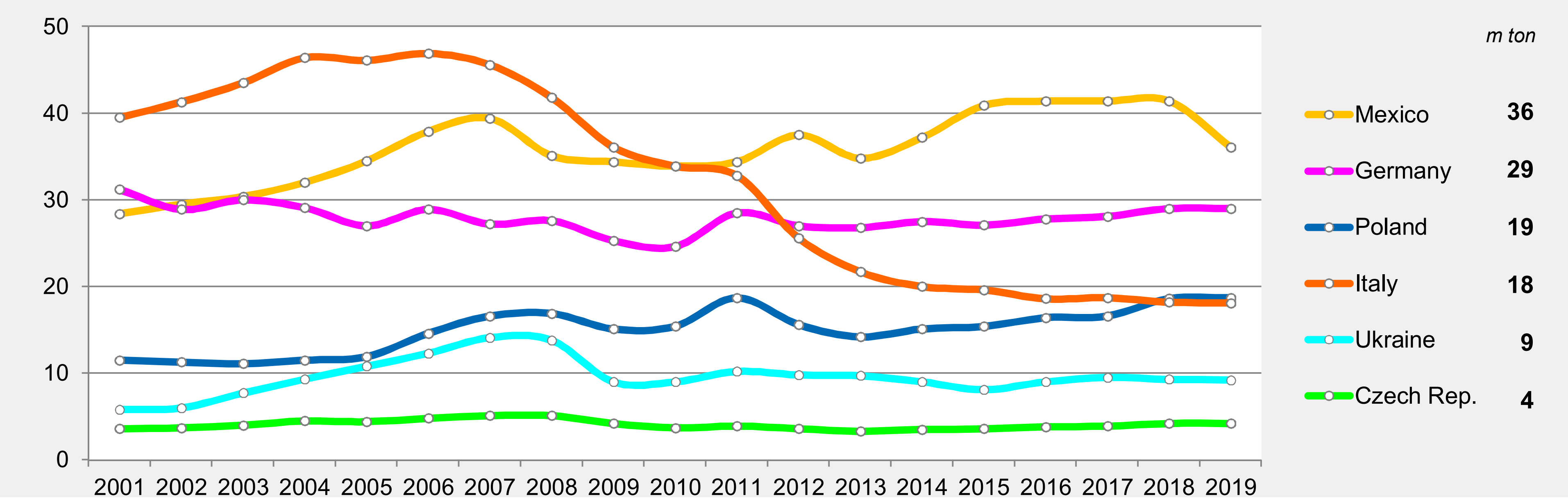
2019 Consumption vs. Peak

Historical series of cement consumption by country





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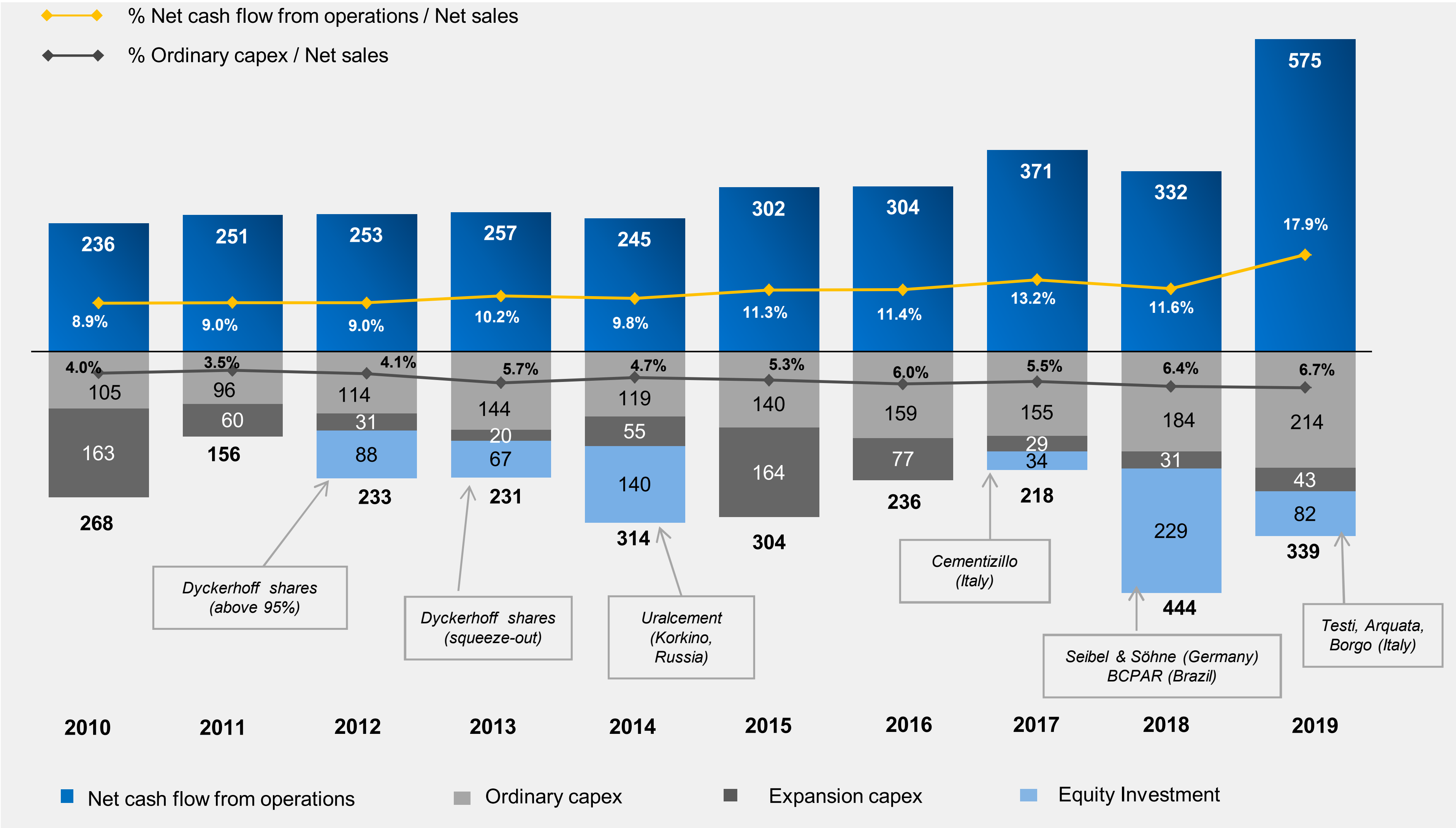
Net Cash Flow from Operations and Capex | *€m*



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Historical EBITDA development by country

		2011	2012	2013	2014	2015	2016	2017	2018	2019
Italy	*EBITDA*	10,3	-5,9	-18,1	-18,7	-37,2	-22,2	-79,7	-1,7	43,4
	margin	1,8%	-1,2%	-4,2%	-4,8%	-9,8%	-5,9%	-18,6%	-0,4%	8,6%
Germany	*EBITDA*	90,3	72,2	108,1	88,6	72,1	76,8	78,1	82,5	102,3
	margin	14,2%	12,0%	18,0%	14,7%	12,6%	13,4%	13,3%	13,0%	15,1%
Lux/ Netherlands	*EBITDA*	35,0	8,3	11,5	15,9	19,7	25,8	17,6	23,1	22,7
	margin	15,7%	4,3%	6,3%	9,7%	11,7%	14,7%	9,4%	11,7%	11,8%
Czech Rep/ Slovakia	*EBITDA*	35,2	25,4	19,2	27,0	32,6	34,4	36,5	43,6	46,3
	margin	20,5%	17,0%	14,6%	20,2%	24,0%	25,2%	24,7%	26,5%	27,5%
Poland	*EBITDA*	36,9	21,8	27,1	18,2	22,7	23,4	24,1	31,9	32,1
	margin	26,6%	20,0%	26,8%	20,4%	20,4%	24,6%	24,9%	28,6%	25,9%
Ukraine	*EBITDA*	6,9	15,8	12,3	11,0	4,0	12,8	16,0	7,0	21,0
	margin	6,2%	11,8%	10,0%	12,5%	5,7%	16,1%	16,9%	8,0%	15,9%
Russia	*EBITDA*	65,7	96,1	92,6	73,4	48,4	43,2	46,0	50,1	57,7
	margin	37,4%	41,0%	37,2%	35,0%	29,0%	28,0%	24,9%	27,0%	26,9%
USA	*EBITDA*	71,4	123,9	151,0	207,3	311,7	356,5	369,6	341,2	402,7
	margin	12,8%	18,2%	20,7%	24,2%	28,1%	31,9%	33,0%	31,9%	32,4%
Mexico	*EBITDA*	82,6	97,5	77,5	*Adoption of IFRS 11*					
	margin	34,7%	36,2%	33,2%						
Group	**EBITDA**	**434,3**	**455,1**	**481,2**	**422,7**	**473,2**	**550,6**	**508,2**	**577,2**	**728,1**
	margin	**15,6%**	**16,2%**	**17,5%**	**16,9%**	**17,8%**	**20,6%**	**18,1%**	**20,1%**	**22,6%**

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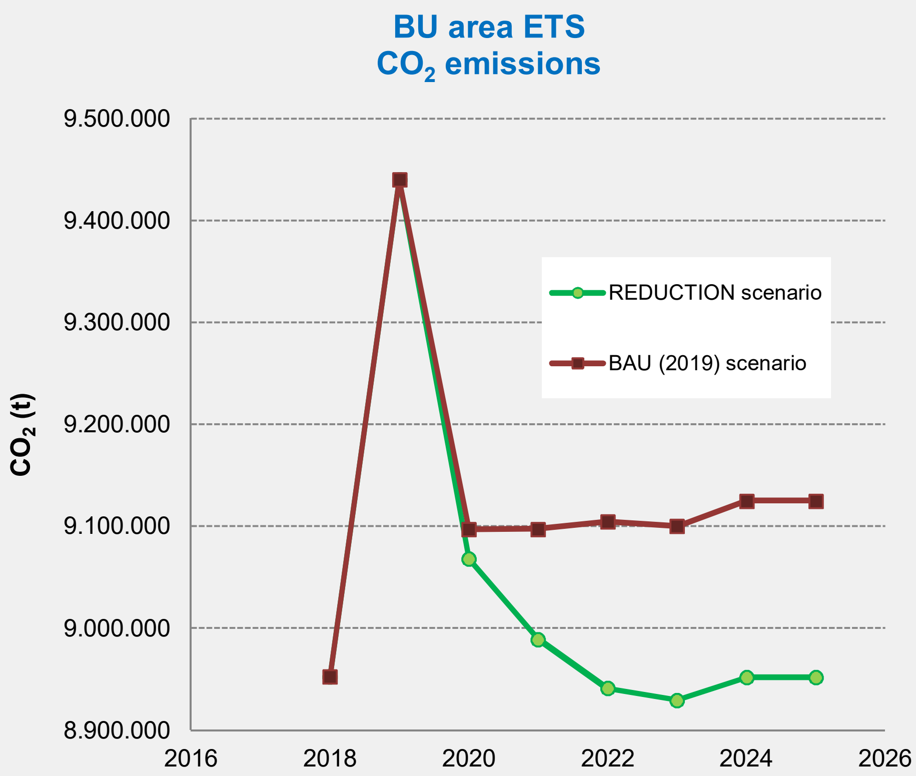
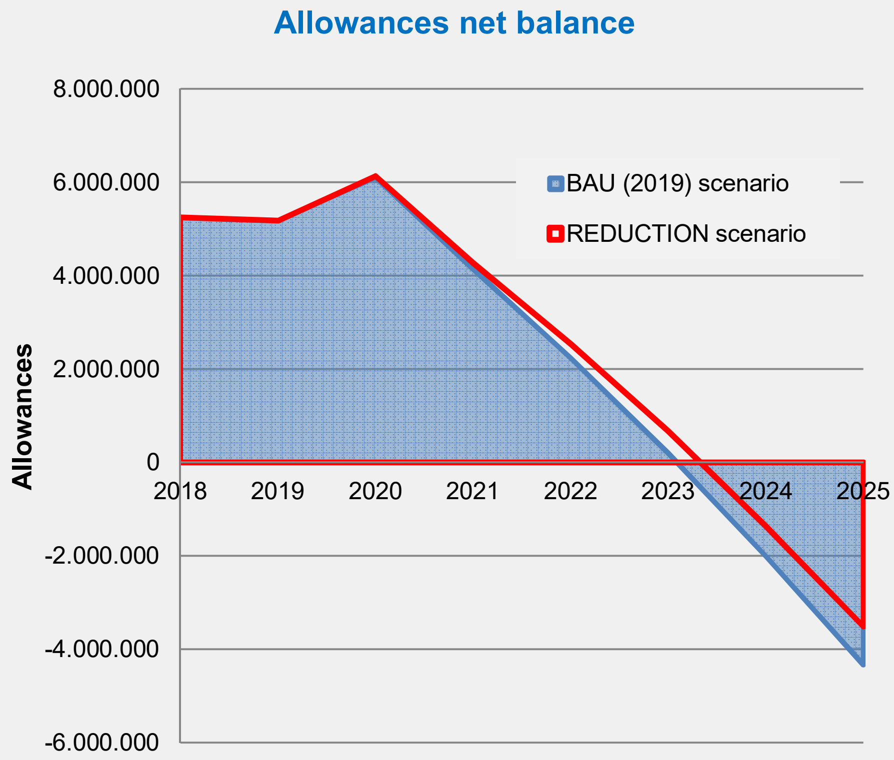
Estimated trend of CO_2 emissions and allowances in the first half EU ETS phase IV period (2021-2025)





(Reduction scenario includes CO_2 reduction projects and >/< 15% rule)

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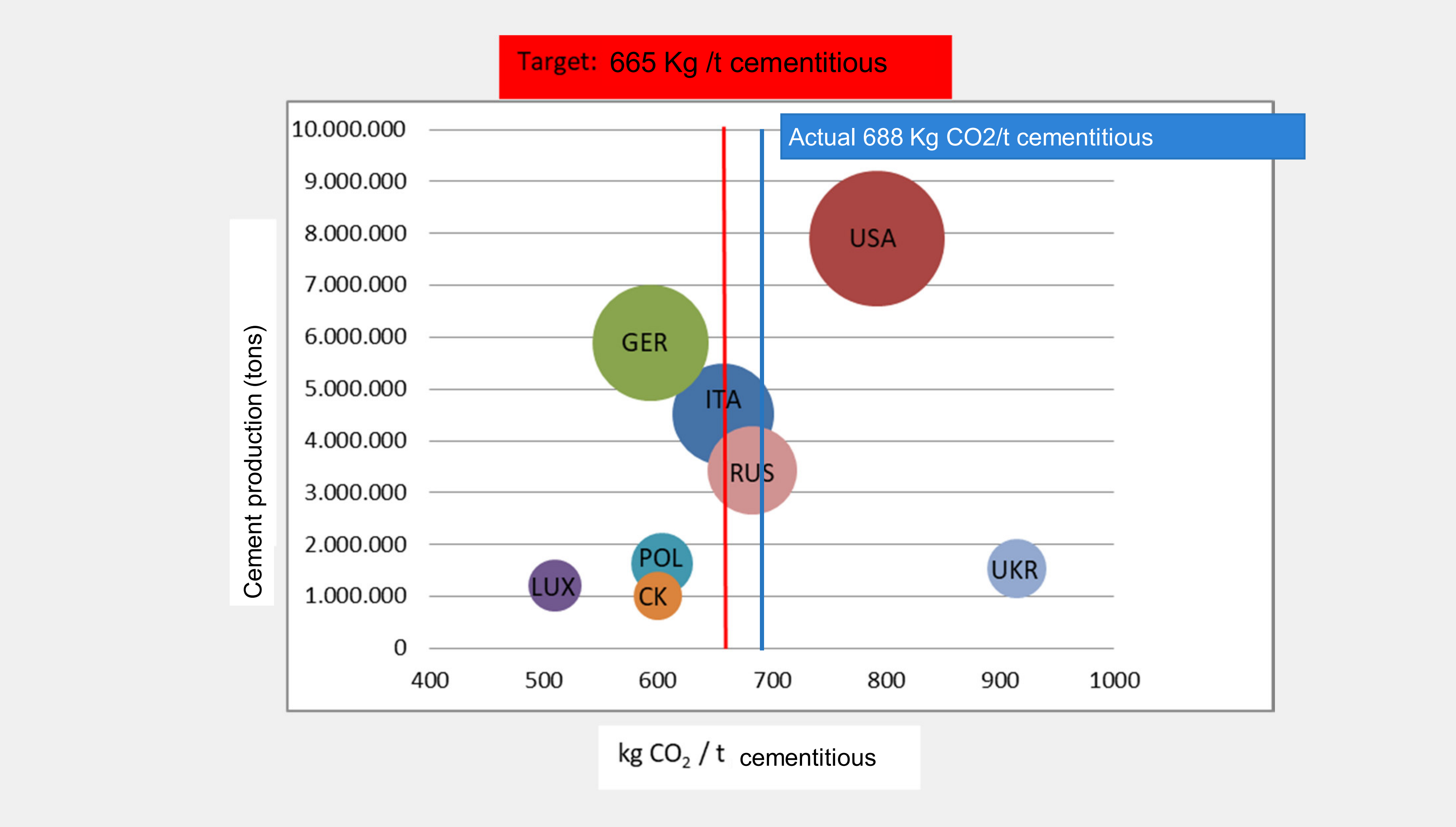
Breakdown of CO_2 emissions per country in 2019



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Solutions for de-carbonization

CLINKER CEMENT CONCRETE CONSTRUCTION CARBONATION	CEMBUREAU The European Cement Association	factors influencing feasibility: low * very high *****							
	2050 CARBON NEUTRALITY ROADMAP (Kg CO2/t cement)	performance and market acceptance	standards	availability of supplementing materials/fuels	permits	nimby	R&D	increase of cost production	capex
cements with a lower clinker content	-72	***	***	*****				*	**
alternative fuels with biomass content	-71			**	***	*****		*	**
technical update (BAT)	-61								*****
new cements with lower carbon footprint	-17	***	***	***	*		*****	*	**
carbon capture	-280				***	*****	*****	*****	*****
concrete recipe optimization	-52	**	*****	***				**	*
H2 + electrification	-19			*****			**	*****	*****
decarbonated raw materials	-27			*****					**
carbon neutral trasnsport	-17			*****					***
CO2 uptake	-51								
already achieved up to 2017 since 1990	-116								
total	-783								

CCS situation: where are we now?

Good news…

- Various CC options available although not all with the same level of technical readiness (TRL).
- Storage and utilization solutions potentially available.
- EU financing.

Bottlenecks

- High costs
- Lack of infrastructure
- Not enough renewable energy / H2
- NIMBY syndrome

What do we need to go forward?

- High costs entail risk of carbon leakage. We need rules for maintaining our competitiveness.
- Infrastructure projects and support for storage still missing.
- Renewable energy supply.
- New liaisons and new alliances between energy intensive industry and big emitters.
- Stakeholder dialogue to prevent/limit NIMBY.

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