

2022 FULL YEAR RESULTS

29 March 2023

Pietro Buzzi – CEO

Metro Karlsruhe (Germany) , credits: Christoph Mertens

2022 IN BRIEF



Net Sales growth in every region. Consolidated figures reached 3,996 €m (+9.6% lfl), highest result in company history. Strong increase in recurring EBITDA (892 €m; +3.1% lfl). Italy and US compensated weaker Central and Eastern Europe. EBITDA margin below 2021 but it recovered during H2 thanks to pricing momentum and some softening in energy prices.



Cash generated from operations suffered from working capital absorption and higher capex. ROCE over WACC still positive despite higher cost of capital.



Shareholders return: increased dividend by 12.5% at 0.45 € ps. Payout ratio approaching 20%.

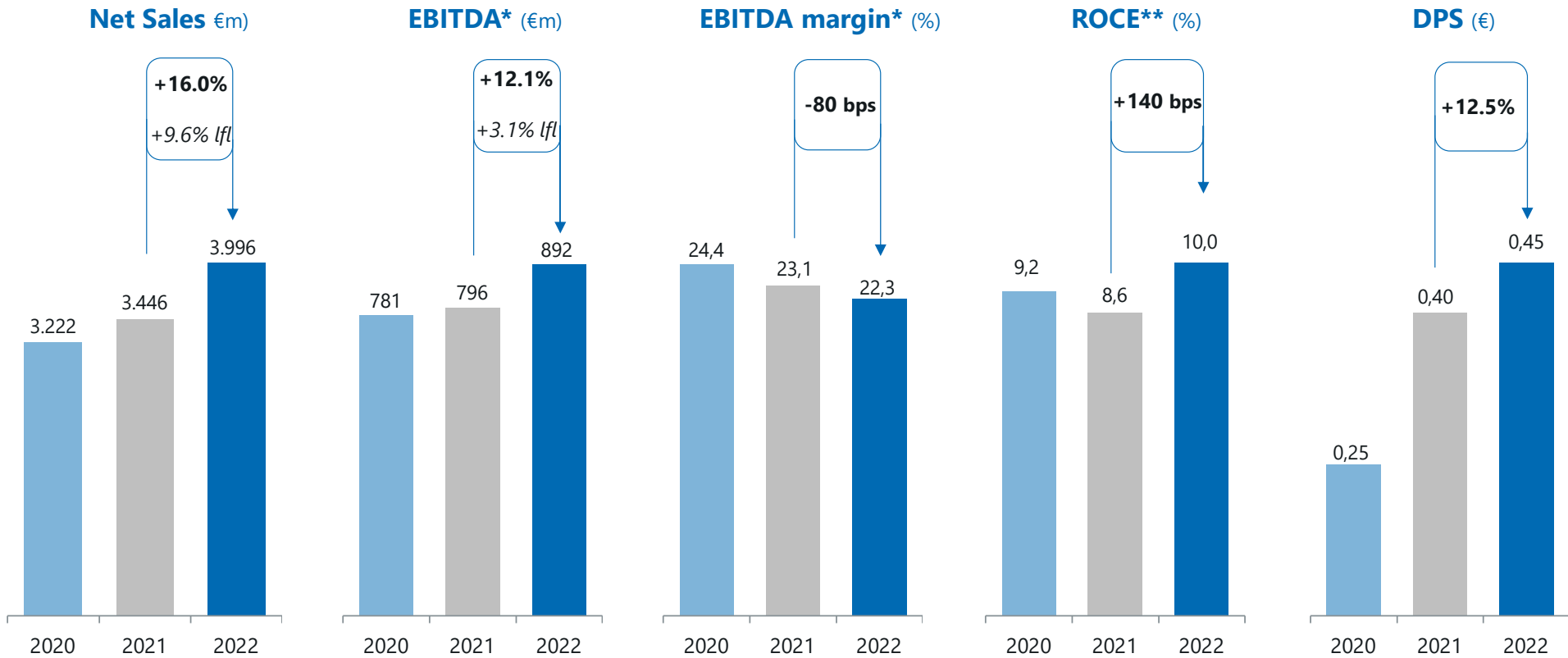


Specific CO₂ emissions (gross) reduced by 3.6% vs 2021 allowing to reach the internal target (-5% vs 2017) 2030 CO₂ reduction program validated by SBTi and aligned to “well below 2°” scenario.



2023 group recurring EBITDA expected to remain stable versus 2022.

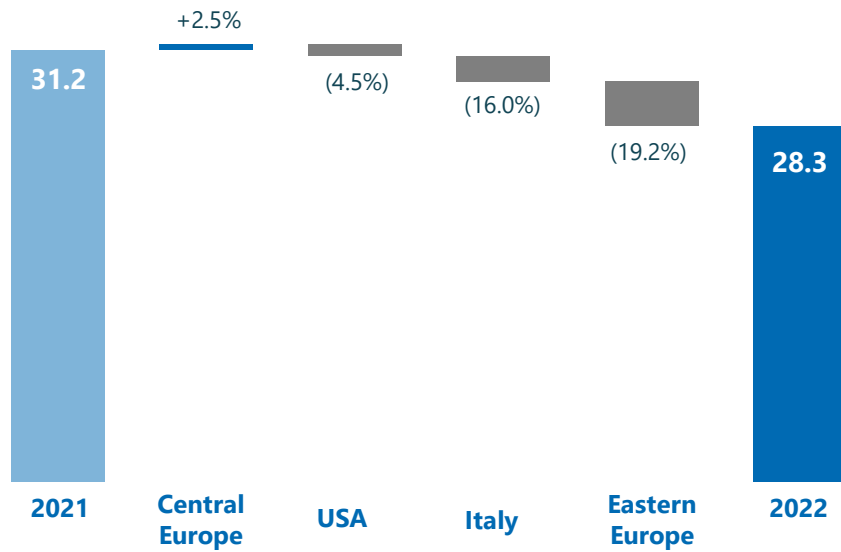
2022 KEY FIGURES



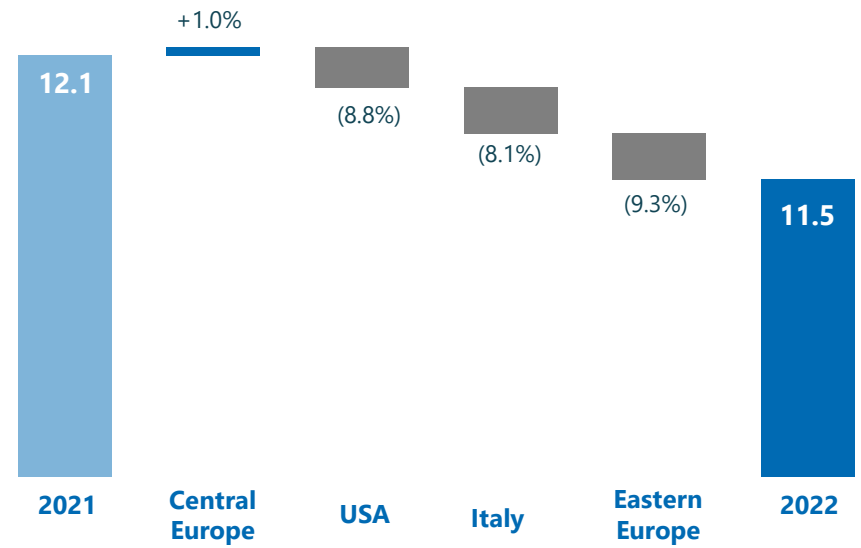
* Recurring ** adj by non rec. Items, including goodwill

CEMENT AND RMX VOLUMES VARIANCE

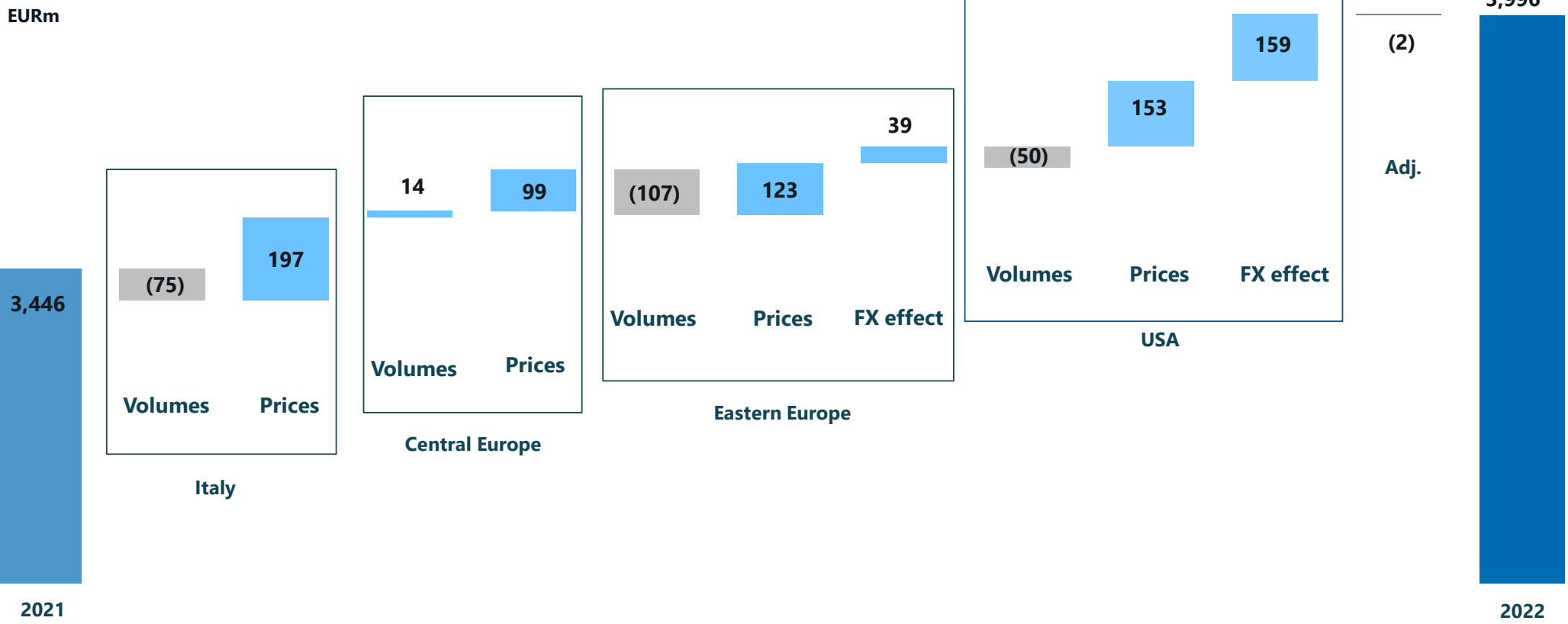
Cement volumes (mton)



Ready-mix volumes (mm³)

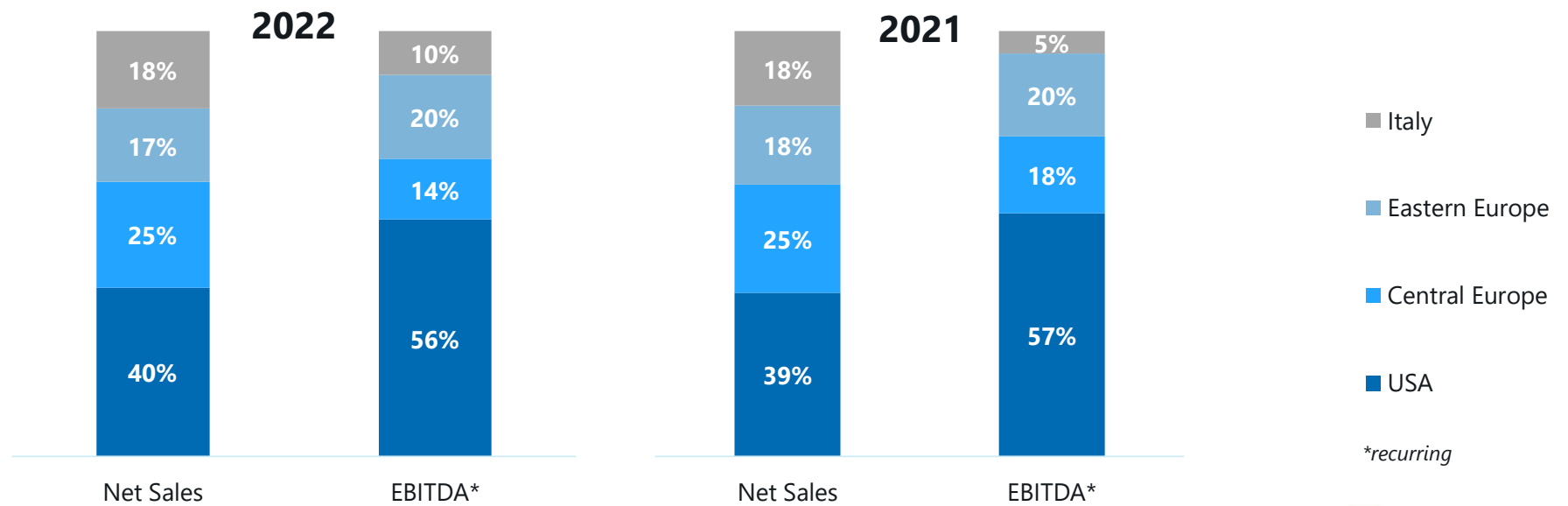


NET SALES VARIANCE ANALYSIS



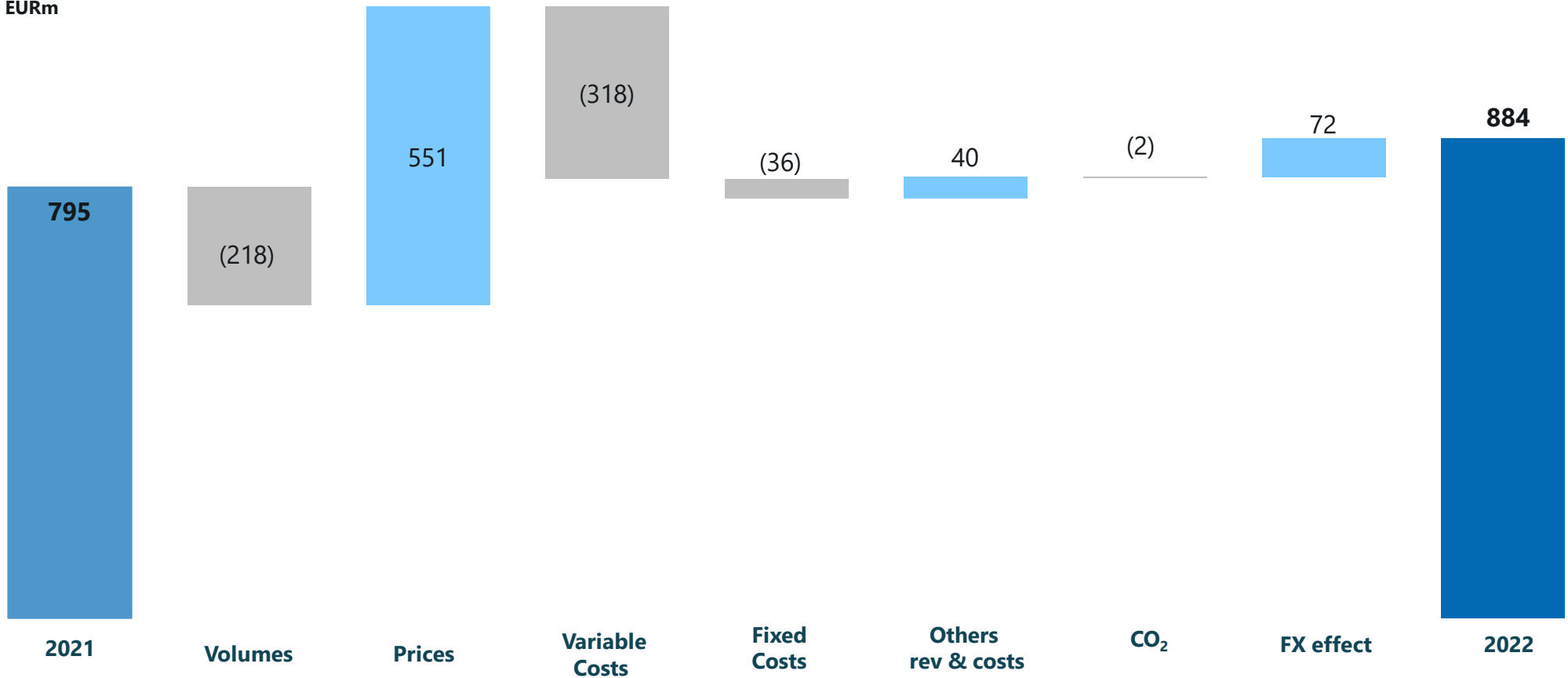
NET SALES AND EBITDA BREAKDOWN BY AREA

- ✓ Italy's contribution to EBITDA doubled: prices and power subsidies fully offset negative volumes and spike in energy costs.
- ✓ Central Europe slipped back due to costs inflation and less aggressive pricing strategy; Eastern Europe stable despite Ukraine.
- ✓ USA remained the biggest contributor to consolidated recurring EBITDA



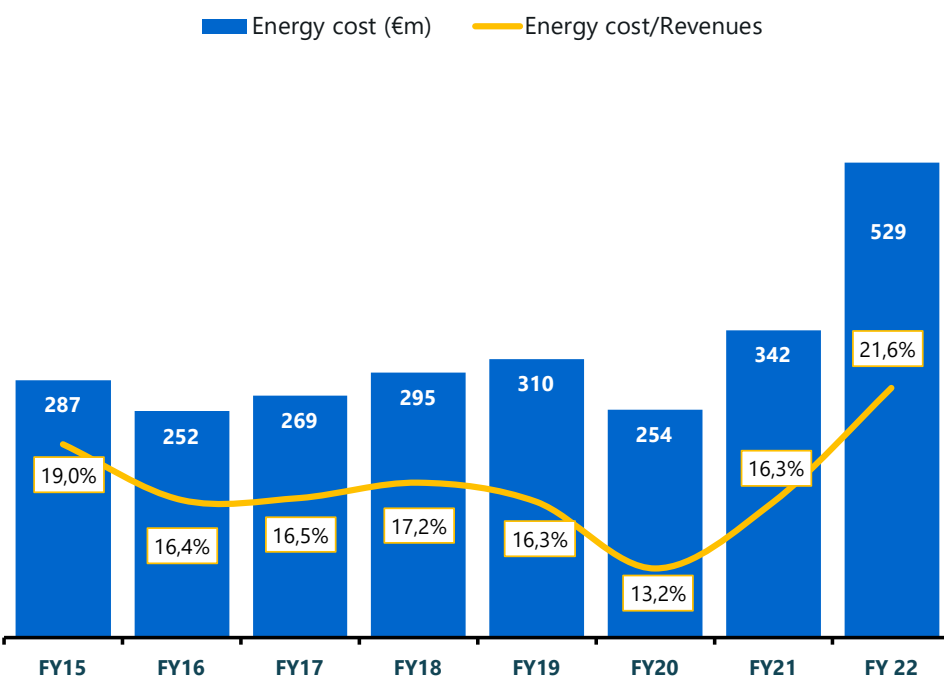
EBITDA BRIDGE

EURm

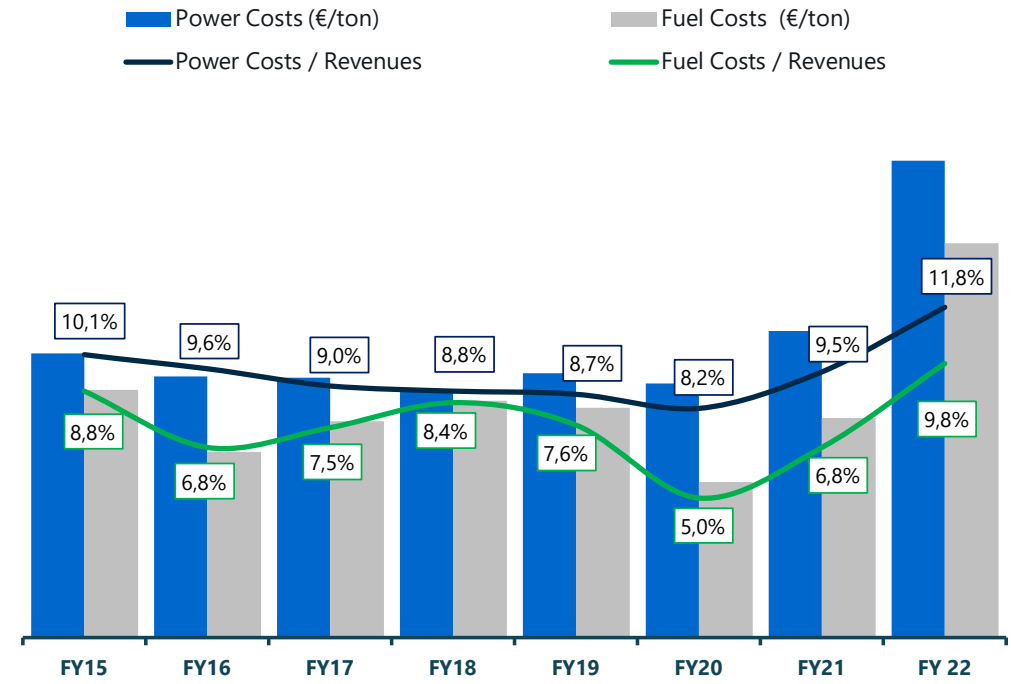


ENERGY COSTS

Total energy*



Power & Fuel*



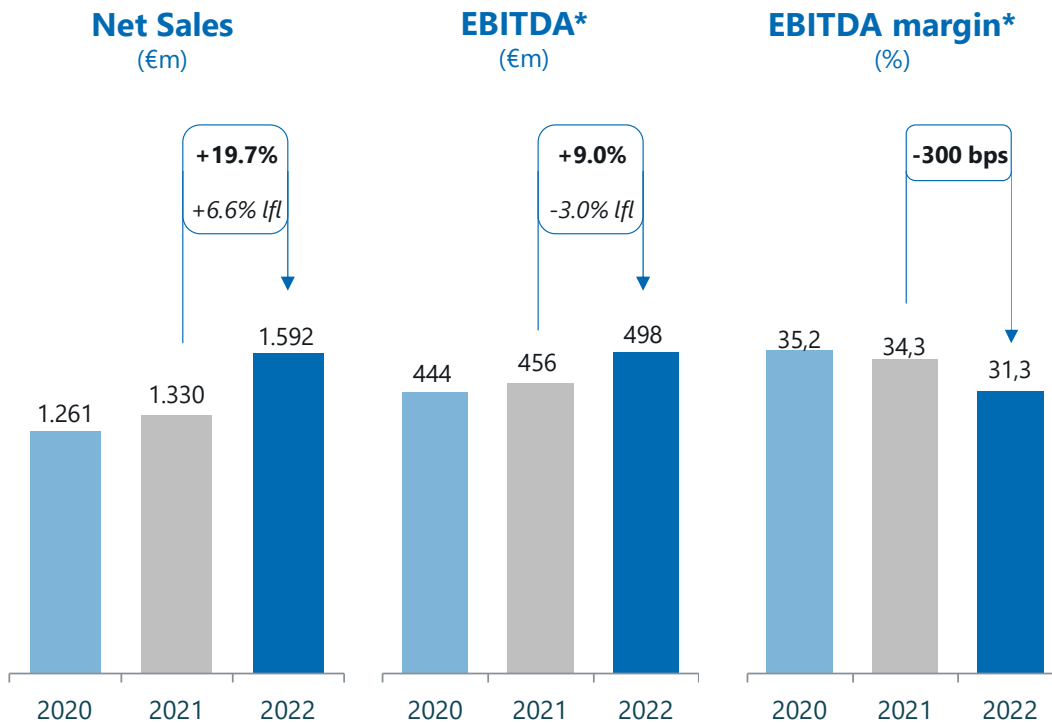
* ex. Russia; only cement

TRADING BY GEOGRAPHICAL AREA



Alamo Cement plant, San Antonio, TX (USA)

UNITED STATES OF AMERICA

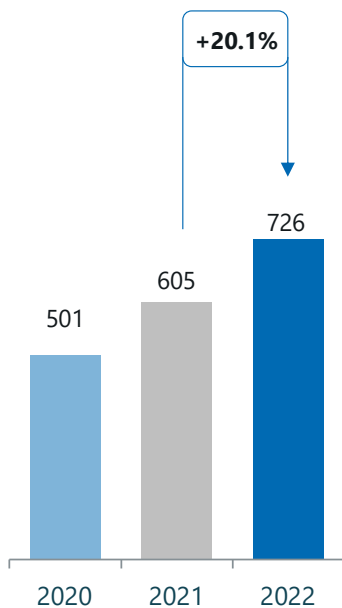


* recurring

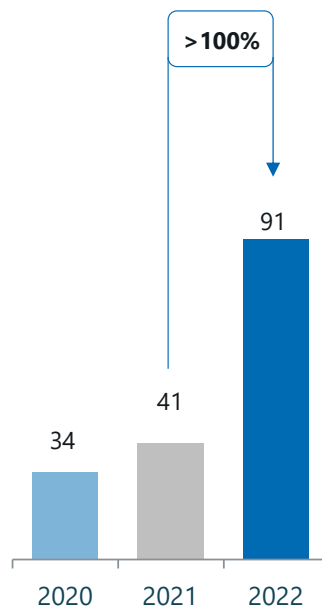
- Cement demand has been stable over the year, with some slow down in H2 due to higher interest rates and the inflation of building materials.
- Q4 cement volumes have contracted more than forecasted: generalized slowdown in cement demand and logistical problems along the Mississippi river influenced the dynamics of our shipments.
- Pricing momentum and softening in energy costs, allowed price over cost trend to recover in H2.
- Net Sales and EBITDA increased. Significant FX tailwind.
- Margins still under pressure due to enduring high production costs.

ITALY

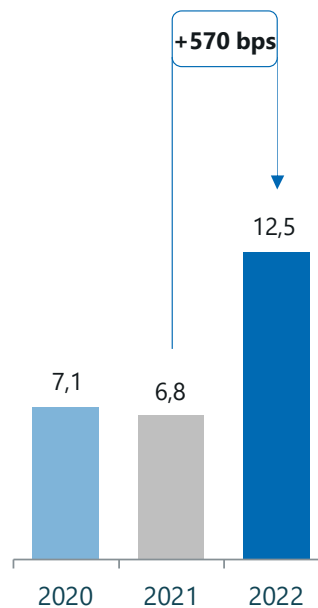
Net Sales
(€m)



EBITDA*
(€m)



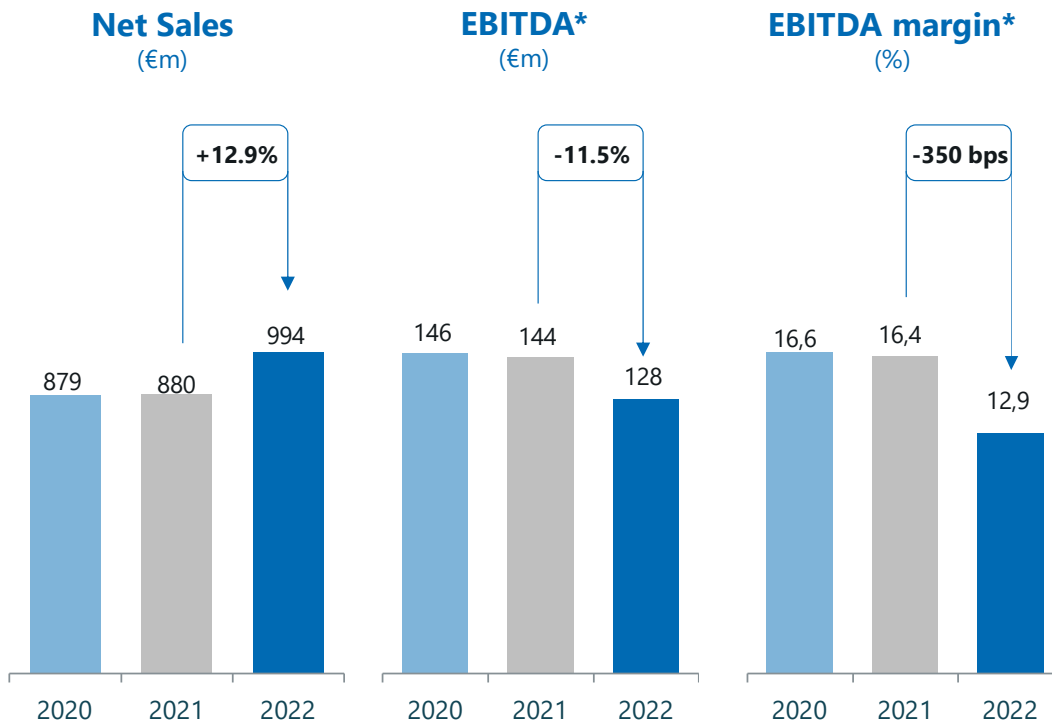
EBITDA margin*
(%)



- Construction investments slowed down in H2, held back by inflation, rising interest rates and concerns about recession. Domestic cement consumption estimated to decrease by 8%, but rising imports.
- Cement and rmx volumes further declined in H2.
- Sequential price increases allowed to compensate higher production costs (fuels and power >2x).
- Price over cost started to widen again in Q3 and Q4.
- Strong increase in Net sales (+20.1%) and EBITDA doubled compared to 2021 thanks also to tax credit (38 €m).

* recurring

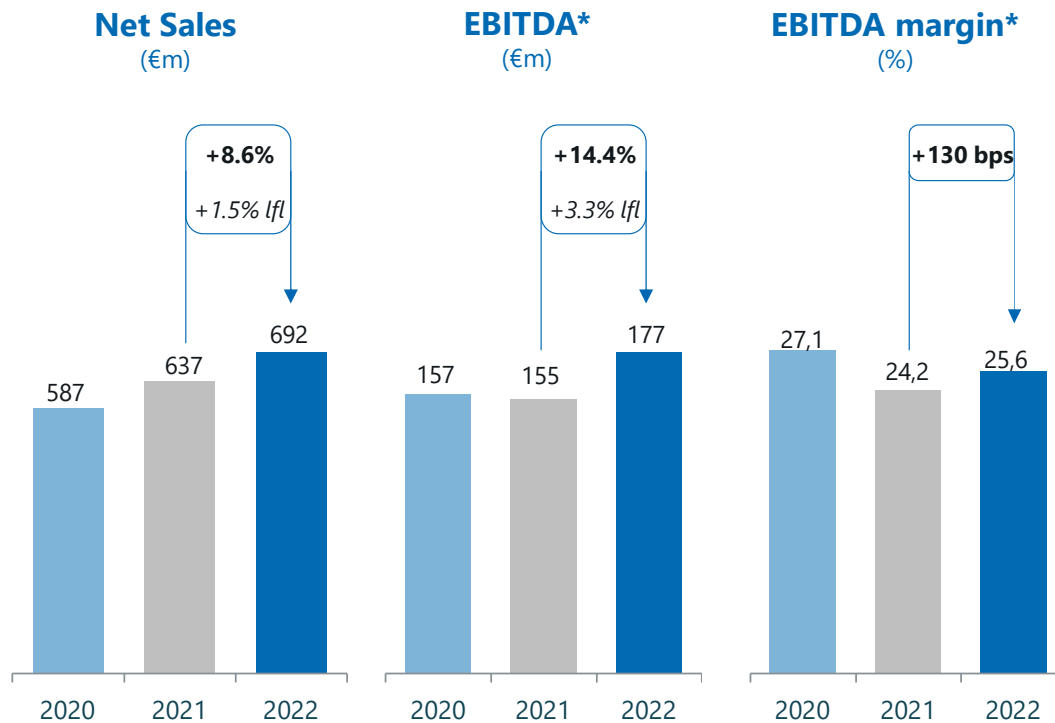
CENTRAL EUROPE



* recurring

- Demand slowed down due to more evident weakness in commercial and public works, while residential sector remained stable.
- Q3 and Q4 volumes declined due to weaker demand and harsher winter.
- Good development of selling prices but more pricing momentum is expected for 2023.
- Stable price-over cost in Germany; squeeze off the profitability in Benelux.
- Overall Net sales growth while EBITDA declined due to higher operating costs (mainly in Benelux) and more challenging comps in 2021 (Germany).

EASTERN EUROPE

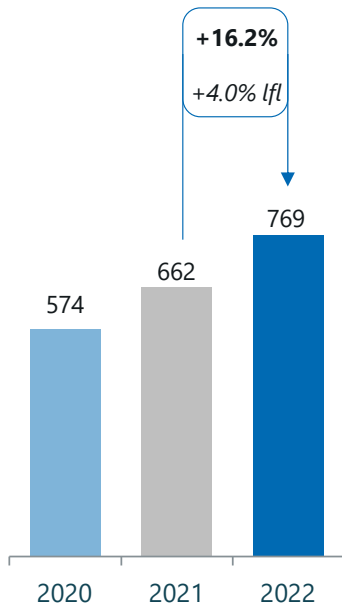


* recurring

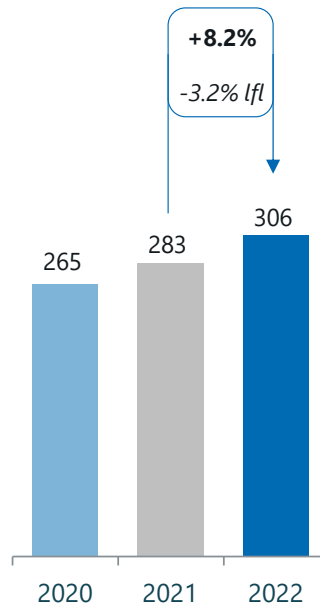
- Construction activity impacted by the war, mainly regarding availability and prices of building materials. Overall, demand remained resilient (high volume of building permits after pandemic) but started to weaken during H2.
- Cement volumes declined from H2 onwards, in line with the demand.
- Challenging energy costs environment but price-over cost remained positive thanks to price increases.
- Significant FX tailwinds.
- Positive development for Net Sales and EBITDA, despite the challenging operating context in Ukraine which negatively impacted the results.

MEXICO

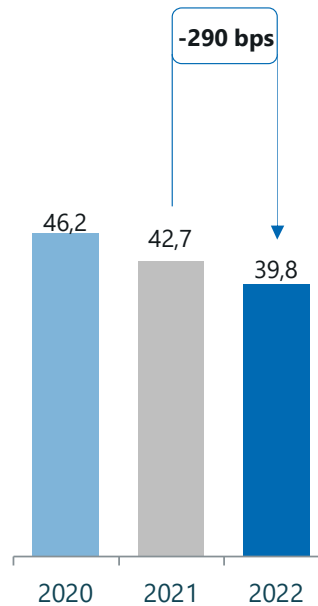
Net Sales
(€m)



EBITDA*
(€m)



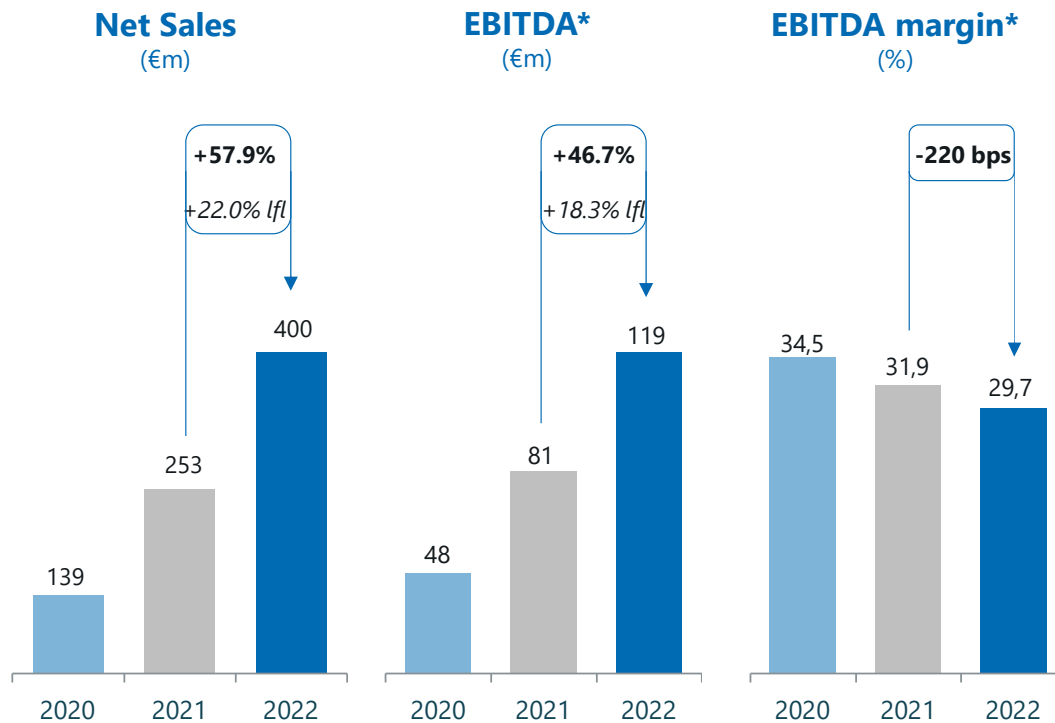
EBITDA margin*
(%)



- Cement sales closed down but started to catch up from August.
- The unitary production costs worsened, impacted by energy increases, in particular fuels, and by higher fixed costs.
- Price over cost remained stable thanks also to good pricing momentum in H2.
- EBITDA moved up driven by FX tailwinds, but trended down in local currency.
- EBITDA margin at the top of the range, but severely impacted by the increase in operating costs.

* Recurring ; figures at 100%

BRAZIL



* Recurring ; figures at 100%

- Cement sales markedly improved and prices clearly progressing too. At constant scope volumes would have remained stable.
- Unitary production costs worsened due to higher variable costs (mainly fuels) and fixed items.
- Positive price over cost trend.
- FX tailwinds.
- EBITDA moved visibly up even at constant fx and scope.

OUTLOOK 2023



Golda Mell Steg, Berlin (Germany) - Credits: ACME

2023 OUTLOOK



Construction investments are expected to weaken in 2023, both in US and Europe. Higher construction costs as well as financing costs are going to weight on building activity.



Energy prices are expected to progressively stabilize during 2023, at levels anyway higher than 2022.



Our operating results will continue to benefit from an upward trend in selling prices, thanks to both carry-over effect and further prices increases.

USA: cement demand underpinned by infrastructures spending with residential expected to decline D-D. Further round up of selling prices

Italy: weaker demand due to the decline in the residential sector and the lack of the implementation of PNRR. Better avg selling prices thanks to carry-over effect



Central Europe, Poland and Czech: construction activity to slowdown due to inflation and higher rates. Public support on infrastructure and residential renovation. Generalized focus on price increases in order to compensate lower volumes

Mexico: construction activity expected to remain buoyant thanks to robust residential and to "near-shoring". Better prices

Brazil: stable demand and likely additional price improvements



Group recurring EBITDA expected to remain stable versus 2022.

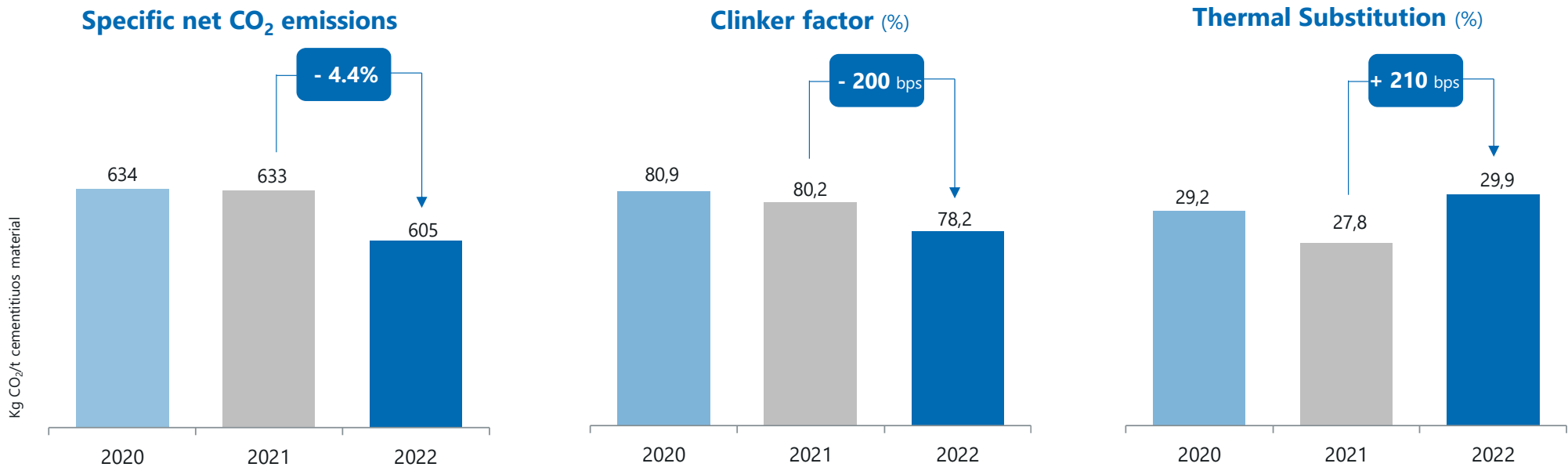
SUSTAINABILITY




Buzzi Unicem USA, Type II cement


CO₂ REDUCTION ON TRACK

- ✓ Specific gross CO₂ emissions declined by 3.6% to 664 kg CO₂/t cem.mat, reaching the target as planned (-5% vs 2017)
- ✓ Main factors which contributed to meet the target:
 - Significant reduction of clinker factor thanks to the changes in product mix applied by every country
 - Further increase in alternative fuels rate



2030 CO₂ TARGETS VALIDATED BY SBTi

 In March 2023, the Science Based Targets initiative (SBTi) has formally validated the scope 1 and scope 2 decarbonization targets envisaged by the roadmap "**Our Journey to Net Zero**".

 Our targets are aligned with the objective of keeping climate warming "**well below 2°**", as defined by the 2015 Paris Climate Agreement.



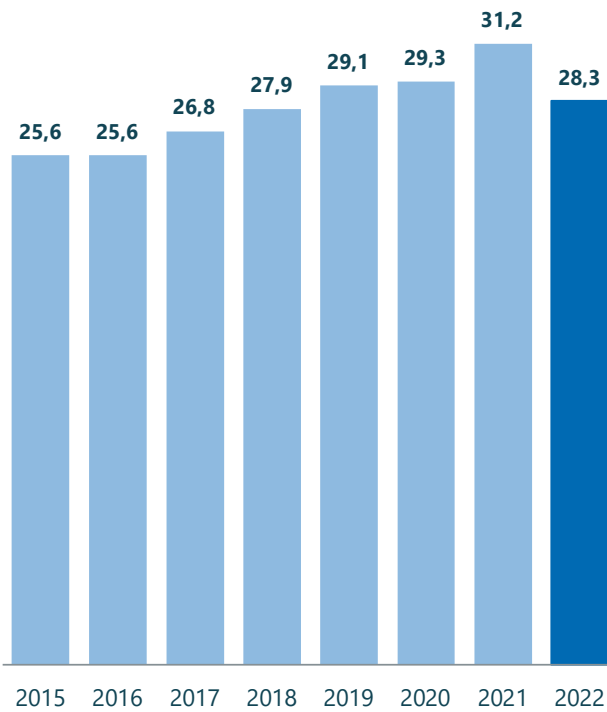
SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

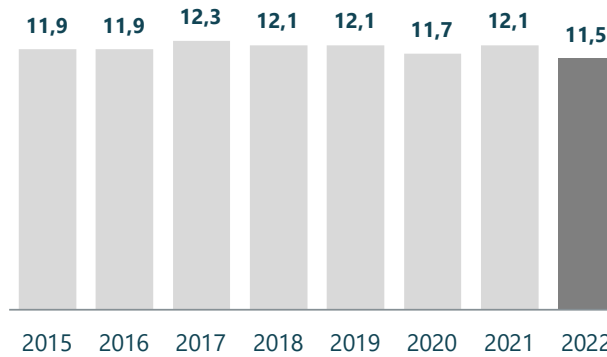
APPENDIX

VOLUMES

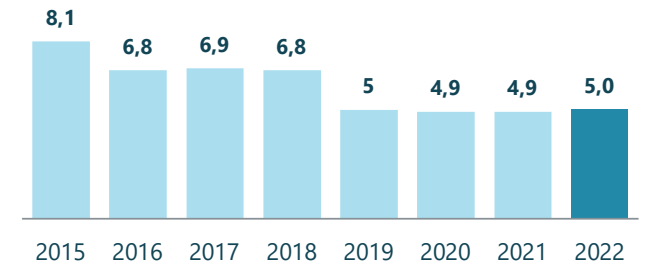
Cement (mton)



Ready-mix concrete (mm³)

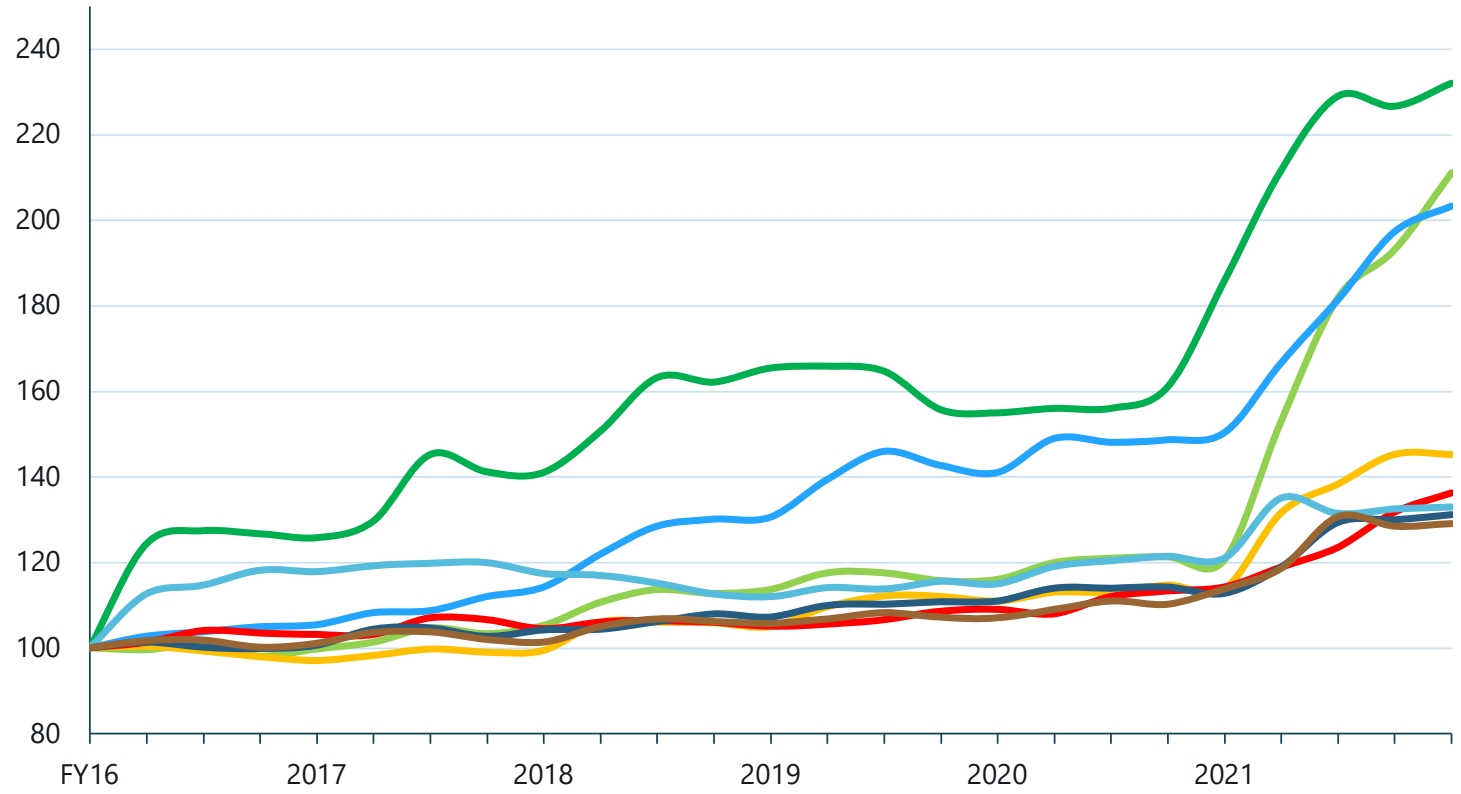


Aggregates (mton)



PRICE INDEX BY COUNTRY

FY 2016=100



	Q4 22
Ukraine	232
Italy	211
Poland	203
Czech Republic	145
USA	136
Mexico	133
Germany	131
Luxembourg	129

FX CHANGES

	2022	2021	Δ	2020
EUR 1 =	avg	avg	%	avg
USD	1.05	1.18	11.0	1.14
RUB	73.82	87.15	15.3	82.72
UAH	34.02	32.26	-5.5	30.85
CZK	24.57	25.64	4.2	26.46
PLN	4.69	4.57	-2.6	4.44
MXN	21.19	23.99	11.7	24.52
BRL	5.44	6.38	14.7	5.89

NET SALES BY COUNTRY

	2022	2021	Δ	Δ	Forex	Scope	Δ I-f-I
EURm			abs	%	abs	abs	%
Italy	726.2	604.7	121.5	+20.1	-	-	+20.1
United States	1,591.8	1,329.6	262.2	+19.7	174.6	-	+6.6
Germany	798.8	708.1	90.7	+12.8	-	-	+12.8
Lux / Netherlands	226.9	201.1	25.8	+12.8	-	(0.6)	+13.2
Czech Rep / Slovakia	201.2	177.5	23.7	+13.4	7.6	-	+9.1
Poland	141.3	126.4	14.9	+11.8	(3.7)	-	+14.7
Ukraine	59.8	127.0	(67.3)	-53.0	(3.3)	-	-50.4
Russia	290.4	207.4	83.0	+40.0	44.4	-	+18.6
<i>Eliminations</i>	<i>(40.8)</i>	<i>(36.2)</i>	<i>(4.6)</i>				
Total	3,995.5	3,445.6	550.0	+16.0	219.5	(0.6)	+9.6
Mexico (100%)	768.5	661.6	107.0	+16.2	80.5	-	+4.0
Brazil (100%)	400.2	253.4	146.8	+57.9	57.3	(33.8)	+22.0

EBITDA BY COUNTRY

	2022	2021	Δ	Δ	Forex	Scope	Δ I-f-I
EURm			abs	%	abs	abs	%
Italy*	82.0	40.8	41.2	n.s.	-	-	n.s.
United States	497.5	455.1	42.3	+9.3	54.6	-	-2.7
Germany	120.5	127.5	(7.0)	-5.5	-	-	-5.5
Lux / Netherlands	7.0	16.5	(9.5)	-57.6	-	(0.3)	-56.8
Czech Rep / Slovakia	56.8	51.3	5.5	+10.7	2.4	-	+6.0
Poland	27.2	31.3	(4.1)	-13.1	(0.7)	-	-10.8
Ukraine	(6.8)	13.3	(20.1)	n.s.	0.4	-	n.s.
Russia	99.6	58.6	41.0	+70.0	15.2	-	+44.0
Adjustments	-	0.2					
Total	883.7	794.6	89.0	+11.2	71.8	(0.3)	+2.2
Mexico (100%)	305.8	282.7	23.1	+8.2	32.0	-	-3.2
Brazil (100%)	118.7	80.9	37.8	+46.7	17.0	(6.0)	+18.3

*including 8.7 EURm of non recurring costs

CONSOLIDATED INCOME STATEMENT

	2022	2021	Δ	Δ
EURm			abs	%
Net Sales	3,995.5	3,445.6	550.0	+16.0
EBITDA	883.7	794.6	89.0	+11.2
of which, non recurring	8.7	1.3		
% of sales (recurring)	22.3%	23.1%		
Depreciation and amortization	(388.9)	(249.0)	(139.9)	
Operating Profit (EBIT)	494.8	545.6	(50.8)	-9.3
% of sales	12.4%	15.8%		
Equity earnings	117.6	124.1	(6.4)	
Net finance costs	(23.1)	(34.4)	11.3	
Profit before tax	589.3	635.3	(46.0)	-7.2
Income tax expense	(130.5)	(93.0)	(37.6)	
Net profit	458.8	542.3	(83.5)	-15.4
Minorities	-	(0.4)	0.4	
Consolidated net profit	458.8	541.9	(83.1)	-15.3

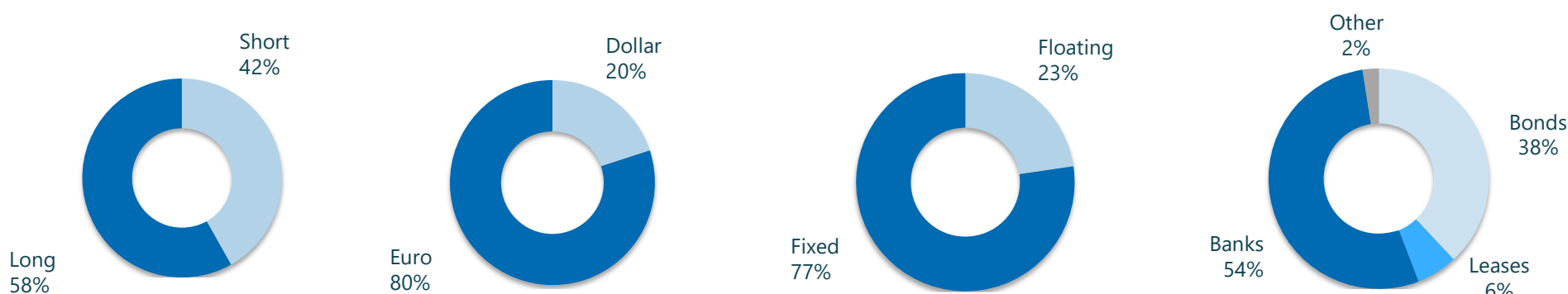
CONSOLIDATED CASH FLOW STATEMENT

EURm	2022	2021
Cash generated from operations	575.4	752.4
<i>% of sales</i>	<i>14.4%</i>	<i>21.8%</i>
Interest paid	(26.8)	(26.3)
Income tax paid	(153.9)	(134.4)
Net cash from operating activities	394.7	591.7
<i>% of sales</i>	<i>9.9%</i>	<i>17.2%</i>
Capital expenditures	(266.7)	(214.4)
Equity investments	(4.1)	(3.2)
Purchase of treasury shares	(123.2)	(0.0)
Dividends paid	(73.5)	(191.9)
Extraordinary dividend	-	143.3
Dividends received from associates	75.8	59.8
Disposal of fixed assets and investments	12.2	39.6
Translation differences and derivatives	15.6	43.8
Accrued interest payable	(0.1)	1.0
Interest received	24.0	10.8
Change in scope of consolidation and other	(1.9)	(3.1)
Change in net debt	52.7	477.2
Net financial position (end of period)	288.2	235.5

NET FINANCIAL POSITION

	Dec 22	Dec 21	Δ	Dec 20
EURm			abs	
Cash and other financial assets	1,349.7	1,207.5	142.2	1,220.9
Short-term debt	(621.9)	(155.1)	(466.8)	(214.2)
Short-term leasing	(20.3)	(22.5)	2.2	(21.4)
Net short-term cash	707.5	1,029.9	(322.4)	985.3
Long-term financial assets	249.8	252.3	(2.5)	11.0
Long-term debt	(611.0)	(990.9)	379.8	(1,173.4)
Long-term leasing	(58.1)	(55.8)	(2.3)	(64.6)
Net financial position	288.2	235.5	52.7	(241.6)

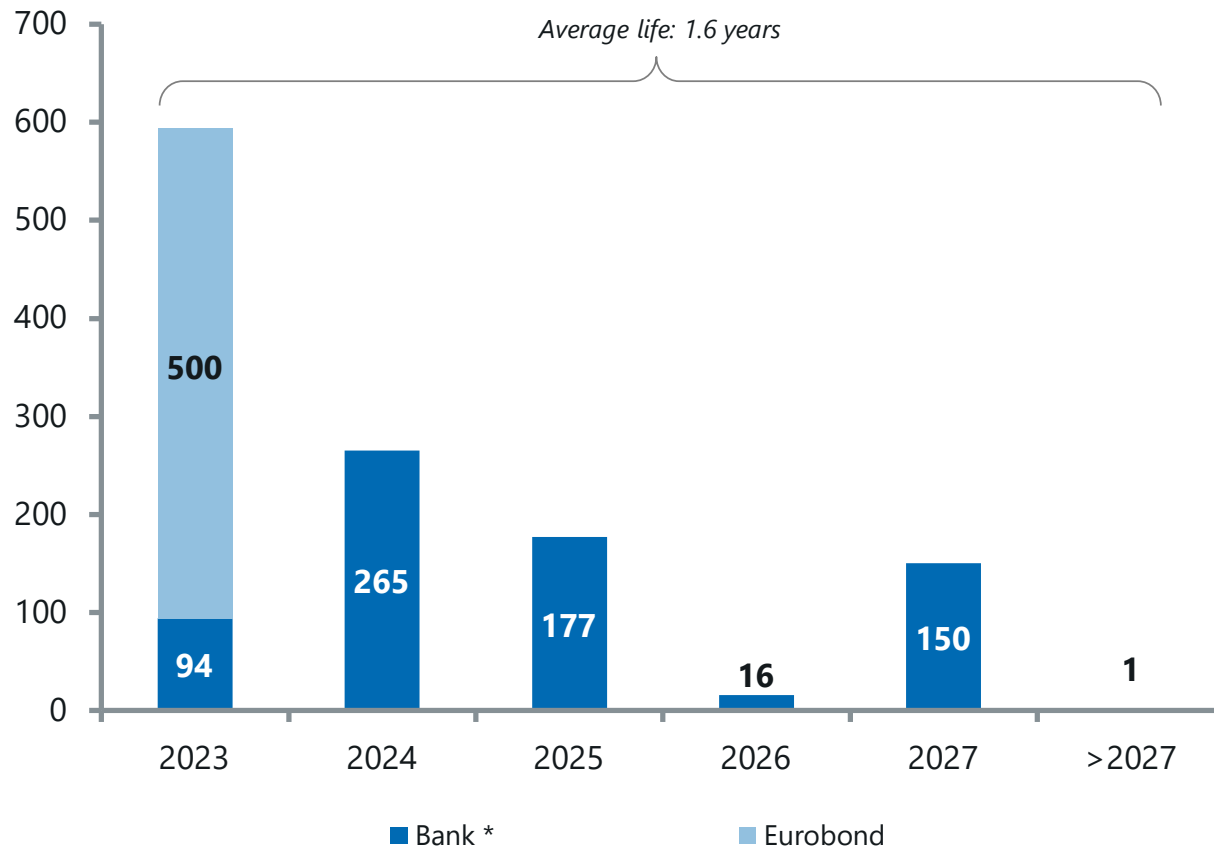
Gross debt breakdown (1,311.3 €m)



NET FINANCE COSTS

	2022	2021	Δ	Δ
EURm			abs	%
Interest expense	(26.8)	(24.8)	(2.0)	
Interest income	20.3	8.3	12.0	
Net interest expense	(6.5)	(16.5)	10.0	+60.7
Forex gains (losses)	(24.1)	(19.0)	(5.2)	
Derivatives valuation	3.4	11.0	(7.6)	
Interest costs of pension funds	(6.1)	(5.9)	(0.2)	
Other	10.1	(4.0)	14.2	
Net finance costs	(23.1)	(34.4)	11.3	+32.8
Cost of gross debt ~	2.17%	1.96%		

DEBT MATURITY PROFILE



Total nominal value of debt and borrowings stands at EURm 1,203 at December 2022

As at December 2022 available EURm 194 of undrawn committed facilities (EURm 187 for Buzzi Unicem, EURm 7 for Dyckerhoff)

*Bank loan/Schuldschein

2022 FULL YEAR RESULTS

29 March 2023

Pietro Buzzi – CEO