

H1 2023 RESULTS

3 August 2023

Pietro Buzzi – CEO



New Karlsruhe Subway, Germany; credits: Christoph Mertens

H1 2023 IN BRIEF



Demand has slowed down, impacting Q2 volumes which contracted both in cement (-7.8%) and rmx (-14%).



Selling prices have strengthened further in Q2, with different degrees of intensity.



Net Sales at 2,149.6 €m (+14.3%, +13.9% lfl), driven by the positive price effect. Slightly favorable fx fluctuations (mainly dollar) contributed €m 8.

Significant improvement in EBITDA (+57.6%; +56.3% lfl) at 575.3 €m and EBITDA margin, which improved by 720 bps (from 19.4% to 26.6%) thanks to the positive price-cost spread.

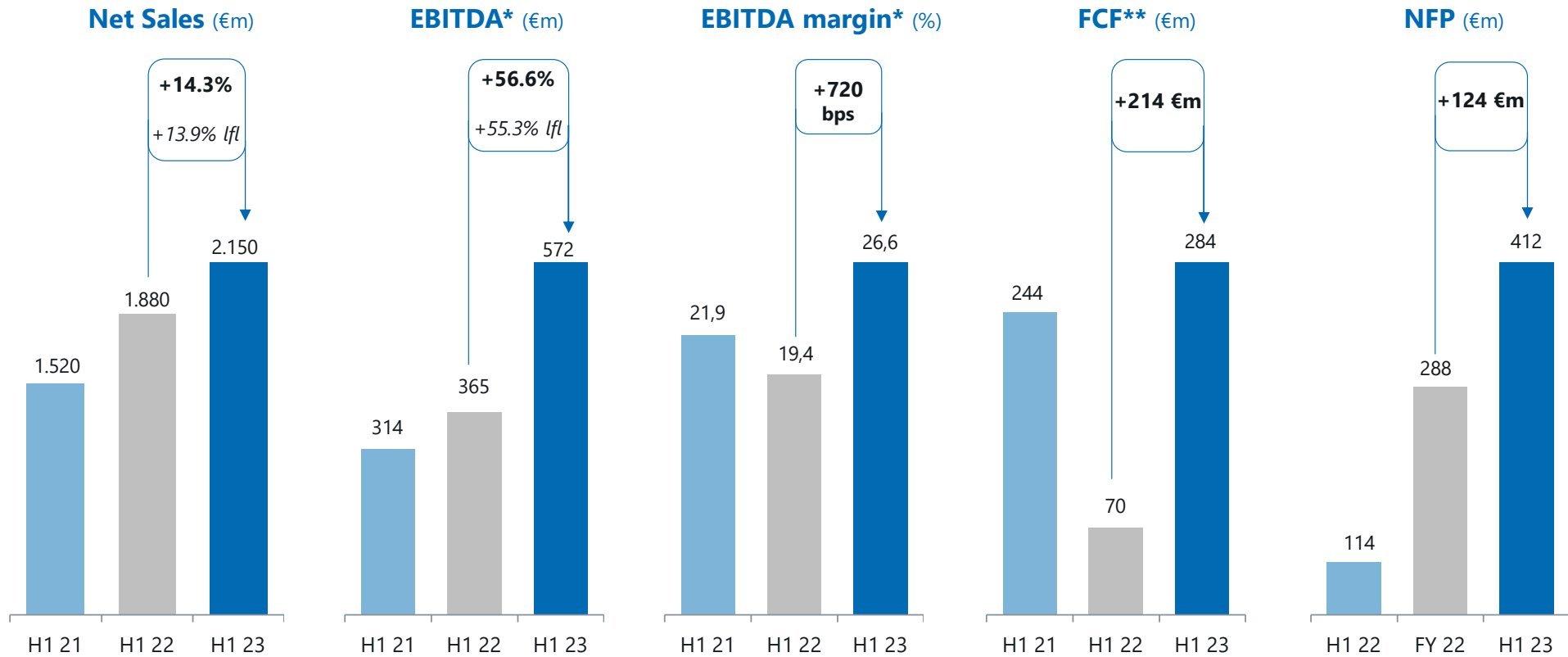


Net Cash Position increased by 124 €m compared to FY 22, reaching 412 €m.



Upgrading of the outlook for the 2023 financial year. Recurring EBITDA now expected to reach € 1,100-1,200 thousand.

H1 2023 HIGHLIGHTS

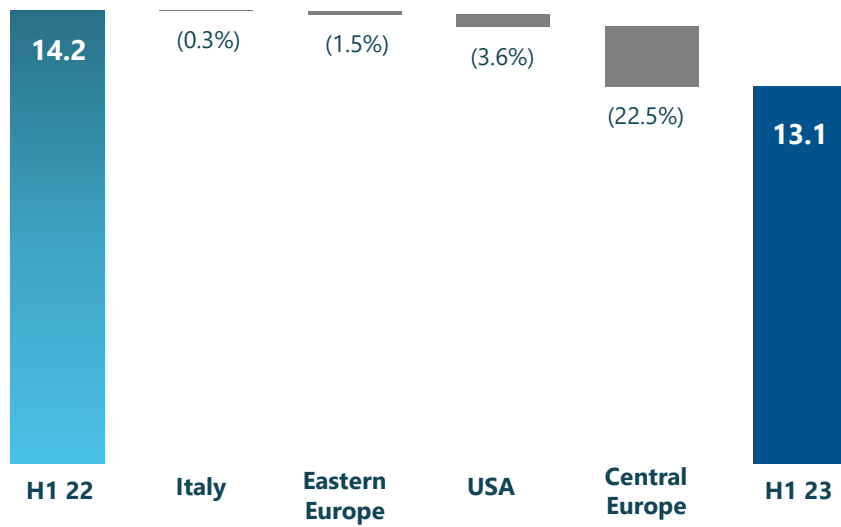


* Recurring ** Free Cash Flow: FCFO+Dividends from associates-Ord. Capex

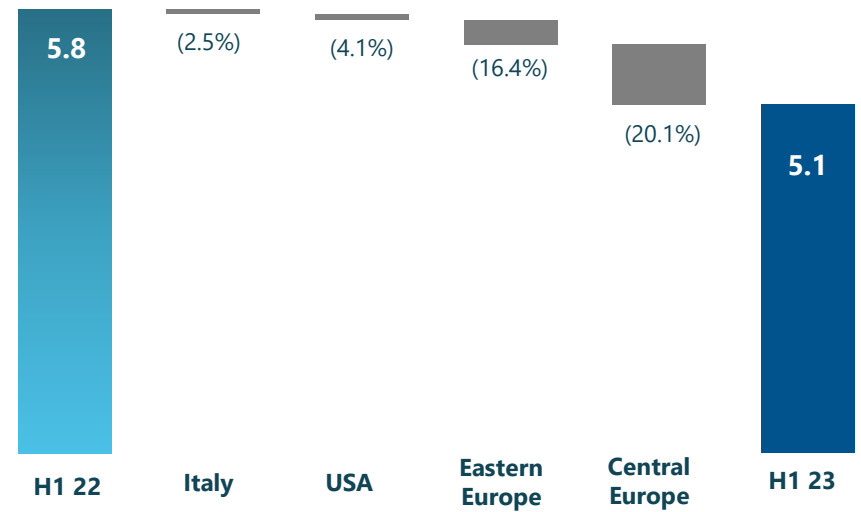


CEMENT AND RMX VOLUMES VARIANCE

Cement volumes (mton)



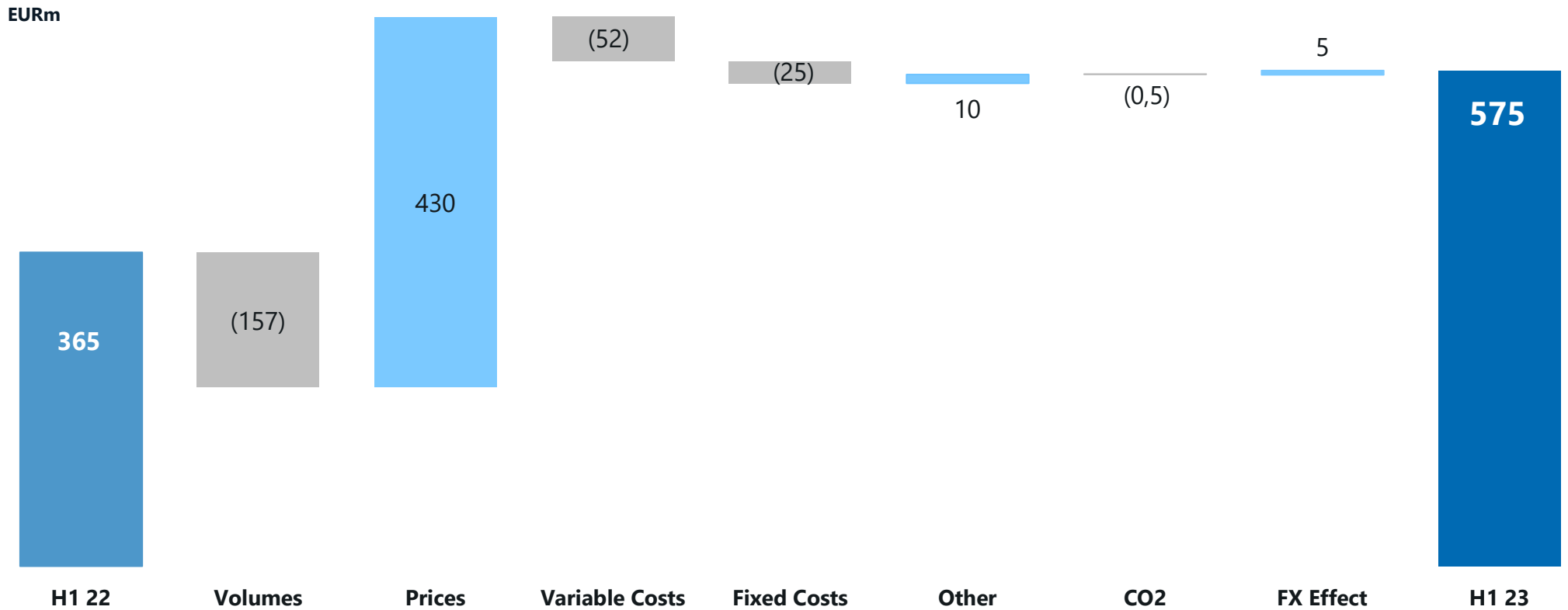
Ready-mix volumes (mm³)



NET SALES VARIANCE ANALYSIS

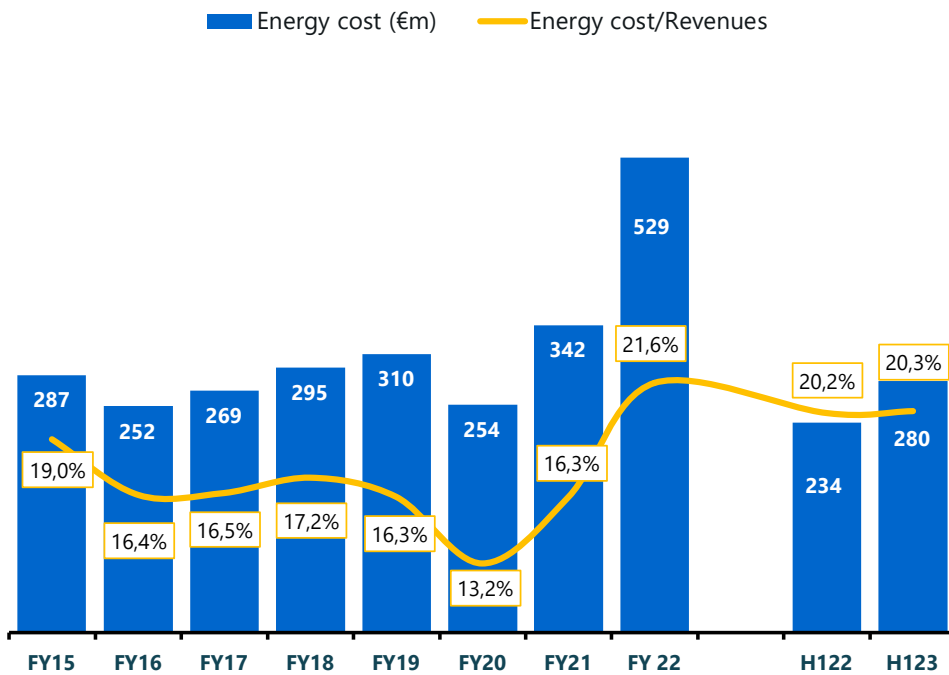


EBITDA VARIANCE ANALYSIS

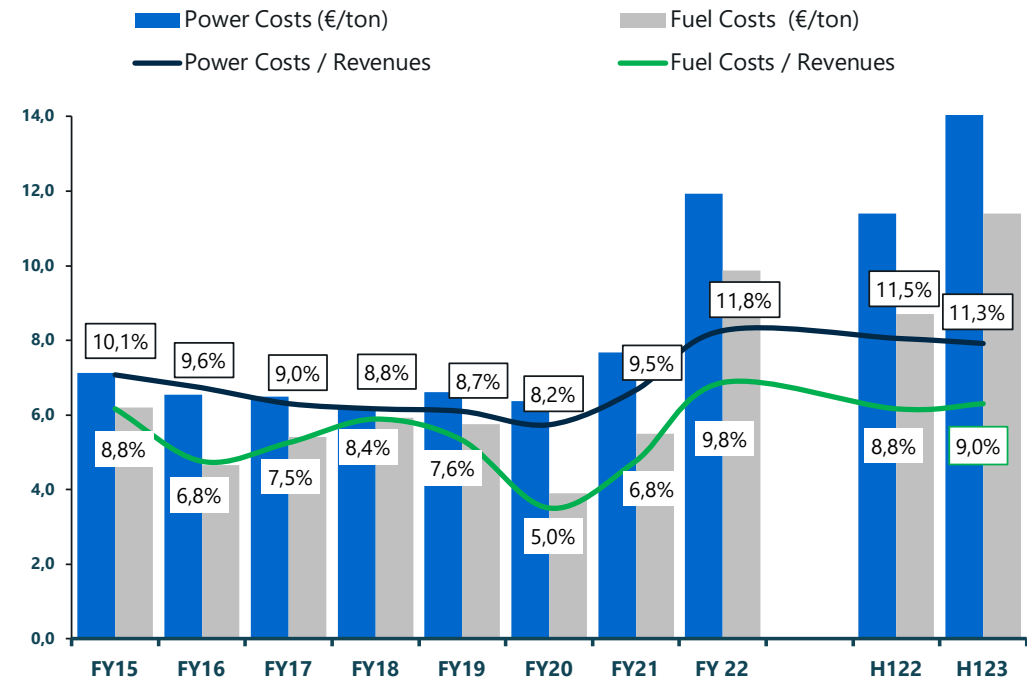


ENERGY COST

Total energy*



Power & Fuel*



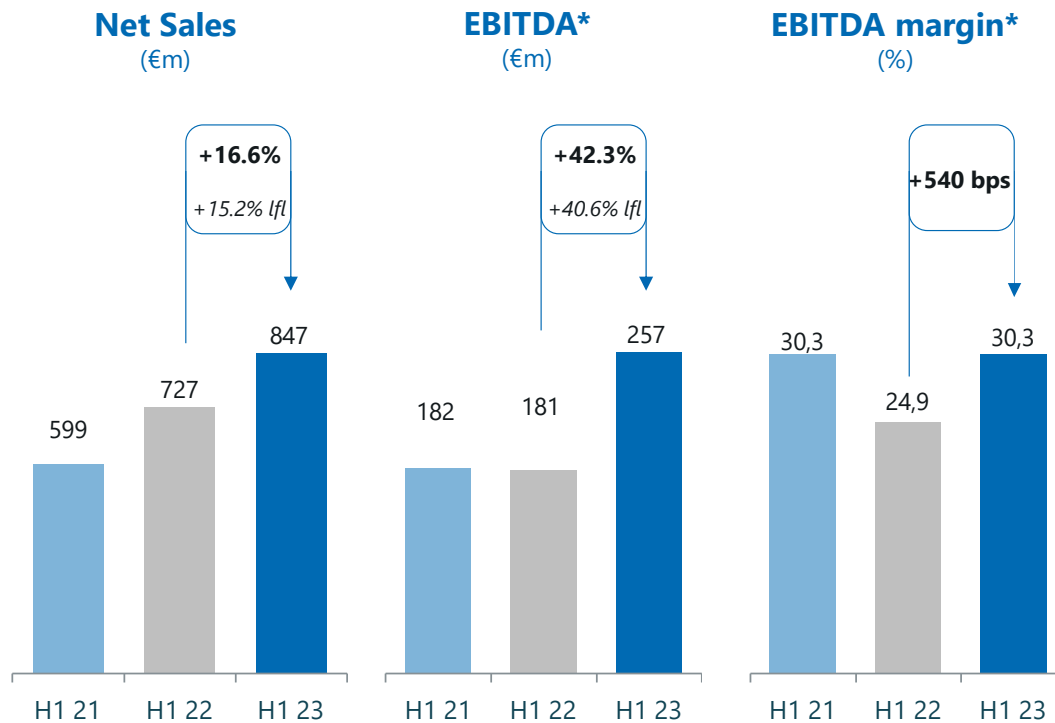
* ex. Russia; only cement



TRADING BY GEOGRAPHICAL AREA



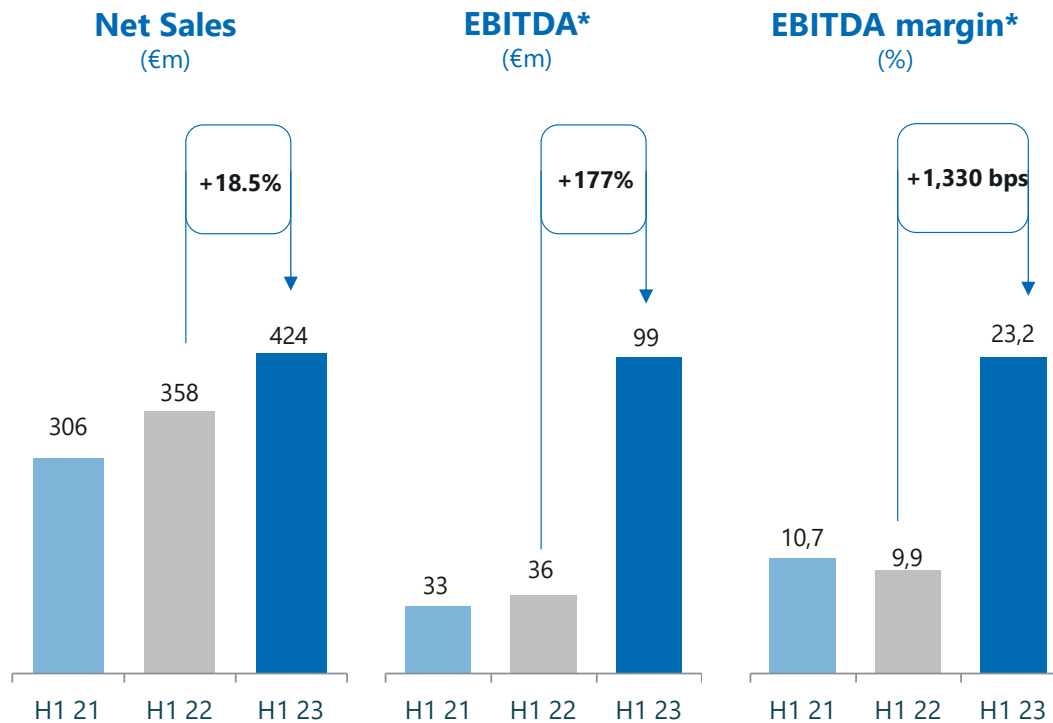
UNITED STATES OF AMERICA



* recurring

- Cement demand slowed down in the first half, mainly due to weaker residential activity, impacted by higher rates and construction costs
- Negative development of cement volumes (-3.6%) in the first half, penalized by unfavorable weather in some areas, general slowdown of the demand, delays in construction activity.
- Pricing momentum has been able to offset the carryover effect in costs, allowing price over cost trend to remain positive. Margins recovered 2021 level.
- Moderate FX tailwind on Net Sales and EBITDA

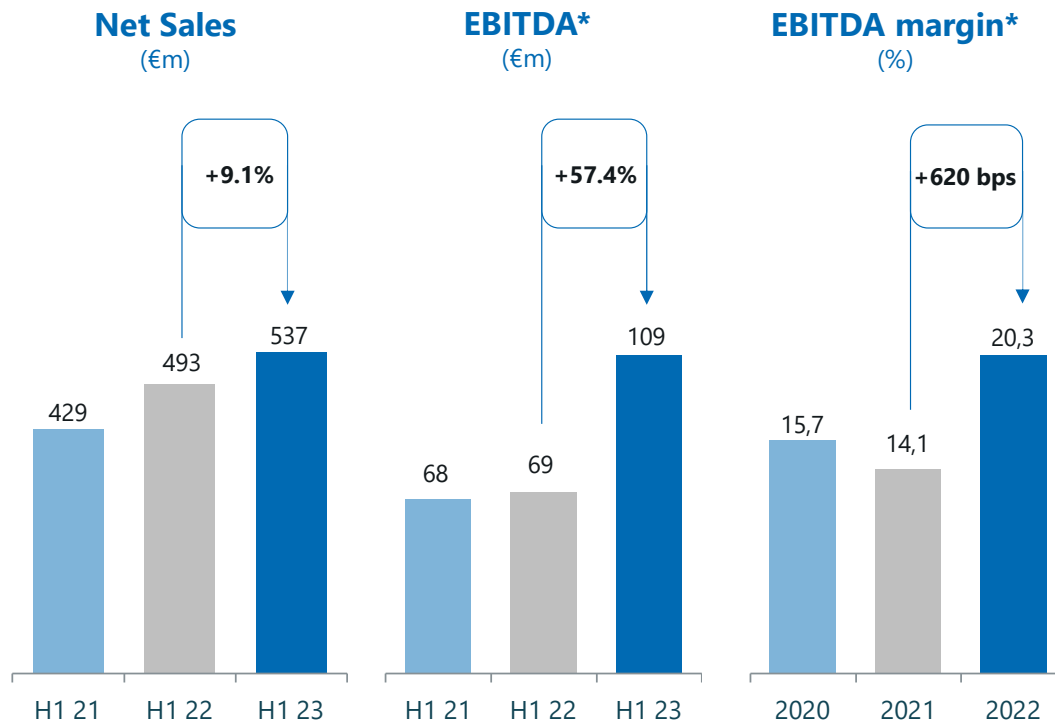
ITALY



* recurring

- Activity in construction sector has been negative during H1. Higher interest rates and gradual attenuation of tax incentives on renovation driven down residential. Better prospects in Infra, despite delays in NRRP's implementation.
- Stable cement volumes in H1, thanks to positive trend in Q2.
- No relevant changes to selling prices compared to 2022 exit levels. Carryover effect and generally favorable change in energy costs allowed to widen price over cost dynamic.
- EBITDA includes 12 €m of tax credit (vs 13 €m in H1 22)

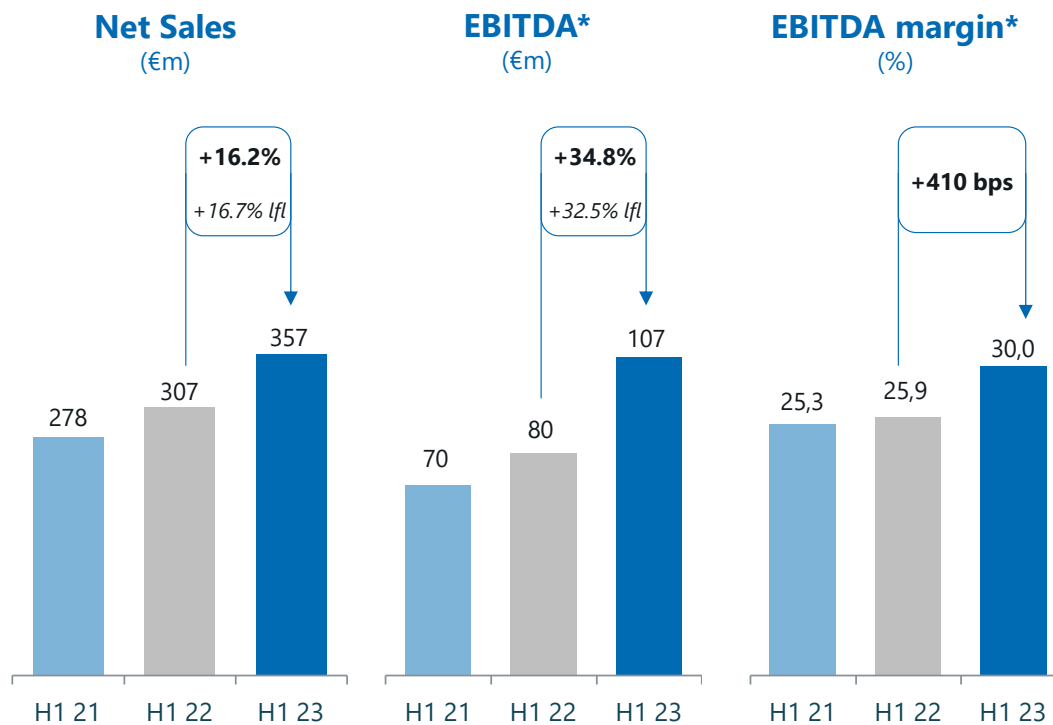
CENTRAL EUROPE



* recurring

- Higher interest rates and construction costs, as well as labour shortage, held back the activity in the construction sector.
- Negative development in the demand has driven down cement volumes (-22.5%).
- Sequential price increases both in Germany and Benelux have been able to compensate the negative volumes effect
- Margins improved thanks to solid price-cost dynamic

EASTERN EUROPE

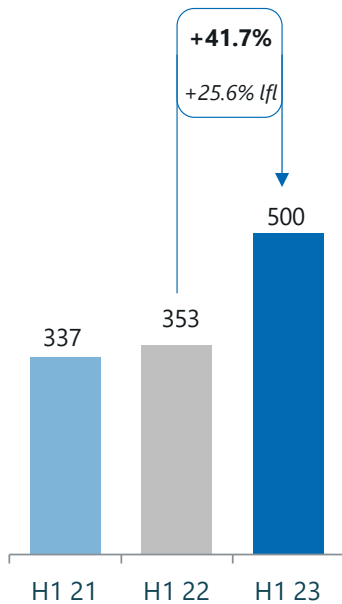


* recurring

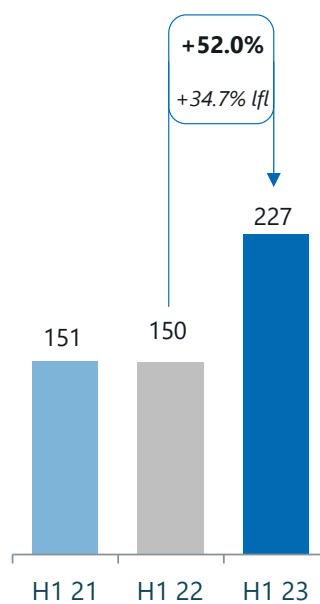
- Demand in Czech and Poland contracted, mainly due to slowdown in residential, impacted by persistent high interest rates
- Ukraine rebounded thanks to easier base of comparison but the operating context remains extremely challenge
- Solid pricing development across the region contributed to margins improvement despite significantly higher production costs
- Limited FX tailwind on Net Sales and EBITDA

MEXICO

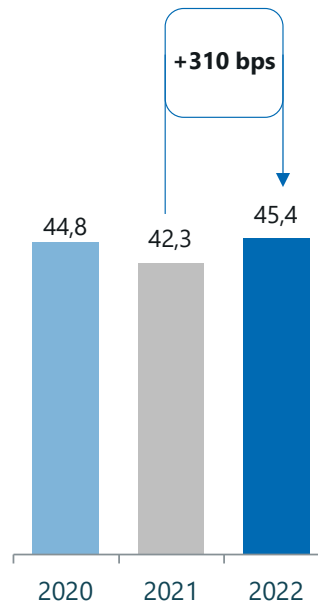
Net Sales
(€m)



EBITDA*
(€m)



EBITDA margin*
(%)

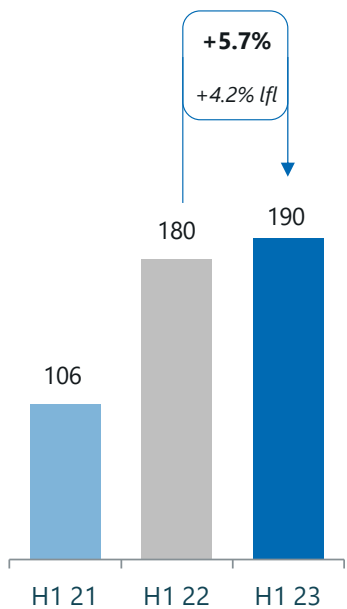


- Cement and ready-mix volumes grew in H1 respectively by 12.5% and 8.1%, supported by solid construction activity driven by housing and «near-shoring»
- Progressive price increases allowed to keep price over cost trend stable
- Strong margins despite high production costs, recovering 2021 level
- Relevant FX tailwind thanks to strong MX peso

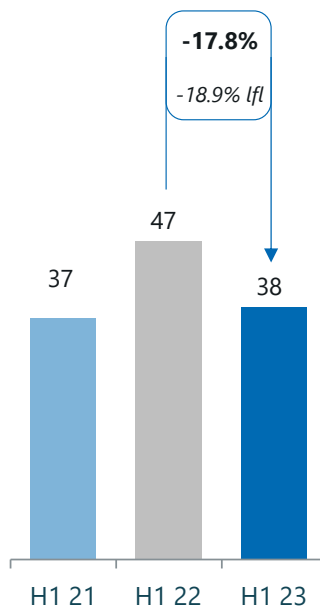
* recurring

BRAZIL

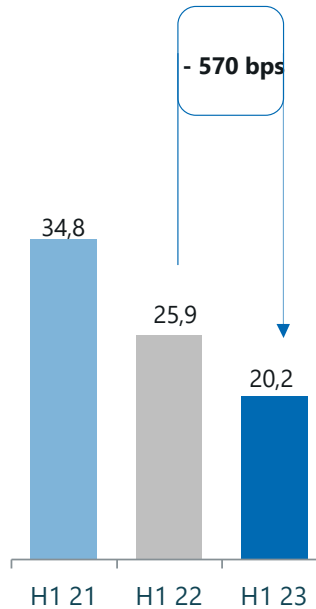
Net Sales
(€m)



EBITDA*
(€m)



EBITDA margin*
(%)



- Investments have contracted during H1, held back by higher financing costs and high level of indebtedness
- Cement volumes have contracted slightly (-2.3%): in the north-east area the trend has been positive, while in the south-east sales have been slowed down by heavy rains
- Higher selling prices thanks mainly to carryover effect
- Margins under pressure due to higher production costs, mainly energy and fixed items (maintenance)
- Small contribution from FX on Net Sales and EBITDA

* recurring

OUTLOOK 2023



IJmuiden maritime lock built with Dyckerhoff cement, Netherlands

2023 OUTLOOK



Based on most recent forecasts, activity in the construction sector is expected to remain generally weak also during H2, influenced by uncertain development of private investments and higher financing costs.



Stable trend expected in Italy (Infra to support activity) and USA (good order backlog, infrastructure projects ready to start)
Weaker demand expected to persist in Central and Eastern Europe, making a volumes recovery very difficult.



Focus on selling prices and on positive price over cost spread will be key.

Production costs at historical highest level across the regions, still characterized by high volatility, but better than initially assumed.

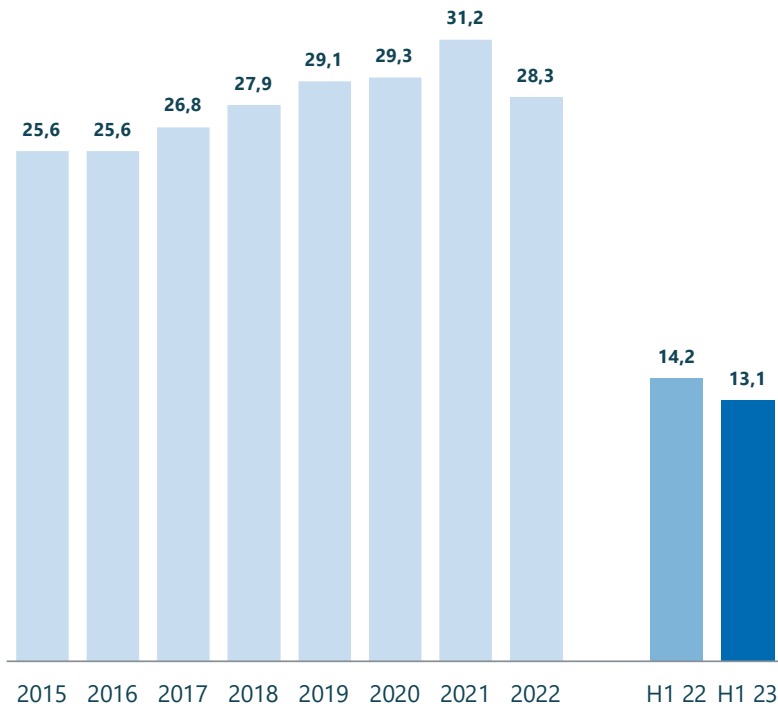


Group recurring EBITDA expected to reach €1,100 – 1,200 thousand.

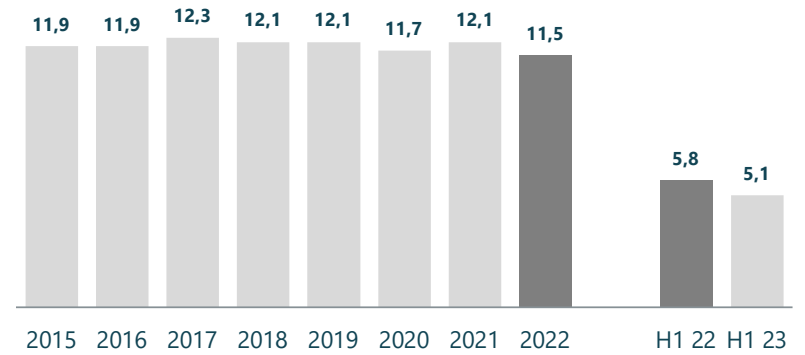
APPENDIX

VOLUMES

Cement (mt)

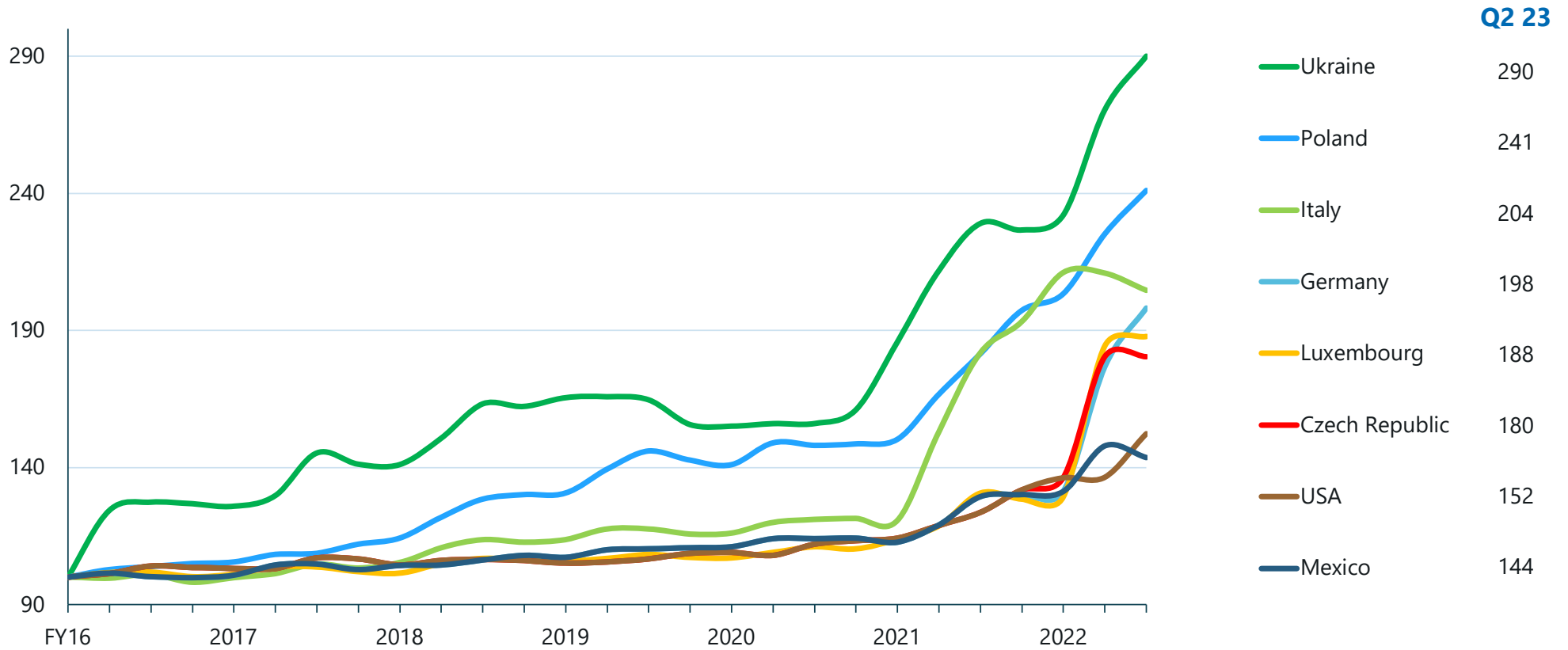


Ready-mix concrete (mm³)



PRICE TREND BY COUNTRY

FY 2016=100



FX CHANGES

	H1 2023	H1 2022	Δ	2022	Current
EUR 1 =	avg	avg	%	avg	
USD	1.08	1.09	1.2	1.05	1.10
RUB	83.60	85.41	2.1	73.82	101.53
UAH	39.52	31.73	-24.5	34.02	40.13
CZK	23.69	24.65	3.9	24.57	23.95
PLN	4.62	4.64	0.2	4.69	4.43
MXN	19.65	22.17	11.4	21.19	18.43
BRL	5.48	5.56	1.3	5.44	5.21

NET SALES BY COUNTRY

	H1 2023	H1 2022	Δ	Δ	Forex	Scope	Δ I-f-I
EURm			abs	%	abs	abs	%
Italy	424.1	357.9	66.2	+18.5	-	-	+18.5
United States	846.8	726.5	120.3	+16.6	9.8	-	+15.2
Germany	441.3	392.9	48.5	+12.3	-	-	+12.3
Lux / Netherlands	115.8	116.4	(0.6)	-0.5	-	-	-0.5
Czech Rep / Slovakia	102.8	96.7	6.1	+6.4	3.6	-	+2.6
Poland	76.6	68.4	8.2	+11.9	0.2	-	+11.7
Ukraine	35.1	28.3	6.8	+23.9	(8.6)	-	+54.3
Russia	142.8	114.3	28.5	+25.0	3.0	-	+22.3
<i>Eliminations</i>	<i>(35.6)</i>	<i>(21.4)</i>	<i>(14.2)</i>				
Total	2,149.6	1,880.0	269.7	+14.3	8.1	-	+13.9
Mexico (100%)	500.2	353.1	147.2	+41.7	56.9	-	+25.6
Brazil (100%)	189.7	179.6	10.2	+5.7	2.5	-	+4.2

EBITDA BY COUNTRY

EURm	H1 2023	H1 2022	Δ	Δ	Forex	Scope	Δ I-f-I
			abs	%	abs	abs	%
Italy	98.5	35.6	62.9	n.s.	-	-	n.s.
United States	256.9	180.6	76.3	+42.3	3.0	-	+40.6
Germany	100.1	64.5	35.6	+55.2	-	-	+55.2
Lux / Netherlands	12.6	4.8	7.8	n.s.	-	-	n.s.
Czech Rep / Slovakia	33.6	29.4	4.3	+14.6	1.3	-	+10.2
Poland	22.7	17.6	5.1	+28.8	0.1	-	+28.5
Ukraine	2.3	-3.5	5.8	n.s.	(0.6)	-	n.s.
Russia	48.4	36.0	12.4	+34.6	1.0	-	+31.7
Adj.	0.0	0.1					
Total	575.3	365.1	210.2	+57.6	4.8	-	+56.3
Mexico (100%)	227.3	149.5	77.7	+52.0	25.8	-	+34.7
Brazil (100%)	38.3	46.6	(8.3)	-17.8	0.5	-	-18.9

CONSOLIDATED INCOME STATEMENT

	H1 2023	H1 2022	Δ	Δ
EURm			abs	%
Net Sales	2,149.6	1,880.0	269.7	+14.3
EBITDA	575.3	365.1	210.2	+57.6
<i>of which, non recurring</i>	<i>(3.6)</i>	<i>-</i>		
<i>% of sales (recurring)</i>	<i>26.6%</i>	<i>19.4%</i>		
Depreciation and amortization	(128.1)	(246.9)	118.8	
Operating Profit (EBIT)	447.1	118.1	329.0	n.s.
<i>% of sales</i>	<i>20.8%</i>	<i>6.3%</i>		
Equity earnings	80.8	57.7	23.1	
Net finance costs	24.9	(56.0)	80.9	
Profit before tax	552.9	119.8	433.0	n.s.
Income tax expense	(121.7)	(31.2)	(90.5)	
Net profit	431.2	88.7	342.5	n.s.
Minorities	(0.1)	(0.0)	(0.1)	
Consolidated net profit	431.1	88.6	342.4	n.s.

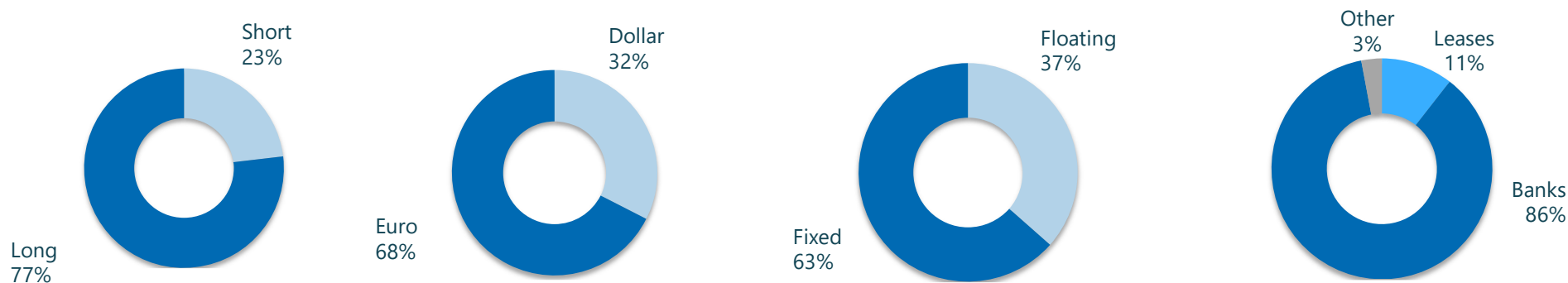
CONSOLIDATED CASH FLOW

EURm	H1 2023	H1 2022
Cash generated from operations	388.0	168.0
<i>% of sales</i>	<i>18.0%</i>	<i>8.9%</i>
Interest paid	(20.0)	(15.7)
Income tax paid	(63.3)	(47.0)
Net cash from operating activities	304.7	105.4
<i>% of sales</i>	<i>14.2%</i>	<i>5.6%</i>
Capital expenditures	(144.7)	(126.3)
Equity investments	(3.7)	(2.3)
Purchase of treasury shares	-	(123.2)
Dividends paid	(81.1)	(71.9)
Dividends received from associates	40.8	27.9
Disposal of fixed assets and investments	8.1	6.0
Translation differences and derivatives	(15.2)	53.5
Accrued interest payable	9.8	3.0
Interest received	17.6	6.6
Ukraine cash reclassification	(10.7)	-
Change in scope of consolidation and other	(1.8)	(0.1)
Change in net debt	123.8	(121.3)
Net financial position (end of period)	412.0	114.2

NET FINANCIAL POSITION

EURm	Jun 23	Dec 22	Δ	Jun 22
			abs	
Cash and other financial assets	951.4	1,349.7	(398.3)	1,062.3
Short-term debt	(165.9)	(621.9)	456.0	(621.6)
Short-term leasing	(20.7)	(20.3)	(0.5)	(23.6)
Net short-term cash	764.7	707.5	57.2	417.1
Long-term financial assets	269.3	249.8	19.5	267.3
Long-term debt	(558.1)	(611.0)	53.0	(512.0)
Long-term leasing	(64.0)	(58.1)	(5.9)	(58.2)
Net financial position	412.0	288.2	123.8	114.2

Gross debt breakdown (808,7 €m)



H1 2023 RESULTS

3 August 2023

Pietro Buzzi – CEO



New Karlsruhe Subway, Germany; credits: Christoph Mertens