MEDIOBANCA SECURITIES

# European Corporate Forum

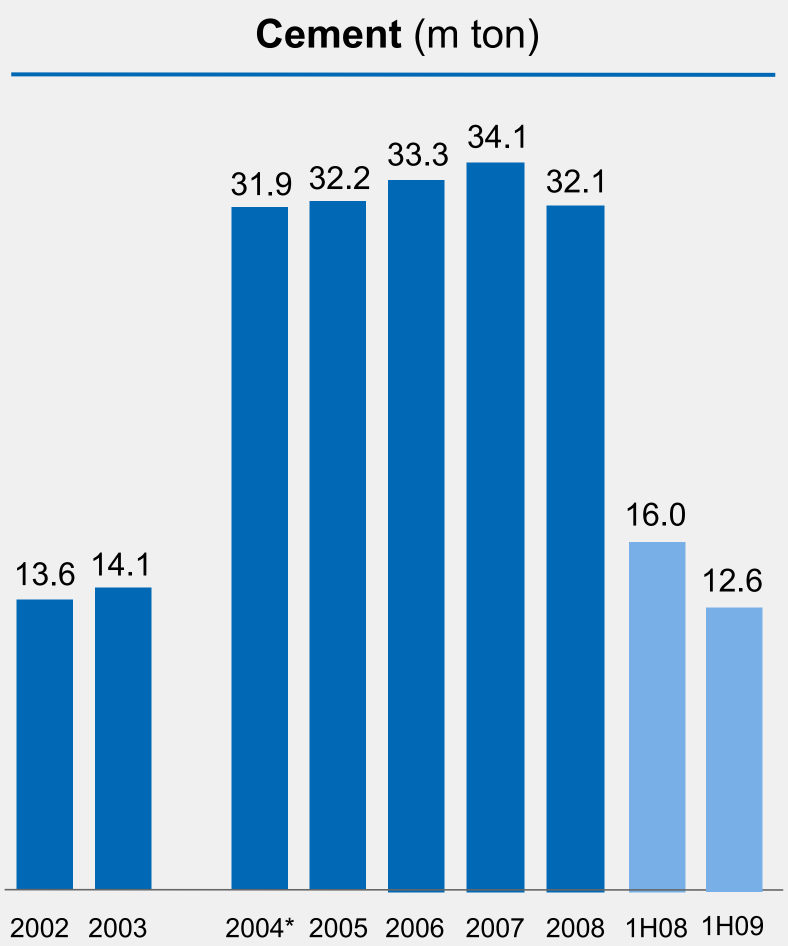
London, 22 September 2009

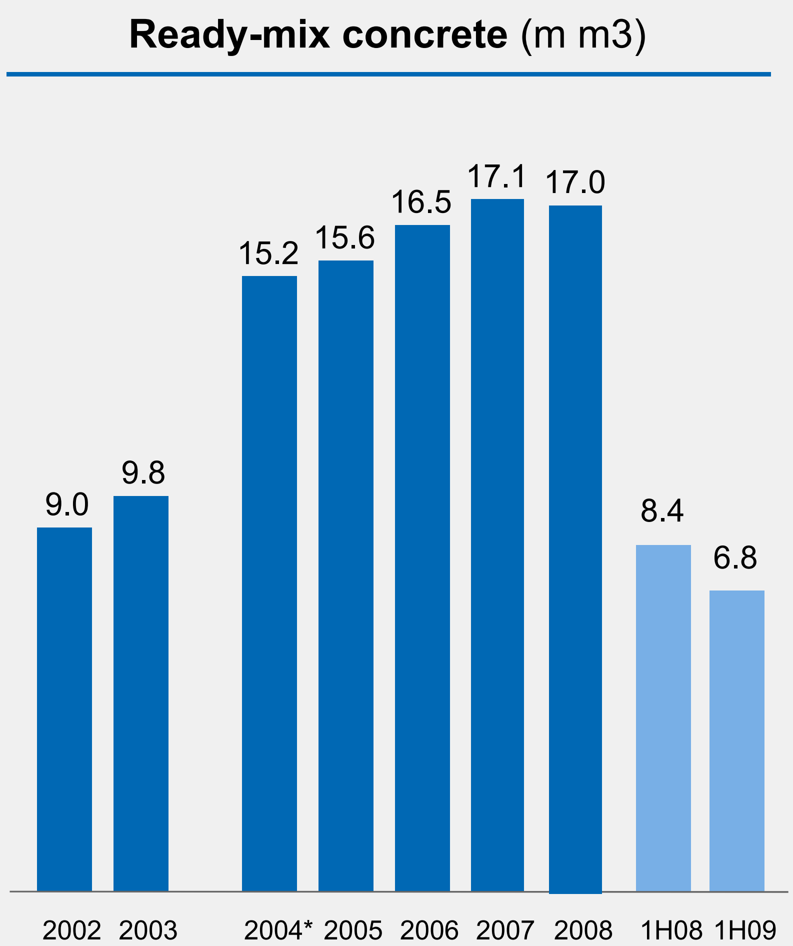
Buzzi Unicem

# Executive summary (1H 09)

- **Volumes**
  - Q1 negative trend continued throughout the second quarter of 2009
  - Contraction in Italy still ongoing despite scope variation
  - USA without any recovery in cement volumes; growth in the ready-mix thanks to the new scope
  - Central Europe with a high rate of decline; some improvement in Poland and Czech Republic
  - Russia and Ukraine continue to be the most affected by global economic downturn; Mexico only market on the rise
- **Prices**
  - Increase in Germany and Luxembourg; minor improvements in Czech Republic, Poland and Mexico
  - Intense decline in Russia; slight reduction in the USA and Ukraine
  - Italy still suffering from prices below European average
- **Forex**
  - Positive contribution from US more than offset by negative impact coming from EE and Mexico
- **Costs**
  - Deflationary environment showing first benefits in Italy and Mexico only
- **Results**
  - Revenues declining to €m 1,346.0 (€m 1,739.8 in 1H 08) mainly due to Eastern Europe (-51.3%)
  - EBITDA at €m 249.0 (-44.6%) and Net Profit at €m 55.6

# Volumes




* First time consolidation of Dyckerhoff

# Cement volumes and prices

| | 1H 09/1H 08<br>Δ Volume % | 1H 09/1H 08<br>Δ Price[1] % |
|---|---|---|
| Italy | -15.0 | -7.1 |
| United States of America | -22.9 | -3.5 |
| Germany | -19.1 | +7.4 |
| Luxembourg | -17.0 | +8.7 |
| Czech Republic | -25.3 | +2.6 |
| Poland | -10.9 | +2.6 |
| Ukraine | -56.0 | -1.7 |
| Russia | -36.3 | -29.8 |
| Mexico | +4.6 | +4.6 |
| **Total** | -21.2 | |

[1] *In local currency*



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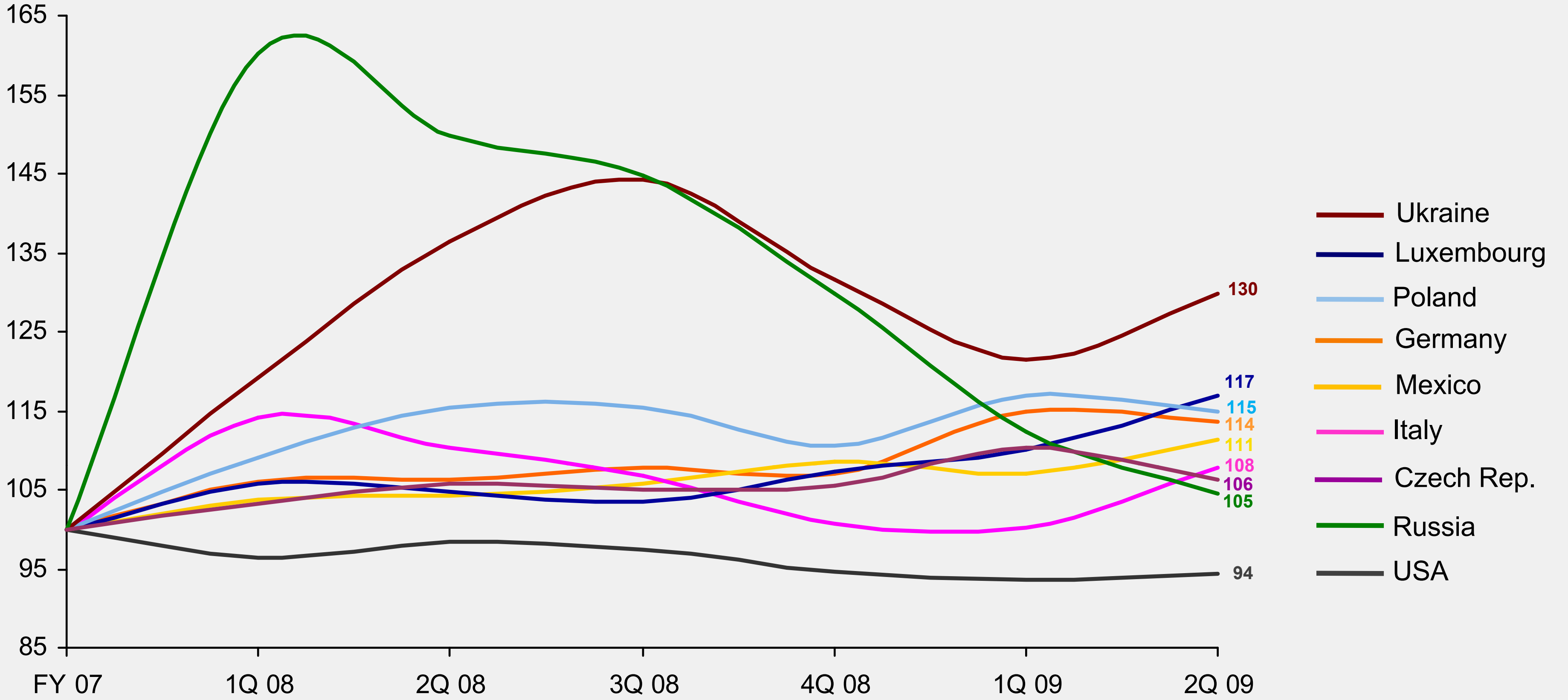
# Cement prices by country




*In local currency*



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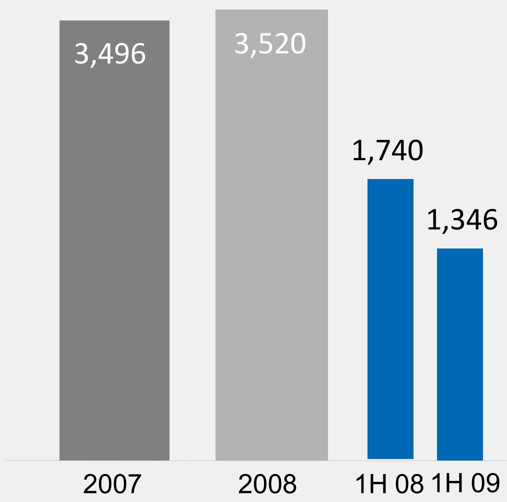
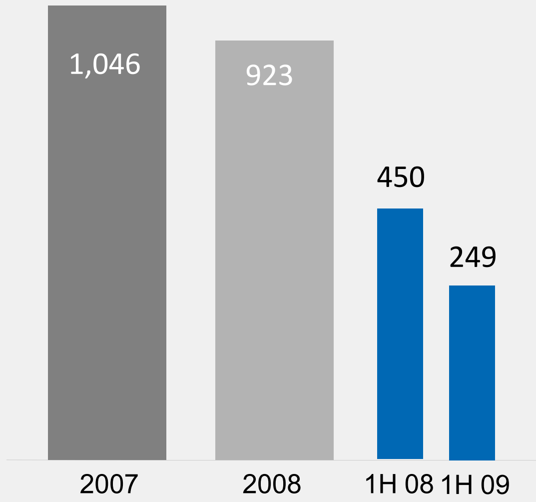
# FX changes

| | 1H09 | 1H08 | Δ |
|---|---|---|---|
| EUR 1 = | average | average | % |
| USD | 1.33 | 1.53 | +13.0 |
| MXN | 18.43 | 16.25 | -13.5 |
| CZK | 27.15 | 25.19 | -7.8 |
| PLN | 4.47 | 3.49 | -28.2 |
| UAH | 10.50 | 7.58 | -38.6 |
| RUB | 44.10 | 36.62 | -20.4 |

# Net Sales and EBITDA

**EURm**




| **Net Sales** | 07/06 | 08/07 | 1H09/1H08 |
|---|---|---|---|
| | % | % | % |
| **∆ YoY** | **9.1** | **0.7** | **-22.6** |
| ∆ Operational | 8.7 | 1.2 | -24.0 |
| ∆ Foreign exchange | - 3.5 | - 1.9 | -0.9 |
| ∆ Scope | 3.8 | 1.4 | 2.3 |

| **EBITDA** | 07/06 | 08/07 | 1H09/1H08 |
|---|---|---|---|
| | % | % | % |
| **∆ YoY** | **12.3** | **- 11.8** | **-50.8** |
| ∆ Operational | 16.0 | - 10.2 | -50.7 |
| ∆ Foreign exchange | - 4.4 | - 2.1 | -0.8 |
| ∆ Scope | 0.7 | 0.5 | 0.7 |



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# Net sales by country

| EURm | 1H09 | 1H08 | Δ abs | Δ % | FX effect abs | Δ l-f-l % |
|---|---|---|---|---|---|---|
| Italy | 372.1 | 446.3 | (74.3) | -16.6 | - | -19.0 |
| United States of America | 326.7 | 345.7 | (19.1) | -5.5 | 42.4 | -27.1 |
| Germany | 247.1 | 288.9 | (41.8) | -14.5 | - | -14.5 |
| Luxembourg | 39.7 | 45.9 | (6.2) | -13.5 | - | -13.5 |
| Netherlands | 54.9 | 69.4 | (14.4) | -20.8 | - | -7.6 |
| Czech Republic/Slovakia | 80.2 | 125.5 | (45.3) | -36.1 | (6.2) | -31.2 |
| Poland | 56.7 | 89.0 | (32.3) | -36.3 | (16.0) | -18.3 |
| Ukraine | 33.5 | 108.5 | (75.0) | -69.1 | (13.0) | -57.2 |
| Russia | 49.5 | 128.8 | (79.3) | -61.5 | (10.1) | -53.7 |
| Mexico | 96.1 | 100.9 | (4.8) | -4.8 | (13.0) | +8.1 |
| *Eliminations* | (10.4) | (9.1) | (1.3) | | | |
| **Total** | **1,346.0** | **1,739.8** | **(393.7)** | **-22.6** | **(15.9)** | **-23.8** |

# EBITDA by country

| EURm | 1H09 | 1H08 | Δ abs | Δ % | FX effect abs | Δ l-f-l % |
|---|---|---|---|---|---|---|
| Italy | 33.6 | 89.6 | (56.0) | -62.5 | - | -63.2 |
| recurring | 33.6 | 82.6 | (49.0) | -59.3 | - | -60.1 |
| United States of America | 60.4 | 73.0 | (12.6) | -17.3 | 7.8 | -29.8 |
| recurring | 66.2 | 73.0 | (6.8) | -9.4 | 8.6 | -22.9 |
| Germany | 62.6 | 47.0 | 15.5 | +33.0 | - | +32.3 |
| recurring | 25.2 | 46.5 | (21.3) | -45.9 | - | -46.6 |
| Luxembourg | 5.6 | 7.7 | (2.0) | -26.6 | - | - |
| Netherlands | 0.9 | 4.2 | (3.3) | -77.9 | - | -87.8 |
| Czech Republic/Slovakia | 18.7 | 32.9 | (14.2) | -43.1 | (1.5) | -38.5 |
| Poland | 17.7 | 31.4 | (13.7) | -43.7 | (5.0) | -27.8 |
| Ukraine | -9.2 | 35.8 | (45.0) | -125.7 | 3.6 | -135.7 |
| Russia | 21.1 | 86.6 | (65.6) | -75.7 | (4.3) | -70.7 |
| Mexico | 37.6 | 41.5 | (3.9) | -9.4 | (5.1) | +2.8 |
| **Total** | **249.0** | **449.8** | **(200.8)** | **-44.6** | **(4.4)** | **-44.2** |
| recurring | 217.4 | 442.3 | (224.9) | -50.8 | (3.7) | -50.6 |



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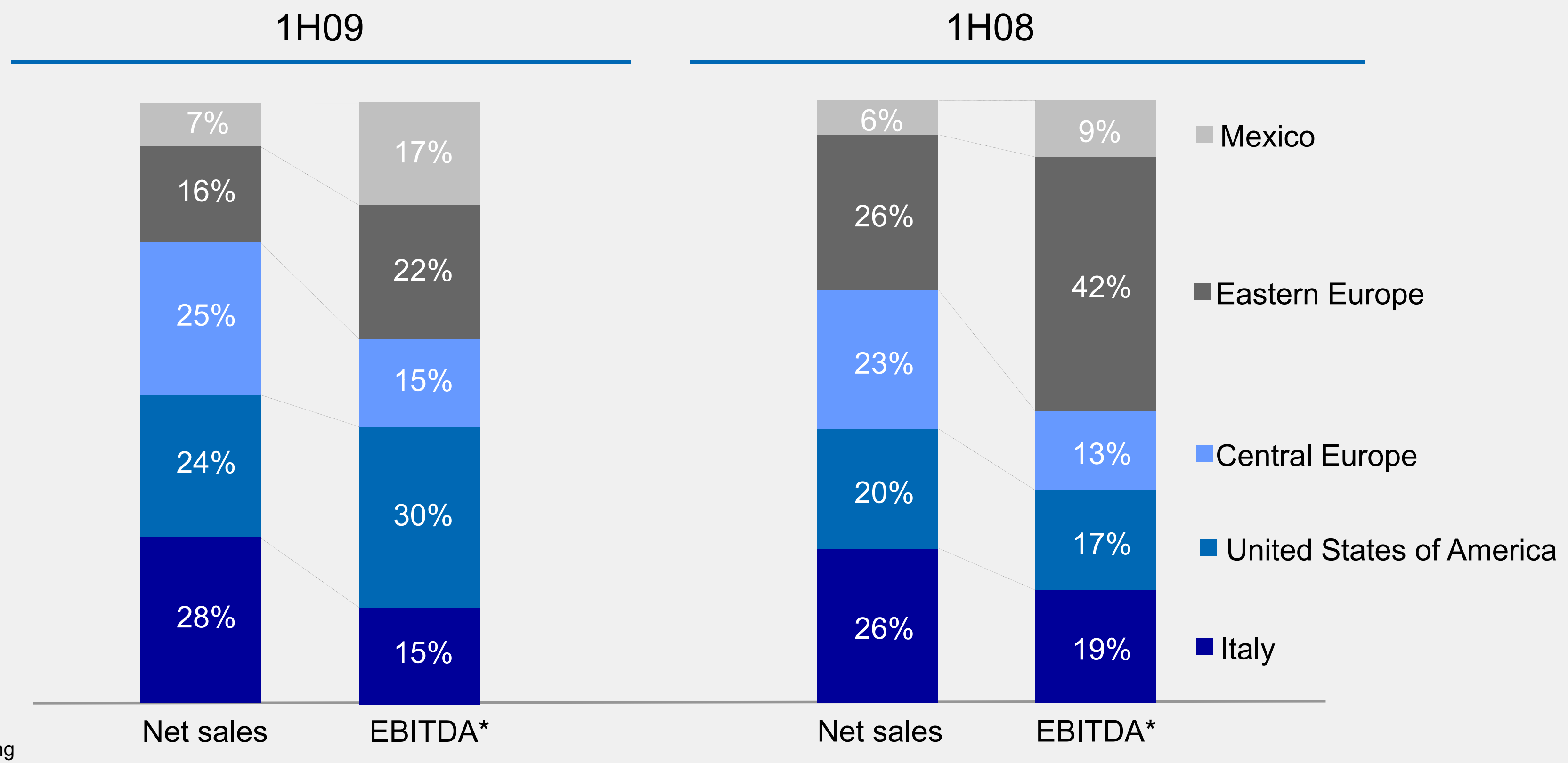
# Net sales and EBITDA development

- Eastern Europe contribution to consolidated figures: Net sales from 26% to 16%, EBITDA from 42% to 22%
- Central Europe absolute figures in decline; slightly increasing in relative terms
- Mexico improving its performance; US operations remaining highly profitable despite volumes drop




* recurring



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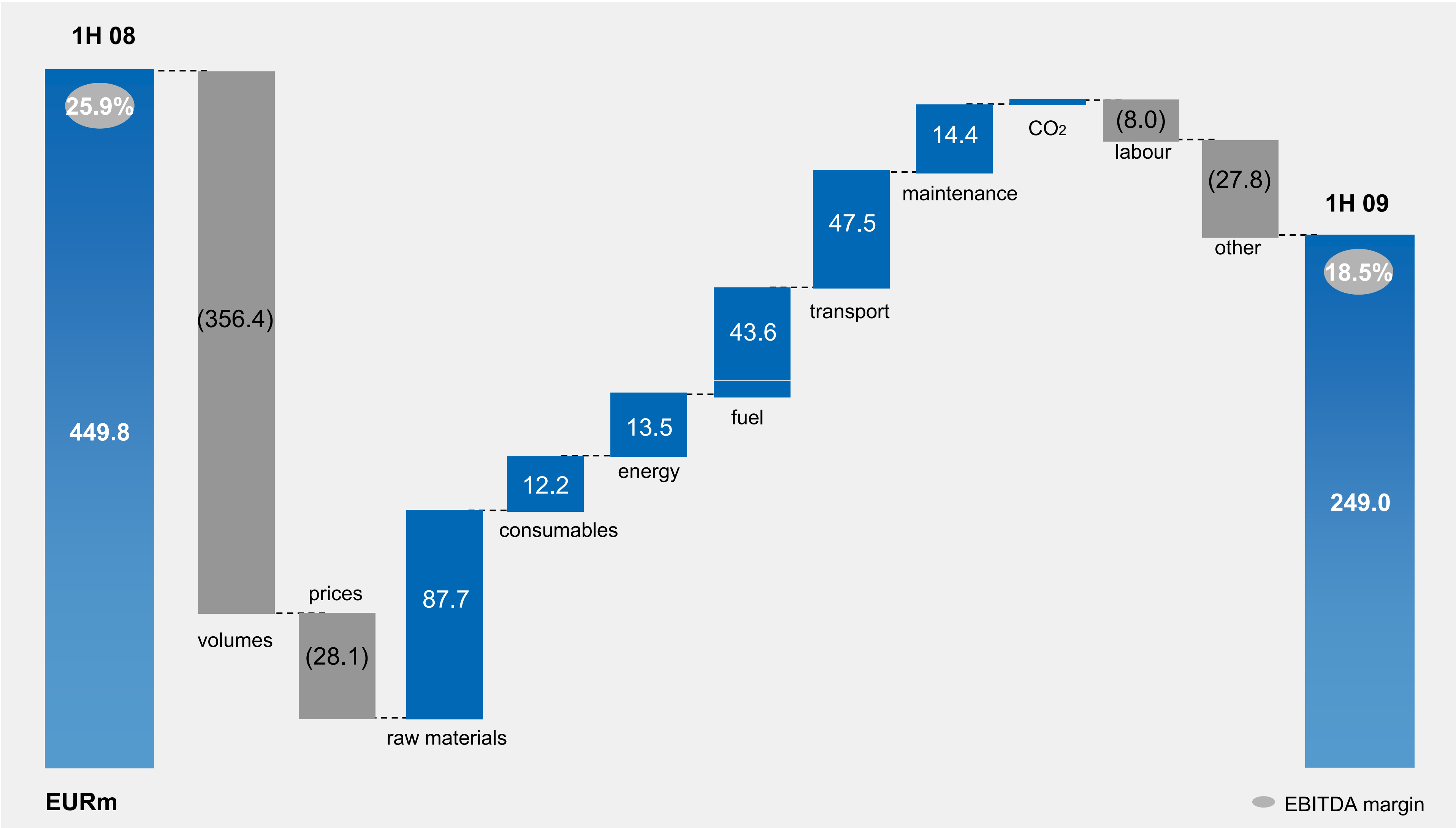
# EBITDA Variance Analysis



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# Consolidated Income Statement

| EURm | 1H09 | 1H08 | Δ abs | Δ % |
|---|---|---|---|---|
| **Net Sales** | **1,346.0** | **1,739.8** | **(393.7)** | **-22.6** |
| **Operating cash flow (EBITDA)** | **249.0** | **449.8** | **(200.8)** | **-44.6** |
| of which, non recurring | 31.6 | 7.5 | 24.1 | +321.3 |
| % of sales (recurring) | 16.2% | 25.4% | | |
| Depreciation and amortization | (112.3) | (108.3) | (3.9) | +3.6 |
| **Operating profit (EBIT)** | **136.8** | **341.5** | **(204.7)** | **-60.0** |
| % of sales | 10.2% | 19.6% | | |
| Disposal of investments | - | 7.1 | | |
| Net finance cost | (59.4) | (34.4) | (25.0) | -72.6 |
| Equity earnings | 3.0 | 3.4 | (0.4) | -13.1 |
| **Profit before tax** | **80.3** | **317.5** | **(237.2)** | **-74.7** |
| Income tax expense | (24.7) | (106.6) | 81.9 | +76.8 |
| **Net profit** | **55.6** | **211.0** | **(155.4)** | **-73.6** |
| Minorities | (15.0) | (42.3) | 27.3 | +64.6 |
| **Consolidated net profit** | **40.6** | **168.7** | **(128.0)** | **-75.9** |
| **Cash flow** (1) | **167.9** | **319.3** | (151.5) | **-47.4** |

(1) Net Profit + amortization & depreciation



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# Finance costs detail

| EURm | 1H09 | 1H08 | Δ abs | Δ % |
|---|---|---|---|---|
| Interest expense | (44.7) | (45.2) | (0.5) | -1.1 |
| Interest income | 11.8 | 17.2 | (5.4) | -31.4 |
| **Net interest expense** | **(32.9)** | **(28.0)** | **4.9** | **+17.5** |
| Forex gains (losses) | 0.9 | 16.9 | (16.0) | |
| Derivatives valuation | (16.6) | (16.6) | - | |
| Interest costs of pension funds | (7.7) | (4.4) | 3.3 | |
| Other | (3.0) | (2.2) | 0.8 | |
| **Net finance costs** | **(59.4)** | **(34.4)** | **25.0** | **+72.7** |

# Consolidated Cash Flow Statement

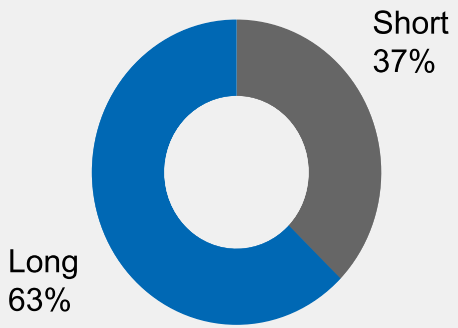
| EURm | 1H09 | 1H08 | 2008 |
|---|---|---|---|
| **Cash flow** (1) | **167.9** | **319.3** | **695.8** |
| % of sales | 12.5 | 18.4 | 19.8 |
| Changes in working capital | (79.6) | (108.8) | (139.3) |
| Equity earnings | (3.0) | (3.4) | (7.0) |
| Other non-cash items(2) | (39.3) | 8.3 | (25.1) |
| **Net cash by operating activities** | **46.0** | **215.4** | **524.3** |
| % of sales | 3.4 | 12.4 | 14.8 |
| Capital expenditures | (197.2) | (218.2) | (519.8) |
| Equity investments | (4.5) | (170.9) | (333.5) |
| Conversion of bonds | - | 1.7 | 1.7 |
| Dividends paid | (92.2) | (105.5) | (127.6) |
| Dividends from associates | 3.1 | 2.9 | 10.7 |
| Disposal of fixed assets and investments | 4.9 | 16.0 | 34.3 |
| Purchase of treasury shares | - | (1.1) | (2.8) |
| Translation differences | 1.3 | (16.4) | (50.1) |
| Other | 14.6 | 34.0 | 24.2 |
| **Change in net debt** | **(224.1)** | **(241.9)** | **(438.5)** |
| **Net financial position** (end of period) | **(1,283.8)** | **(863.1)** | **(1,059.7)** |

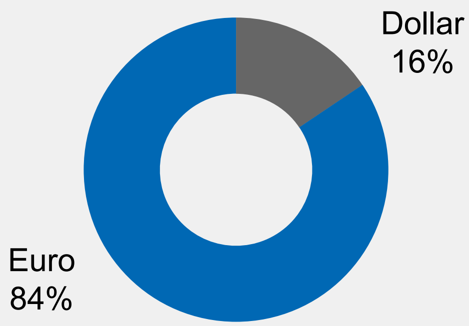
(1) Net Profit + amortization & depreciation (2) Capital gains, change in deferred tax, provisions, share based payments

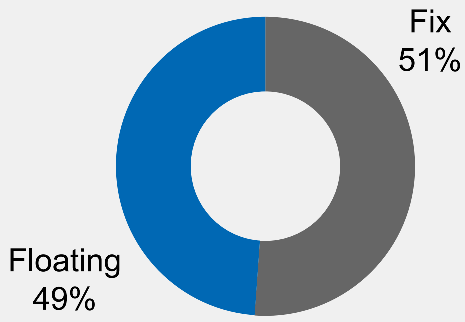
# Net Financial Position

| EURm | Jun 09 | Dec 08 | Δ abs |
|---|---|---|---|
| Cash and short-term financial assets | 409.8 | 591.5 | (181.7) |
| Short-term debt | (638.5) | (212.0) | (426.5) |
| **Net short-term cash (debt)** | **(228.7)** | **379.5** | **(608.2)** |
| Long-term financial assets | 19.7 | 23.3 | (3.6) |
| Long-term debt | (1,074.8) | (1,462.5) | 387.7 |
| **Net debt** | **(1,283.8)** | **(1,059.7)** | **(224.1)** |

Gross debt breakdown (€m 1,713.3)



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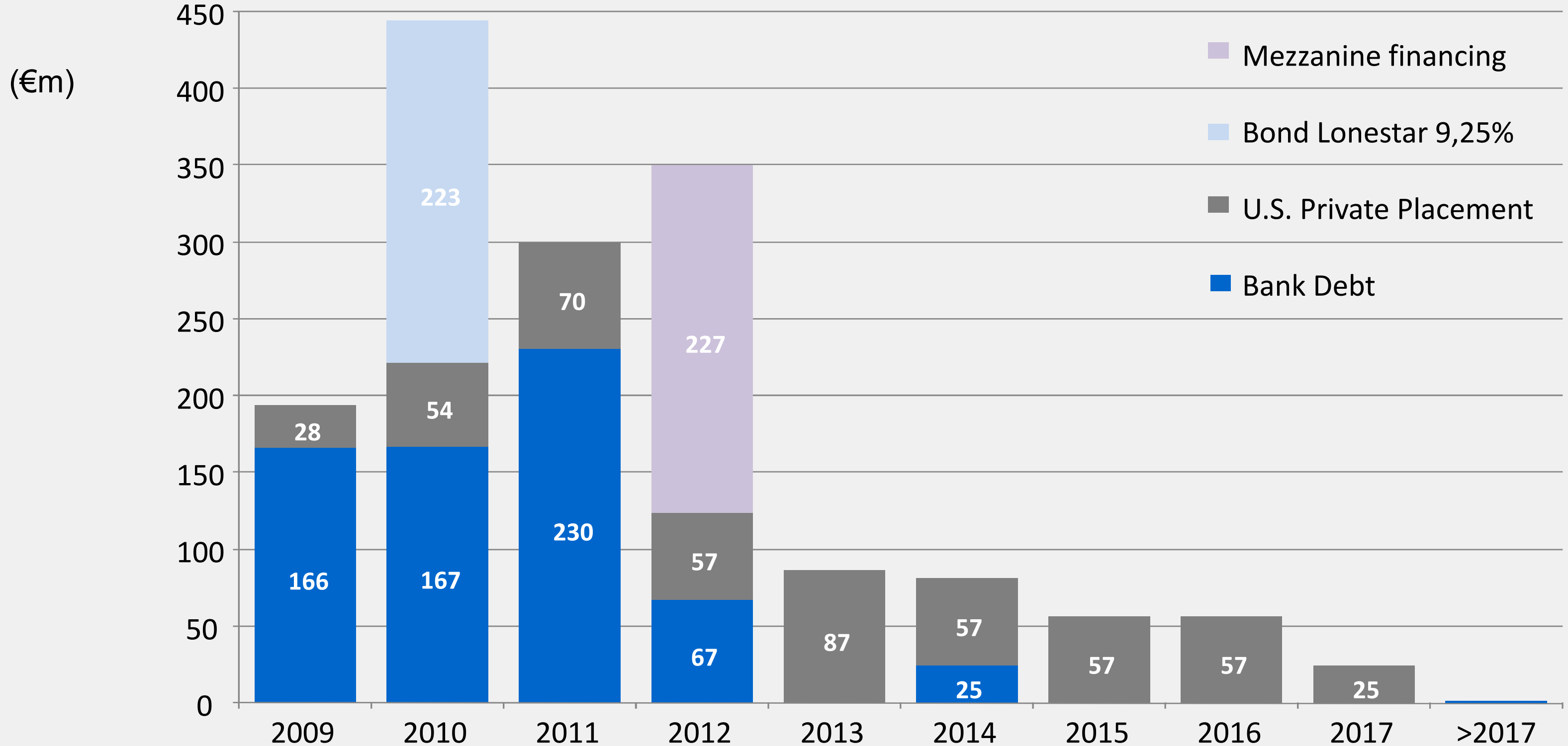
# Debt maturity profile

- Bank debt and financing stood at €1,597m at June end
- As of June 2009 the Group had €499m of undrawn committed facilities (€237m at Buzzi Unicem, €262m at Dyckerhoff)
- In July 2009 Dyckerhoff completed a *Schuldschein* in two tranches for a total amount of €175m and with a maturity of 4 years
- In July 2009 Buzzi Unicem obtained a fully drawn bank loan for €150m expiring in 2014



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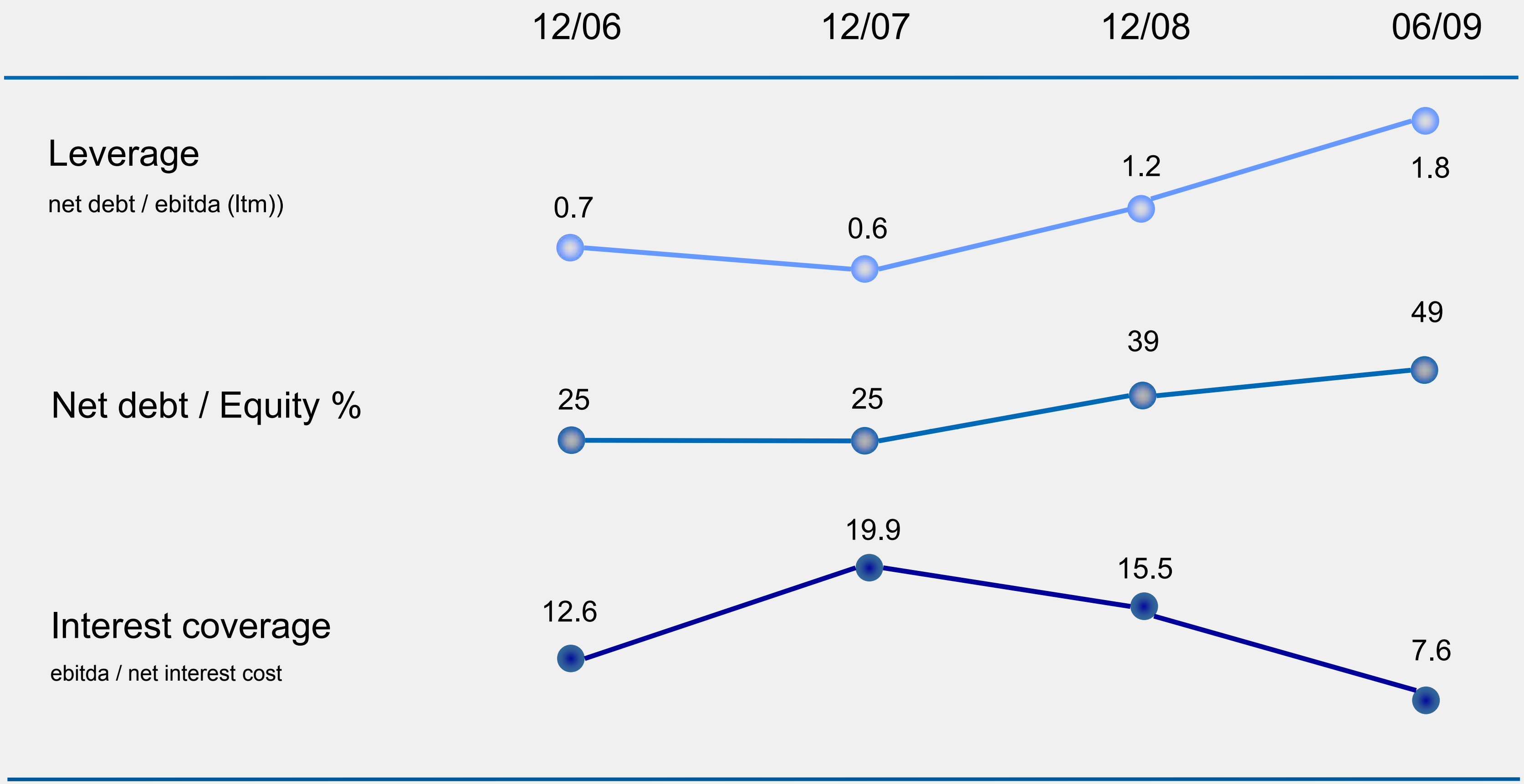
# Financial condition

- €520m Capex in FY 08, of which €283m invested for capacity expansion projects (mainly US, Russia, Mexico)
- €335m for equity investments in Algeria, Italian and US subsidiaries and Dyckerhoff shares
- Deteriorating ratios due to results decline; nevertheless leverage conditions remain sound



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# Trading outlook (1)

## Italy
- Economic environment will continue to penalize demand, potentially also in 2010
- Average sale price below 2008 average; competition still focusing mainly on volumes
- Cost deflation starting to flow through the P&L; benefits expected in the next 12 months

## Germany
- High single-digit / low double-digit volume decline
- Price increases holding up, sustaining profitability

## Luxembourg
- Declining volumes and increasing prices

## USA
- No volume recovery until late 2009 / beginning 2010
- Average price level for the full year lower than in 2008
- Consistent cost benefits due to restructuring measures and new production line (2H)

## Mexico
- Year end volumes aligned with previous year; stable profitability
- Cost deflation in progress; currency devaluation will negatively affect the results

# Trading outlook (2)

## Czech Republic
- Double digit volume decline, in a stable pricing environment
- Improving second half results

## Poland
- Single-digit volume decline; stable to slightly positive pricing
- Negative impact of PLN currency on the results

## Ukraine
- Market suffering relevant decline; stable price level
- Gas cost inflation and currency depreciation affecting margins
- Results deficient into 2009; coal usage starting in 2H10 to restore better profitability

## Russia
- Heavy drop in pricing and volumes, likely to bottom out in 2009
- Ruble depreciation with negative consequence
- Profitability still at the top of the group (c. 40% EBITDA margin)

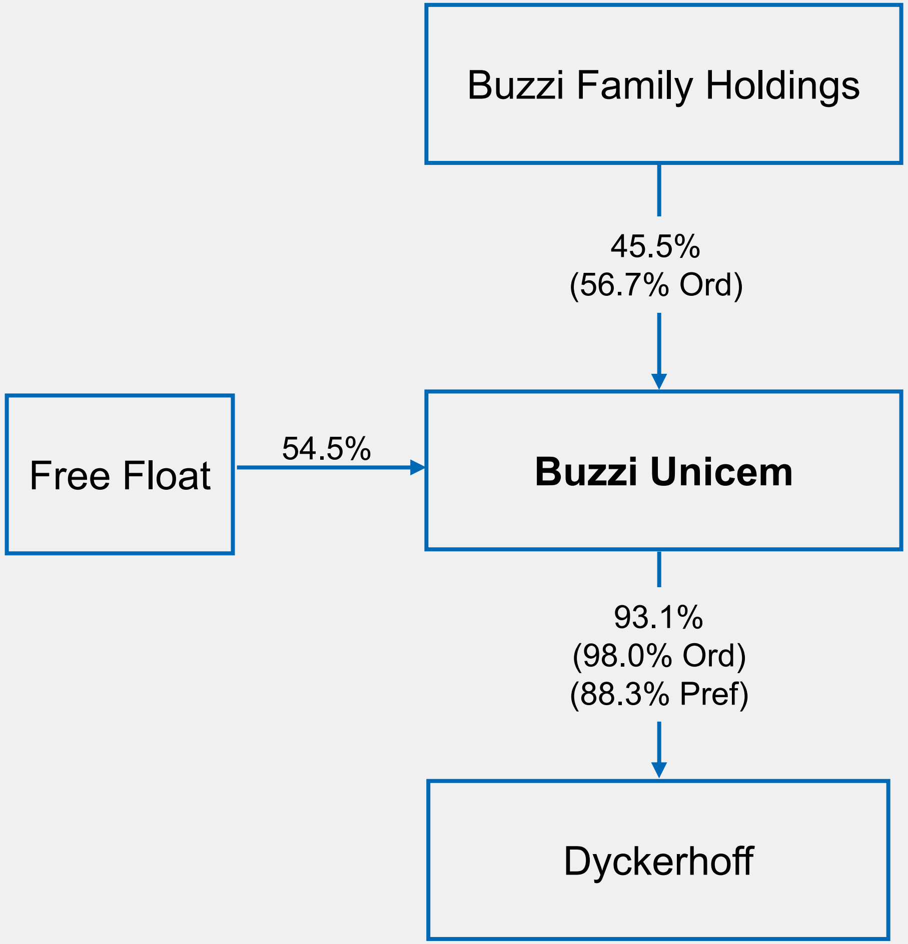
# Company profile & strategies

# Buzzi Unicem at a Glance

- International multi-regional, “heavy-side” group, focused on cement, ready-mix and aggregates
- Dedicated management with long-term vision for 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, 16% market share), US (# 5 cement producer, 9% market share), Mexico (# 4 cement producer, 11% market share), Germany (# 2 cement producer, 15% market share)
  - Significant positions in Luxembourg, The Netherlands, Poland, Czech Republic, Slovakia, Russia and Ukraine, as well as entry point in Algeria
- High quality and environmentally friendly assets
- Leading product and service offering
- Conservative financial profile and balanced growth strategy

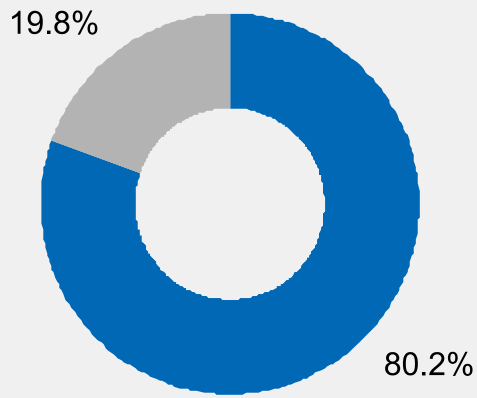
***“Value creation through lasting, experienced know-how and operating efficiency”***

# Lean and direct ownership




Share capital

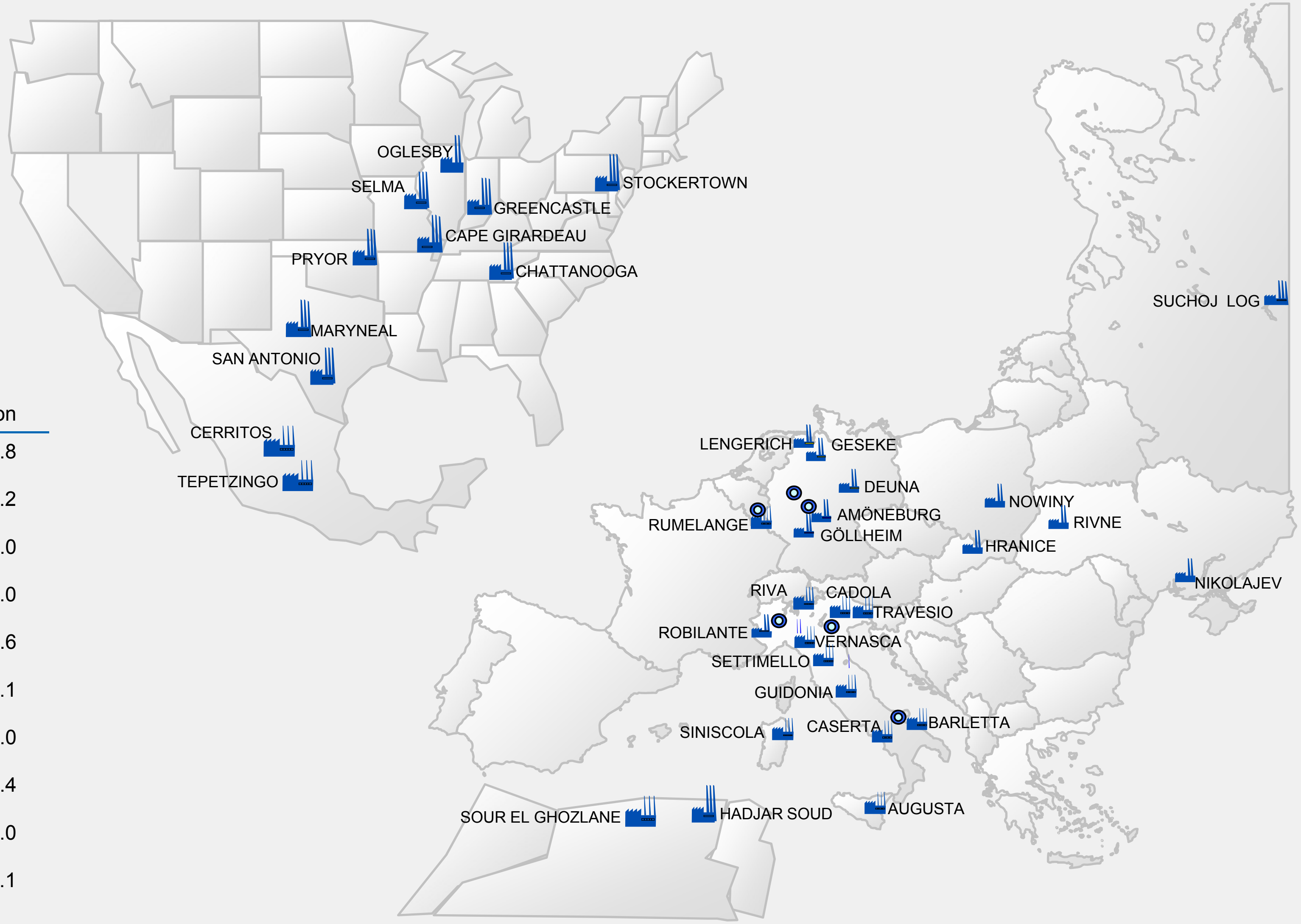
| | |
|---|---|
| Ordinary | 165,349,149 |
| Savings | 40,711,949 |
| Total shares | 206,061,098 |




*As of September 09*

# Cement plants location and capacity

CEMENT PLANT
GRINDING PLANT




| | | m ton |
|---|---|---|
| Italy | | 10.8 |
| United States | | 10.2 |
| Germany | | 7.0 |
| Luxembourg | | 1.0 |
| Poland | | 1.6 |
| Czech Rep. | | 1.1 |
| Ukraine | | 3.0 |
| Russia | | 2.4 |
| Mexico | (100%) | 5.0 |
| Algeria | (100%) | 2.1 |



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# USA: River 7000

- The new Selma production line started production in August 2009, replacing 1.3mton of current capacity and adding 1.0mton of new spare capacity
- Variable cost structure will be improved, even when running at reduced capacity
- Total cost for the investment ($367 million) financed with no additional indebtedness
- Plants closure (Independence ~300kton, New Orleans ~550kton, Oglesby temporary closure ~650kton) to support Selma production in weak environment
- US market nominal overcapacity is expected to be followed by further shutdowns
- US import still declining into 09

Overview of new line

Kiln line

Raw material deposits



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# Russia: Suchoi Log expansion

- The SL5 project is to be commissioned by 1H 2010, expanding capacity by 1.2mton (+50%)
- The new brownfield production line will add variable cash costs only, leveraging on the current staff and strengthening the profitability scenario in the country
- Serving the Ural region markets, with sales mainly direct toward commercial and infrastructures
- Local demand less affected by credit crunch as in Moscow or St. Petersburg area
- Given the high levels of profitability reached, prices in the area are softening (oil-well and specialty cements, representing 30% of sales, sold at premium price)

**Overview of new line**

**Tower and kiln basement**

**Cement mill and delivery station**

# Mexico: Apazápan greenfield

- Capacity of 1.3 mt/yr in the state of Veracruz, to expand the geographical portfolio within the nation
- Capital budget $m 280, commissioning 4Q 2010: new plant to be on stream when market recovery is expected to materialize
- Medium-long term market perspectives remain sound: affordable housing program and infrastructures to drive cement consumption
- Leveraging on previous successful "Mexican stories" (technology, project team, management, market knowledge)




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