

PRESS RELEASE

Trading update at 31 March 2023

- **Consolidated net sales of the first quarter equal to €955.9 million, +19.5% compared to 2022**
- **The strengthening of prices, in all the markets where the group operates, offset the lower cement and ready-mix volumes sold (-8.8% and -12.2% respectively)**
- **Particularly negative trend of sales in Central and Eastern Europe. More contained slowdown in the United States of America and Italy. Favorable development in Mexico and Brazil**

Consolidated figures		Jan-Mar 2023	Jan-Mar 2022	23/22
Cement sales	t/000	5,803	6,363	-8.8%
Ready-mix sales	m ³ /000	2,364	2,693	-12.2%
Net sales	€/m	956	800	+19.5%

		Mar 23	Dec 22	Change
Net financial position	€/m	279	288	(9)

The Board of Directors of Buzzi Unicem SpA has met today to briefly examine the economic performance during the first three months of 2023 as well as the net financial position at the end of the first quarter.

During the first quarter of 2023, the sales volumes achieved by the group showed a negative development, in line with the generalized slowdown of the construction sector in the areas where we operate. The momentum was particularly negative in Central Europe, where the trend in deliveries was penalized both by the adverse weather and by the drop in demand, which was impacted by the lower activity mainly in the residential sector. A similar trend characterized the development of our sales also in Eastern Europe which, in addition, is still heavily penalized by the difficult operating context in Ukraine. In Italy and the United States, on the other hand, the slowdown in sales volumes was more contained, being penalized, among other things, by the comparison with the quite good performance of the first quarter 2022. In Mexico, the positive trend already observed in the second half of last year also continued at the beginning of 2023, while in Brazil volumes remained stable. As regards sales prices, the strengthening continued, albeit with varying degrees of intensity, in all the regions where we operate.

These dynamics led to a decline in sales volumes for the group in the first three months of 2023, both for cement (-8.8%) and ready-mix concrete (-12.2%).

The uncertainties associated with the geopolitical context, with the persistence of inflation at high levels, as well as with the tensions in the financial industry limited the growth prospects of the international economy. In January, world trade in goods continued to decline, in terms of volume, albeit with a more attenuated short-term trend (-0.1% compared to -2.8% in December 2022). Recent estimates by the International Monetary Fund foresee a 2.8% growth rate of the world economy for the current year, slowing down versus 2022, but improving if compared with the figures forecast at the end of 2022. On the international scene, however, the downside risks remain linked to the continuation of the war in Ukraine, the persistence of high inflation levels and the consequent restrictive orientations of monetary policies, both in advanced and emerging economies. In addition, it will be necessary to assess any repercussions on global financial conditions resulting from the recent cases of bank failures in the United States and Switzerland. The US economy, in the first quarter of 2023, confirmed the positive trend already shown in previous quarters, reflecting the increase in public spending, both at the federal and state level, in domestic consumption and in non-residential investments. However, the contraction in the residential sector and the weak export trend weakened growth which stood at 1.1%, slowing down compared to the levels recorded in the third and fourth quarters of 2022 (+3.2% and +2.6% respectively), while inflation continued to decelerate (+6.0% on an annual basis).

In the Eurozone, after a prolonged phase of growth, GDP stagnated during the last quarter of 2022 (+0.1%). The weakness of domestic consumption, which was impacted by the still high inflation, was offset by the resilience of investments, an area in which the effects of the restrictive fiscal policies have not yet been fully reflected. In March, inflation fell for the fifth consecutive month, settling at 6.9%, revealing the sharp slowdown in energy prices.

In Italy, in the last quarter of 2022, GDP growth was substantially zero (-0.1%), slowing down compared to the previous quarter. The contraction in household spending and imports was offset by the acceleration of investments and the increase in exports. In the first quarter of the current year, on the other hand, the economy recorded modest growth (+0.5%), reflecting the soundness of both the industrial and services sectors. Inflation, mainly thanks to the drop in energy prices, decelerated in the first quarter, settling at 7.6% at the end of March.

Among the emerging countries, in Mexico the economy continued to grow (+1.1% in the first quarter), thanks to the favorable development of manufacturing and construction activity, as well as services. For the whole of 2023, however, GDP is expected to slow down due to the effect of monetary tightening and the weakening of the US economy. Also in Brazil, in 2023 as a whole, GDP is expected to slow down due to the weakness of private consumption, exports and investments, which are in turn penalized by the level of interest rates and lower global growth.

The main central banks confirmed the restrictive orientation of their respective monetary policies, due to the high expectations of inflation for the current year. The Federal Reserve raised benchmark rates more moderately in February and March, while the ECB increased official interest rates by a further 50 points, bringing the overall increase since July 2022 to 350 basis points. In

Latin America, the central bank of Mexico confirmed its restrictive stance in order to limit an inflation rate which has not yet begun to descend towards the targets of 2024. In Brazil, on the other hand, the central bank decided to keep interest rates unchanged, at high levels, although in recent months the cost of living index has more than halved compared to 2022.

After showing substantial stability in the first two months of 2023, oil prices decreased in March and then recovered in April, following the decision to cut production by the OPEC countries. Since January, the price of natural gas for European markets has continued to decline thanks to the large level of inventories, mild temperatures and the moderate trend in industrial consumption.

Cement and clinker sales of the group, in the first quarter of 2023, reached 5.8 million tons, down 8.8% compared to the previous year. Ready-mix concrete sales closed with a more marked slowdown at 2.4 million cubic meters (-12.2%).

Consolidated net sales stood at €955.9 million, up 19.5% compared to €800.1 million in 2022. Foreign exchange rate variances positively contributed for € 27.6 million. Like for like net sales would have been up 16.0%.

Net sales breakdown by geographical area is as follows.

million euro	Q1-23	Q1-22	Δ %	Δ % lfl
Italy	203.7	163.3	+24.8	+24.8
United States of America	375.0	301.9	+24.2	+18.8
Germany	195.1	175.4	+11.2	+11.2
Luxembourg and Netherlands	53.9	52.0	+3.7	+3.7
Czech Republic and Slovakia	40.6	37.3	+9.0	+5.5
Poland	33.2	29.2	+13.8	+15.9
Ukraine	9.7	13.1	-26.1	-10.1
Russia	60.1	38.2	+57.3	+24.1
Eliminations	(15.4)	(10.3)		
	955.9	800.1	+19.5	+16.0
Mexico (100%)	242.0	166.6	+45.2	+26.6
Brazil (100%)	92.5	75.2	+23.1	+16.9

The net financial position at the end of the period, which includes long-term financial assets, is positive by €279.2 million, versus €288.2 million at 2022 year-end. During the period under review the company incurred capital expenditures of €60.9 million (€61.9 million in 2022).

Italy

Our hydraulic binders and clinker sales, after the clear contraction in 2022, closed the first quarter down, both in cement and concrete. Moreover, it should be reminded that our possibilities of exporting at profitable prices have decreased and that imports have acquired an increasing market share in the country. Selling prices, after the significant increase recorded in 2022, closed the first quarter without remarkable changes, but still improved compared to the same period of the previous year thanks to the carryover effect.

Overall, net sales increased by 24.8%, from €163.3 to €203.7 million.

United States of America

The cement volumes sold showed a modest contraction, penalized by unfavorable weather conditions at the start to the year, above all in Texas, and by the comparison with the particularly brilliant first quarter of 2022. These trends were also reflected in the production of ready-mix concrete, which closed down, partly penalized by the shortage of distribution staff. As regards unit sales prices, the stability of demand allowed to introduce a further improvement at the beginning of the year, both in cement and concrete.

Overall net sales came in at €375.0 million, up 24.2% compared to €301.9 million achieved in the same period of 2022. The strengthening of the dollar (+4.3%) influenced the translation of results into euro: at constant exchange rates net sales would have been up 18.8%.

Central Europe

In **Germany**, sales volumes, both of cement and ready-mix concrete, showed a rather negative trend, due to the demand being weaker than expected and to less favorable weather conditions compared to the same period of 2022. Starting from January, prices have been significantly raised in order to offset higher production costs.

Net sales improved by 11.2%, reaching €195.1 million (€175.4 million in 2022).

In **Luxembourg** and the **Netherlands**, the unfavorable weather and the drop in demand had a negative impact on our cement deliveries, both domestic and export, which closed the first quarter sharply declining. In the ready-mix concrete sector, on the other hand, the decrease was more contained, thanks also to a more favorable comparison with the same period of 2022, when some operational difficulties occurred, including staff shortage, attributable to the pandemic. Selling prices, in both sectors, showed significant growth, aimed at countering the higher costs due to inflation in the energy component.

Net sales amounted to €53.9 million, slightly up (+3.7%) compared to 2022 (€52.0 million).

Eastern Europe

In the **Czech Republic**, sales volumes closed at a significantly lower level than in 2022. The production data referring to the ready-mix concrete division, including **Slovakia**, showed a similar trend, i.e. an unfavorable one. In both sectors, sales prices in local currency showed a marked increase.

Net sales, supported by the appreciation of the Czech koruna (+3.5%), stood at €40.6 million, up 9.0% compared to the level reached in 2022 (€37.3 million). At constant exchange rates the favorable variance of turnover would have been 5.5%.

In **Poland**, our sales volumes, both for cement and ready-mix concrete, closed the period below the level achieved in the previous year. Selling prices, on the other hand, showed a clearly positive development.

Net sales, despite the depreciation of the Polish zloty (-1.8%), increased from €29.2 to €33.2 million (+13.8%). At constant exchange rates they would have been up 15.9%.

In **Ukraine**, our sales volumes further contracted due to sluggish demand. Inflation, albeit slightly slower compared to the peak recorded in the second half of 2022, pushed selling prices up again. Net sales came in at €9.7 million, down 26.1% (€13.1 million in 2022). The depreciation of the local currency (-21.7%) impacted on the translation of net sales into euro: at constant exchange rates they would have equally been down 10.1%.

In **Russia**, the local management presiding over the business states that sales volumes were slightly higher compared to the same period last year. The sale price trend, in local currency, was also favorable.

In this context, net sales stood at €60.1 million, up 57.3% versus €38.2 million achieved in the same period 2022. The effect of the appreciation of the ruble was very considerable, having as a reference period the opening of the conflict in Ukraine (+21.1%). In local currency net sales would have increased by 24.1%.

Mexico (valued by the equity method)

The sales of our joint venture showed a clearly favorable trend, with prices also improving. On the other hand, the change in volumes for the ready-mix concrete sector was negative, albeit moderately so.

With reference to 100% of the joint venture, net sales amounted to €242.0 million, improving by +45.2% compared to €166.6 million achieved in 2022. The appreciation of the Mexican peso (+12.8%), positively impacted the translation into euro. At constant exchange rates net sales would have been up 26.6%.

Brazil (valued by the equity method)

The volumes sold by the joint venture were in line compared to the same period of 2022, with differentiated trends in the areas where we operate: favorable development in the North-East, compared to some slowdown in the South-East, where the business was conditioned by the abundant rains. Sale price, on the other hand, showed consistent growth.

Net sales in euros, referring to 100% of the joint venture, increased by 23.1% from €75.2 million in 2022 to €92.5 million in the period under review. The appreciation of the Brazilian real (+5.0%) had a positive impact on the translation into euro. Like for like net sales would have been up 16.9%.

Outlook

The results achieved in the first three months of 2023 are in line with the projections for the current year outlined at the end of March. They were characterized by a generalized slowdown in demand, mainly attributable to the contraction in investments, especially private ones, which resulted from the climate of economic uncertainty and the rise in interest rates. On the other hand, the group benefited from a favorable price effect, due both to carryover from the previous year and to new increases aimed at countering cost inflation which has not yet subsided.

We believe that the dynamics just outlined can also characterize the rest of the current year. More precisely, in the United States we expect demand to continue to benefit from the positive contribution of infrastructure and of some segments of non-residential construction, to the detriment of a clear contraction in activity in the residential sector. We do not exclude, however, that the recent disruptions in the banking system could lead to further monetary tightening, with repercussions on the construction sector. In Europe, on the other hand, despite the positive trend in the infrastructure segment, we expect demand to continue to be penalized by the slowdown in activity in the residential sector. In Mexico and Brazil, we estimate that the combination of volumes, prices and costs will lead, also in the coming months, to a somewhat positive development. The stabilization of energy prices, albeit at higher levels than in 2022, if confirmed, will allow us to have better visibility on the unfolding of the production costs from spring onwards.

In conclusion, gaging all of these considerations, we believe that the Ebitda achieved last year should be easily matched also in 2023. However, at the moment, the elements available to us are not sufficient to outline a clearly different picture from the one communicated at the end of March with the approval of the 2022 financial statements and, therefore, we deem it reasonable to confirm the same expected trend.

Alternative performance measures

Buzzi Unicem uses in its financial disclosure some alternative performance measures that, although widespread, are not defined or specified by the accounting principles. Set out below is the definition of the measures which have been used in this disclosure.

Net financial position: it is a measure of the capital structure determined by the difference between financial liabilities and assets, both short and long term; under such items are included all interest-bearing liabilities or assets and those connected to them, such as derivatives and accruals.

Net debt: it is a measure of the capital structure corresponding to the difference between financial liabilities, both short and long term, and short term financial assets. Therefore, it includes all liabilities, a part of the interest-bearing assets and related items, such as derivative financial instruments and accruals. The measure complies with Consob Communication no. 92543/2015 and the guidelines ESMA32-382-1138.

The manager responsible for preparing the company's financial reports, Elisa Bressan, declares, pursuant to paragraph 2 of Article 154 bis of the Consolidated Law on Finance, that the accounting information contained in this press release corresponds to the document results, books and accounting records.

Casale Monferrato, 12 May 2023

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