

**PRESS RELEASE**
**Trading update at 31 March 2019**

- **Cement volumes increase by 16.9% and ready-mix concrete volumes up 7.3% versus last year**
- **Trading conditions benefited from favorable weather compared to the particularly harsh climate of the first quarter in 2018**
- **Volume improvement in all markets where the group operates. Good start to the year in the United States and Italy; nice progress also in Eastern and Central Europe**
- **Net sales at €656.0 million (2018: €539.1 million)**

<b>Consolidated figures</b>		<b>Jan-Mar 19</b>	<b>Jan-Mar 18</b>	<b>% 19/18</b>
Cement sales	m ton	6.0	5.1	16.9%
Ready-mix sales	m m3	2.6	2.4	7.3%
Net sales	€m	656.0	539.1	21.7%
		<b>Mar 19</b>	<b>Dec 18</b>	<b>change</b>
Net debt	€m	1,033.5	890.5	143.0

The Board of Directors of Buzzi Unicem SpA met today to briefly examine the economic performance during the first three months of 2019 as well as the net financial position at the end of the quarter.

In the first quarter of 2019 the sales volumes achieved by the group clearly improved over the previous year, benefiting from the favorable weather conditions compared to the adverse ones at the beginning of 2018, being characterized also by fewer working days according to the calendar of the Holy Week. The increase in shipments, which was achieved in all the markets where the group operates, was encouraging in the United States of America and quite strong in Eastern and Central Europe.

In the first months of 2019, consistent with the deceleration recorded during the last quarter of the previous year and with the contraction of international trade, the signs of weakening and the loss of momentum of world economic activity were extended. Growth prospects worsened and the downward revision of the forecasts reflects a general weakness in the industrial sector. In Europe, growth, which was modest in the last few months of 2018, remained rather moderate at the beginning of the year, continuing to be affected by the worsening of international trade and of the climate of confidence of manufacturing firms, particularly in Germany and Italy. In the United States, although showing signs of a more mature cyclical phase, the expansion continued in a sustained way. Among the emerging countries, in China GDP continued to slow down and the economic situation remained fragile in Russia and Brazil.

Consumer inflation decreased in all major advanced economies, mostly in connection with the trend in the energy component. From the beginning of January, oil prices have begun to increase again, partially recovering after the sharp contraction during the autumn. The central banks' orientation became more accommodating. The Federal Reserve changed its monetary targets in an expansive sense, assuming a prudent orientation on the possibility of new increases, and the ECB Governing Council will maintain expansionary conditions for a longer time, extending until the end of 2019 the minimum horizon within which the reference rates will remain unchanged. The economic short-term prospects are subject to various risks: the continuation of international trade tensions, a slowdown greater than expected in China and the repercussions of Brexit.

Group cement sales ended the period up 16.9% compared to the first quarter of 2018, reaching 6.0 million tons. The volume trend was favorable in all the markets where the group operates and particularly in Poland, Ukraine, Russia and Germany. Ready-mix concrete sales also recorded a positive change (+7.3%) compared to the same period of 2018, achieving 2.6 million cubic meters. The good sales results obtained largely benefited from the dry and mild weather, compared to the particularly adverse one of the first quarter of 2018. The price effect in local currency, compared to the first quarter of 2018, was favorable or neutral everywhere we operate. Consolidated sales amounted to €656.0 million, up 21.7% compared to €539.1 million in the first quarter of 2018. The effect due to exchange rate fluctuations was favorable for €16.8 million. On a like-for-like basis net sales would have increased by 17.6%.

Net sales breakdown by geographical area is as follows:

<i>million euro</i>	<i>Q3-19</i>	<i>Q3-18</i>	<i>Change abs</i>
Italy	119.6	103.0	16.6
United States of America	252.8	205.9	46.9
Germany	137.1	110.3	26.9
Luxembourg and Netherlands	43.5	39.0	4.6
Czech Republic and Slovakia	28.5	26.9	1.6
Poland	23.4	16.5	6.9
Ukraine	18.5	11.7	6.9
Russia	40.2	32.7	7.5
Eliminations	-7.8	-6.8	-1.0
	<b>656.0</b>	<b>539.1</b>	<b>116.9</b>

Net debt as at 31 March 2019 amounted to €1.033.5 million, up €143.0 million compared to the year-end 2018. The figure was affected by total capital expenditures of €67.9 million (€52.3 million in 2018), while the first adoption of IFRS 16 entailed the recognition of new lease liabilities equal to €90.7 million.

## Italy

The volume trend of our hydraulic binders and clinker showed a satisfactory positive change, mainly thanks to the dry and not particularly cold weather, compared to the prolonged rainfall and fewer working days available in the same period of the previous year, as well as to the good performance of export volumes. Selling prices, in a more stable market environment, confirmed the indications of an upward adjustment. The ready-mix concrete sector, where the restructuring and production rationalization phase has been finalized, showed an output in line with the previous period, with recovering prices. Overall, net sales increased from €103.0 to €119.6 million (+16.1%).

## Central Europe

In **Germany**, the start to the year was characterized by favorable weather conditions and an easy comparison with the same period of the previous year, which had been affected, particularly in March, by heavy rainfall and fewer working days. The volumes sold, thanks also to scope changes referring to the Seibel & Söhne production plant in Erwitte, consistently improved, with stable prices. Ready-mix concrete output also increased nicely, with rising prices. Overall net sales amounted to €137.1 million, +24.4% compared to €110.3 million in 2018. Like for like net sales would have been up 19.6%.

In **Luxembourg** and the **Netherlands**, the cement volumes sold confirmed the levels achieved in the first three months of the previous year, with prices slightly recovering, while ready-mix concrete sales started the year with both output and prices improving. Overall net sales increased from €39.0 million to €43.5 million (+11.8%).

## Eastern Europe

In the **Czech Republic**, cement sales recorded a favorable development, with average prices in local currency recovering. The ready-mix concrete market, which also includes **Slovakia**, began the year with a slight decline, in a context of strengthening selling prices. Net sales, somewhat negatively affected by the exchange rate effect (-€0.3 million), reached €28.5 million (€26.9 million in 2018, i.e. +6.0%).

In **Poland**, cement sales closed the quarter clearly improving, favored by the comparison with the same period of the previous year which had been influenced, particularly in March, by adverse weather conditions. Also the trend of selling prices, in local currency, showed at the beginning of the year a solid momentum. Ready-mix concrete output recorded an unfavorable change, which was however associated with prices, in local currency, well recovering. Net sales, negatively affected by the exchange rate effect of €0.7 million, increased from €16.5 million in 2018 to €23.4 million in the current year (+41.8%).

In **Ukraine**, cement deliveries showed a marked improvement, with prices in local currency still driven upwards by inflation. Ready-mix concrete output showed a rather weak trend, however the pertaining price effect was also extremely favorable. Net sales increased from €11.7 to €18.5 million (+58.8%). The translation of results into euro was favored by the strengthening of the local currency for €1.4 million.

In **Russia**, shipments during the first quarter were clearly progressing compared to the volumes reached in the previous year, with average unit prices, in local currency, slightly recovering. Net sales increased from €32.7 to €40.2 million (+23.0%). The translation into euro was penalized by the depreciation of the ruble for €2.9 million. Denominated in local currency instead, they would have increased by 31.7%.

### **United States of America**

Our cement sales, favored by the comparison with the first quarter of the previous year, which was severely affected by adverse weather conditions, clearly improved, with average prices, in dollar, higher by a few percentage points. Ready-mix concrete output, mainly concentrated in Texas, benefited from the “pent-up demand” associated with the jobsites which, during last autumn, were hampered by the bad weather, without any significant changes in the price level. Overall net sales thus increased from €205.9 to €252.8 million (+22.8% compared to the same period of the previous year). The translation into euro was favored by the strengthening of the dollar for €19.2 million. Denominated in local currency, turnover would have been up 13.5%.

### **Mexico** (valued by the equity method)

The demand for building materials continues to be penalized by the uncertainties about the economic policy program that will be undertaken by the new administration. Cement shipments in the first quarter showed a decline, with average prices in local currency slightly down compared to those of the same period of the previous year. Ready-mix concrete sales also recorded a small decline, which was however associated with a favorable price effect. Net sales in local currency decreased by 5.7%. The strengthening of the Mexican peso had a favorable impact on the translation of results into euro. With reference to 100% of the associate, net sales decreased from €151.1 to €150.5 million (-0.4%).

### **Brazil** (valued by the equity method)

The Brazilian economy, after emerging from the severe recession crisis during 2017, subsequently showed a rather slow GDP growth rate (just over 1%). Expectations for the current year suggest some acceleration, albeit modest (+2.1%). During the first quarter, the cement and clinker sales of our associate were better than those of the same period of 2018, basically thanks to some supply agreements with companies in the same industry. As for prices, no signs of recovery emerged so far. Net sales in local currency registered a 2.4% growth. The depreciation of the real penalized the translation of the results into euro. With reference to 100% of the associate, net sales decreased from €34.9 to €33.3 million (-4.5%).

### **Outlook**

The operating performance of the first quarter, which was strongly facilitated by an easy comparison with the same period of the previous year (when adverse weather conditions prevailed), proved more favorable than expected. Nevertheless this is a volatile period that represents a small portion of full year earnings. In order to identify more accurately the expectations for the current period, we prefer to wait for the results of the first half, when the impacts due to the seasonality will diminish. To date, therefore, we deem it appropriate to

confirm the outlook that was assumed with the approval of the 2018 financial statements, namely that the consolidated recurring Ebitda for the whole of 2019 may achieve a favorable variance versus the previous year between 5% and 8%.

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#### **“Buzzi Unicem €220,000,000 1.375% Equity-Linked Bonds due 2019”**

About this outstanding bond, we inform that the conversion notices delivered until today represent a nominal value of €90,800,000, corresponding to no. 5,679,957 ordinary shares.

In accordance with these conversion notices, on 30 April 2019 no. 1,582,632 ordinary shares held in treasury were delivered to bondholders and the remaining no. 4,097,325 ordinary shares will be delivered on 15 May 2019 .

Following the aforementioned conversion notices, the bond decreased to a nominal value of €129,200,000 and the remaining quantity of ordinary shares in treasury will be no. 1,370,043 as of 15 May 2019. The conversion right is suspended from 29 April 2019 up to and including 19 May 2019 and will resume on 20 May 2019.

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#### **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.

Pursuant to Consob Communication no. 92543/2015 and the guidelines ESMA/2015/1415 set out below is the definition of the measure which has been used in this disclosure.

**Net debt:** 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.

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*The manager responsible for preparing the company's financial reports, Silvio Picca, 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, 9 May 2019

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