

PRESS RELEASE

Trading update at 30 September 2021

- **Volumes sold up 7.5% in the cement sector and 4.5% in ready-mix concrete**
- **During the summer quarter, the performance of demand was favorable especially in the United States and Eastern Europe. Signs of a slowdown, on the other hand, appeared in Central Europe and Italy**
- **The recent, further surge of raw materials and energy factors prices is markedly impacting the operating costs in the short term**
- **Consolidated net sales for the first nine months at €2,541.7 million (2020: €2,408.0 million)**

Consolidated figures		Jan-Sep 2021	Jan-Sep 2020	21/20
Cement sales	t/000	23,361	21,721	7.5%
Ready-mix sales	m ³ /000	9,049	8,658	4.5%
Net sales	€/m	2,541.7	2,408.0	5.6%
		Sep 2021	Dec 2020	Change
Net financial position	€/m	100.6	(241.6)	342.2

The Board of Directors of Buzzi Unicem SpA met today to briefly examine the economic performance during the first nine months of 2021 as well as the net financial position at the end of the third quarter.

The sales volumes achieved by the group in the third quarter of the current year showed a positive development. The progress recorded both in the United States and in Eastern Europe (Czech Republic and Poland in particular) more than offsets the partial slowdown observed in Italy, mainly due to the difficult comparison with the excellent results obtained in the summer quarter of 2020, and a more evident contraction in Germany, also penalized by the unfavorable weather in July. These dynamics allowed the sales volumes of the group in the first nine months of 2021 to come in at a higher level than in the same period of 2020 (cement +7.5%, ready-mix concrete +4.5%).

The global economic recovery continued during the third quarter, supported by the robust expansion of international trade, which has returned to the levels prior to the onset of the health

emergency already at the end of the second quarter. However, the pace of the recovery slowed down considerably because of some significant tensions that emerged in global supply chains, particularly as regards raw materials and semiconductors. Despite an epidemiological picture being still uncertain, due to the growth in infections caused by the spread of the Delta variant, vaccination campaigns, in areas where high coverage was achieved, proved effective in preventing the deterioration of the health situation and avoiding the introduction of further restrictions.

According to the most recent estimates, although the risks linked above all to the evolution of the pandemic remain, which could cause further disruptions in global supply chains, in 2021 trade should grow by 11.2% while global GDP is expected to exceed pre-pandemic levels (+5.9%).

In the United States of America, economic activity, which had already returned to the levels prior to the outbreak of the pandemic, continued to grow in the third quarter, albeit at a slower pace, due to a partial weakening of domestic consumption. In addition, the bottlenecks on the supply side, in addition to having led to a decline in inventories, triggered a sharp rise in inflation. The most recent forecasts for the current year indicate sustained GDP growth (+6.0%).

In the euro area, economic activity returned to meaningful growth during the second quarter (+2.1%), thanks to the recovery in consumption and investments. However, during the summer months, several factors impacted on the expansion trends: manufacturing activity was held back by the shortage of semiconductors on a global scale, while the energy price increases led to a sharp rise in inflation that could continue in the short term. Despite these dynamics, GDP continued to increase in the third quarter, while for the whole of 2021 a growth equal to 5% is expected.

In Italy, during the summer months, the economy continued to benefit from the progress of the vaccination campaign and the full recovery of mobility. GDP growth in the third quarter is estimated to be over 2%, supported by the further recovery of the services sector and by the positive trend in industrial production, which returned to pre-pandemic levels. The expansionary dynamic was also reflected in construction investments, which increased in both the residential and commercial segments. In this context, GDP for the entire year 2021 is expected to grow by 5.8%.

As for the emerging economies, in China, growth slowed down in the summer quarter, due to higher energy prices and to the decline in the real estate sector. In Russia, the economy reached the pre-pandemic levels, supported by the recovery in world demand for hydrocarbons. Also in Brazil, the favorable tendency of exports of raw materials favored the development of economic activity in the third quarter. In Mexico, on the other hand, the pace of recovery was slightly hampered by slowdowns in the vaccination campaign and in supply chains for the industrial sector.

During the third quarter, commodity prices, with the strengthening of economic activity, continued to mount up, pushing global inflation upwards. The Federal Reserve, while confirming

the expansionary stance of monetary policy, has recently begun to assess the conditions for reducing monetary stimulus, while the ECB believes that maintaining favorable financing conditions is essential for the perpetuation of the recovery. In emerging countries, particularly in Brazil, Mexico and Russia, the central banks raised interest rates to counter inflationary pressures.

Group cement and clinker sales in the first nine months of 2021 amounted to 23.4 million tons, up 7.5% compared to the previous year. Ready-mix concrete sales closed at 9.0 million cubic meters (+4.5%). The price effect in local currency showed a positive trend across almost all the markets where we operate.

Consolidated net sales stood at €2,541.7 million, up 5.6% compared to €2,408.0 million in 2020. The unfavorable variances in exchange rates impacted for €85.2million. On a like-for-like basis, turnover would have increased by 9.1%.

Net sales breakdown by geographical area is as follows:

million euro	Q3-21	Q3-20	Change abs.
Italy	453.1	367.2	86.0
United States of America	961.5	937.8	23.7
Germany	529.5	539.5	(10.0)
Luxembourg and Netherlands	147.5	138.7	8.8
Czech Republic and Slovakia	132.2	120.1	12.1
Poland	93.2	90.4	2.8
Ukraine	92.3	88.7	3.6
Russia	158.1	152.4	5.7
Eliminations	(25.8)	(26.8)	1.0
	2,541.7	2,408.0	133.7

The net financial position at the end of the period, which includes long-term financial assets, turned positive and amounted to €100.6 million. Net debt decreased from €252.6 million at the end of 2020 to €139.7 million at 30 September 2021. Total capital expenditures for the first nine months stood at €151.7 million (€197.9 million in 2020).

Italy

Our sales of hydraulic binders and clinker, after a first half clearly progressing, slowed slightly down during the third quarter. This can be explained by the base effect with the same period of 2020, characterized by the willingness to recover from the production and commercial lockdown occurred in March and April, and the uncertainties associated with the surge in commodity prices. In the first nine months of 2021, sales volumes nonetheless stood well above the level reached

last year, with prices that confirmed the positive momentum. The ready-mix concrete sector showed some stability during the summer quarter, closing the first nine months of 2021 markedly progressing, with prices also improving.

Overall net sales increased by 23.4%, from €367.2 to €453.1 million.

Central Europe

In **Germany**, during the third quarter, our sales volumes were penalized by the weakness of demand, as well as by the heavy rainfall that hit the country in July. In the first nine months as a whole, our activities in the cement sector recorded a more marked negative development than in the first half, with average prices, instead, strengthening. These dynamics were also reflected in the ready-mix concrete sector which closed the period with declining volumes, but nevertheless achieved strengthening prices.

Total net sales decreased by 1.8%, reaching €529.5 million (€539.5 million in 2020).

In **Luxembourg** and the **Netherlands**, our cement deliveries, including exports, showed a slight decline during the summer quarter, due to a marginal weakening of demand, already observed in May and June. In the January-September period as a whole, sales volumes nonetheless remained well above 2020, with average prices slightly increasing. The ready-mix concrete sector, on the other hand, experienced an unfavorable change in volumes, mainly due to the slowdown in some projects related to infrastructure works. On the other hand, selling prices improved.

Net sales stood at €147.5 million, up 6.3% compared to 2020 (€138.7 million).

Eastern Europe

In the **Czech Republic**, the soundness of demand, already noted in the second quarter, was also confirmed in the summer months, allowing sales volumes to reach a visibly higher level at the end of September than in the same period of 2020. Selling prices, in local currency, showed a favorable change too.

In the ready-mix concrete sector, including **Slovakia**, the positive trend of the July-September period, allowed to recover the cumulative loss of the first half and at the end of September the production stabilized on 2020 levels. The change in selling prices, in local currency, was favorable. Net sales, sustained by the appreciation of the Czech koruna (+2.5%), stood at €132.2 million, up 10.1% compared to the figure achieved in 2020 (€120.1 million). At constant exchange rates, they would have increased by 7.7%.

In **Poland**, demand remained robust during the third quarter, supported by the recovery in the construction sector, allowing our sales volumes to record a markedly favorable trend during the summer quarter. In the first nine months as a whole, the volumes sold reached a slightly higher level than in the same period of 2020, recovering the unfavorable variance of the first half, with

prices on the rise. Ready-mix concrete output improved even more clearly, with prices, however, decreasing some.

Net sales, despite the devaluation of the Polish zloty (-1.2%), increased from €90.4 to €93.2 million (+3.1%). At constant exchange rates, they would have increased by 4.3%.

In **Ukraine**, the imposition of duties on cement imports from Turkey and the recovery of the construction sector supported our sales volumes during the summer quarter. At the end of September 2021, the cement volumes sold reached a clearly better level compared to the same period of 2020. Selling prices in local currency, albeit slightly recovering in the last months, confirmed the negative change. These trends were also reflected in the production of ready-mix concrete which clearly progressed, with slightly positive prices.

Net sales stood at €92.3 million, increasing by 4.1% (€88.7 million in 2020). The translation of the turnover into euros was influenced by the evident depreciation of the local currency (-10.0%). At constant exchange rates, net sales would have increased by 14.4%.

In **Russia**, after the good results recorded in the first half-year, our cement sales volumes, thanks to the still favorable weather and the healthy demand, showed positive development also during the summer quarter, closing the first nine months above the previous year. Average unit prices, in local currency, instead showed substantial stability, mainly due to the mix effect. The support of the oil price pushed up the demand for special oil-well cements, whose volumes recorded a sharp increase in the summer quarter.

Net sales amounted to €158.1 million, up 3.7% compared to the €152.4 million achieved in the same period of 2020. The significant depreciation of the ruble (-10.7%) influenced the translation of results into euros: in local currency, they would have increased by 14.8%.

United States of America

Our sales of hydraulic binders in the first nine months of the current year were higher compared to the same period of 2020, thanks to the robust activity in the construction industry, particularly in the residential sector. The impact of Hurricanes Ida and Nicholas, in August and September, only concerned our shipments in the New Orleans and Southeastern Texas markets. Ready-mix concrete output, mainly located in Texas, reached a slightly lower level in the first nine months of the year than in 2020, net of a partial recovery in the third quarter. Selling prices, in local currency, showed good growth in cement, while in ready-mix concrete the positive change was less evident. Overall net sales amounted to €961.5 million, up 2.5% compared to the €937.8 million achieved in the same period of 2020. The depreciation of the dollar (-6.3%), although less tangible than the figure recorded in the first half, influenced the translation of results into euros: at constant exchange rates, turnover would have increased by 9.0%.

Mexico (valued by the equity method)

Economic activity, after the expansion recorded in the second quarter, supported by the strength of the US economy, marginally slowed down in the summer. A still uncertain epidemiological picture and a slowed vaccination campaign, as well as disruptions to supply chains in strategic industrial sectors, hindered the pace of recovery during the third quarter. However, these short-term dynamics should not affect the growth forecast for the current year, confirmed at 6.2%. In this context, after a brilliant first half, the pace of growth of our cement sales marginally slowed down in the third quarter, however closing the first nine months of the year clearly progressing, with prices in local currency moving upward. Ready-mix concrete production, on the other hand, confirmed the positive trend also in the summer quarter, with a positive price change.

With reference to 100% of the associate, net sales achieved €500.6 million, up 21.4% compared to €412.5 million recorded in 2020. The appreciation of the Mexican peso (+1.8%) positively impacted the translation into euros. At constant exchange rates, net sales would have been up 19.1%.

Brazil (valued by the equity method)

During the third quarter, thanks to the progress of the vaccination campaign and to the positive trend in exports of raw materials, agricultural and mining in particular, economic activity confirmed the recovery expectations. In the construction sector, demand was driven by government initiatives in support of residential construction and infrastructure. In this context, the sales volumes of the joint venture, also benefiting from the additional contribution of the CRH cement plants acquired in April, showed marked progress, with selling prices, in local currency, clearly improving.

Net sales in euro of the first nine months, referring to 100% of the associate, increased by 87.3%, from €99.7 million in 2020 to €186.7 million in the period under review. The depreciation of the Brazilian real (-11.7%) negatively influenced the translation into euros: like for like, turnover would have increased by 80.6%.

Outlook

During the summer quarter, the recovery of economic activity was also reflected in the construction sector which, both in the residential and the infrastructure segment, confirmed the solidity already observed in the first six months. The positive development of sales volumes in the third quarter, determined by the favorable trend in the United States and Eastern Europe, net of some slowdowns in Italy and Germany, allowed the group to obtain an improvement in both consolidated net sales and cash generation.

Looking at the last quarter of the current year, we expect the activity level of the construction industry to generally remain lively and that the year will close with a favorable volume and price effect. However, what is causing growing concern is the simultaneous surge in the prices of

energy, fuels, logistics, raw materials and services, which have reached extremely high levels in various regions. We do not rule out that this situation may slow down the ongoing economic recovery, also affecting activity in the building industry. We expect the current economic backdrop to impact on the results of the last quarter, which was not foreseeable until a few months ago. In conclusion, based on these considerations, our most updated forecasts confirm that the recurring Ebitda for the financial year 2021 will probably not exceed the level of the previous year.

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. Such items include 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 determined by the difference between financial liabilities, both short and long term, and short-term financial assets. Such items include all interest-bearing liabilities or assets and those connected to them, such as derivatives and accruals. The measure complies with Consob Communication no. 92543/2015 and the ESMA guidelines 32-382-1138.

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, 5 November 2021

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