

# Forum 2018

Lyon – 12 January 2018

# Executive summary 9M 2017

## ▪ Volumes

- Cement up +4.1% YTD (+2.6% on LFL basis). Q3 includes the scope effect of the first Zillo consolidation in Italy; volumes recovery in the United States despite hurricane season; confirmation of the favorable trend in Central Europe and weaker volumes in Eastern Europe, particularly in Ukraine
- Italy: YTD cement up thanks to Zillo contribution and on LFL basis, mainly due to export and clinker sales; ready-mix up
- United States: recovery in Q3 despite hurricane Harvey impact ; YTD cement slightly up; confirmed upswing in oil-well cement shipments; ready mix concrete flat in Q3 and YTD
- Central Europe: favorable trend maintained in Q3 and sound YTD; ready-mix concrete with Germany slightly down and Lux/Ned up
- Eastern Europe: cement slightly down in Q3 with the negative result in Ukraine more than offsetting the progress realized in all the other countries; cement slightly up YTD thanks to the improvement in the Czech Republic and to a lesser extent, in Russia and Poland

## ▪ Prices

- Sound increase confirmed in the USA and Ukraine; favorable variance in Poland, to a minor extent in Luxembourg; stable or minor variances in other markets

## ▪ Foreign Exchange

- Positive impact on sales (€m 23.4) mainly due to stronger ruble

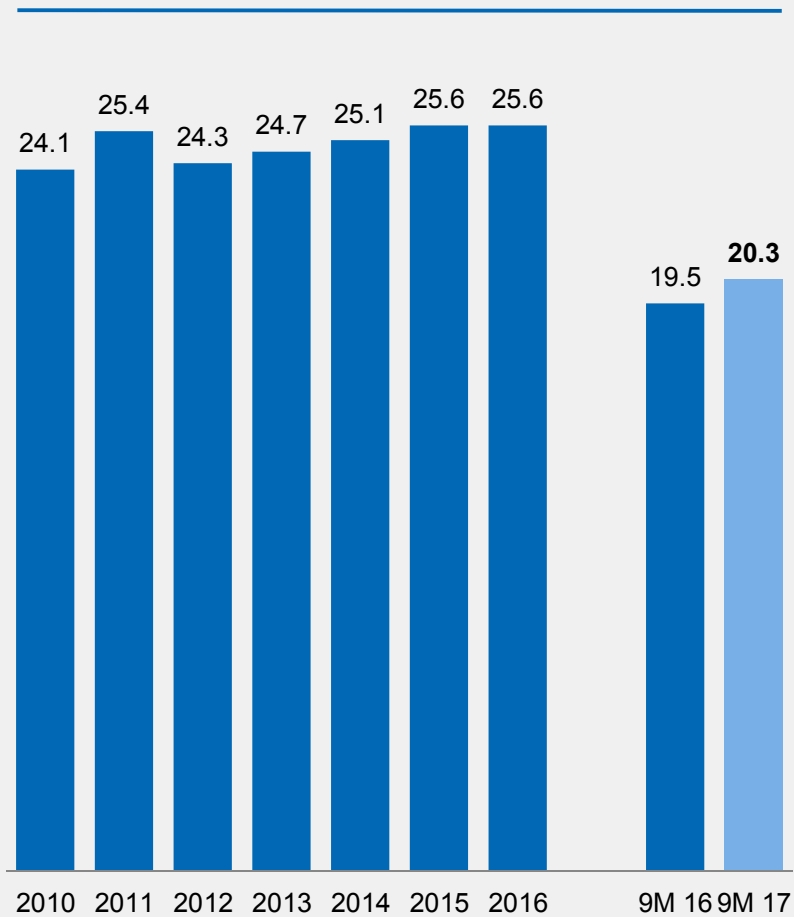
## ▪ Results

- Net sales at €m 2,133.4 versus €m 1,998.5 (+6.7%; +4.5% LFL)
- Guidance for the full financial year maintained

# Volumes 9M 2017

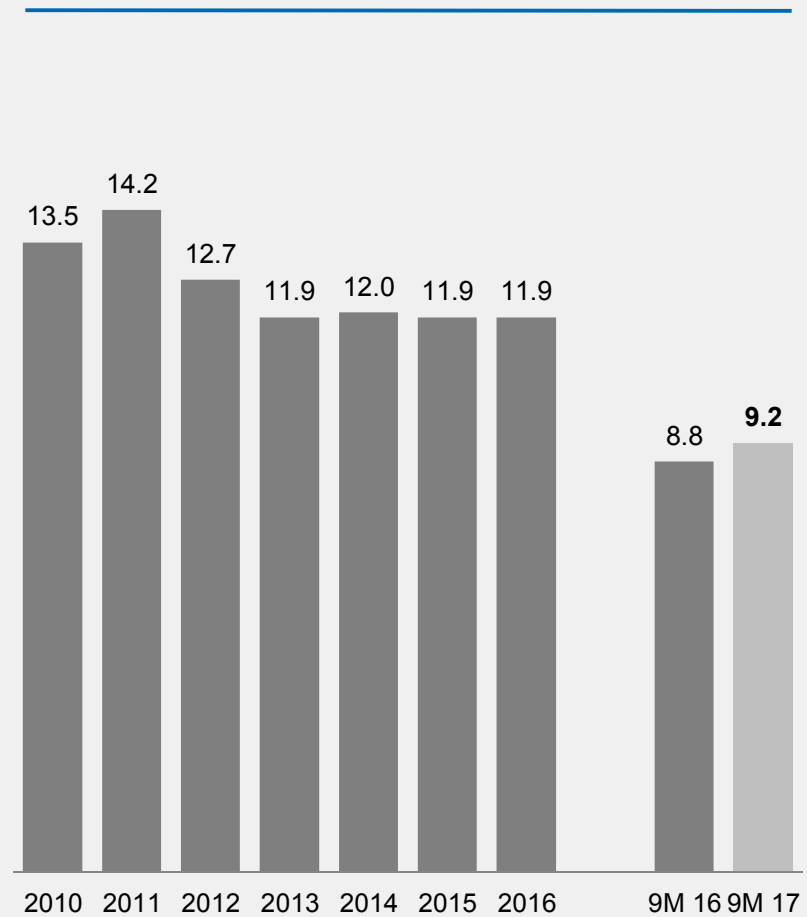
## Cement

(m ton)

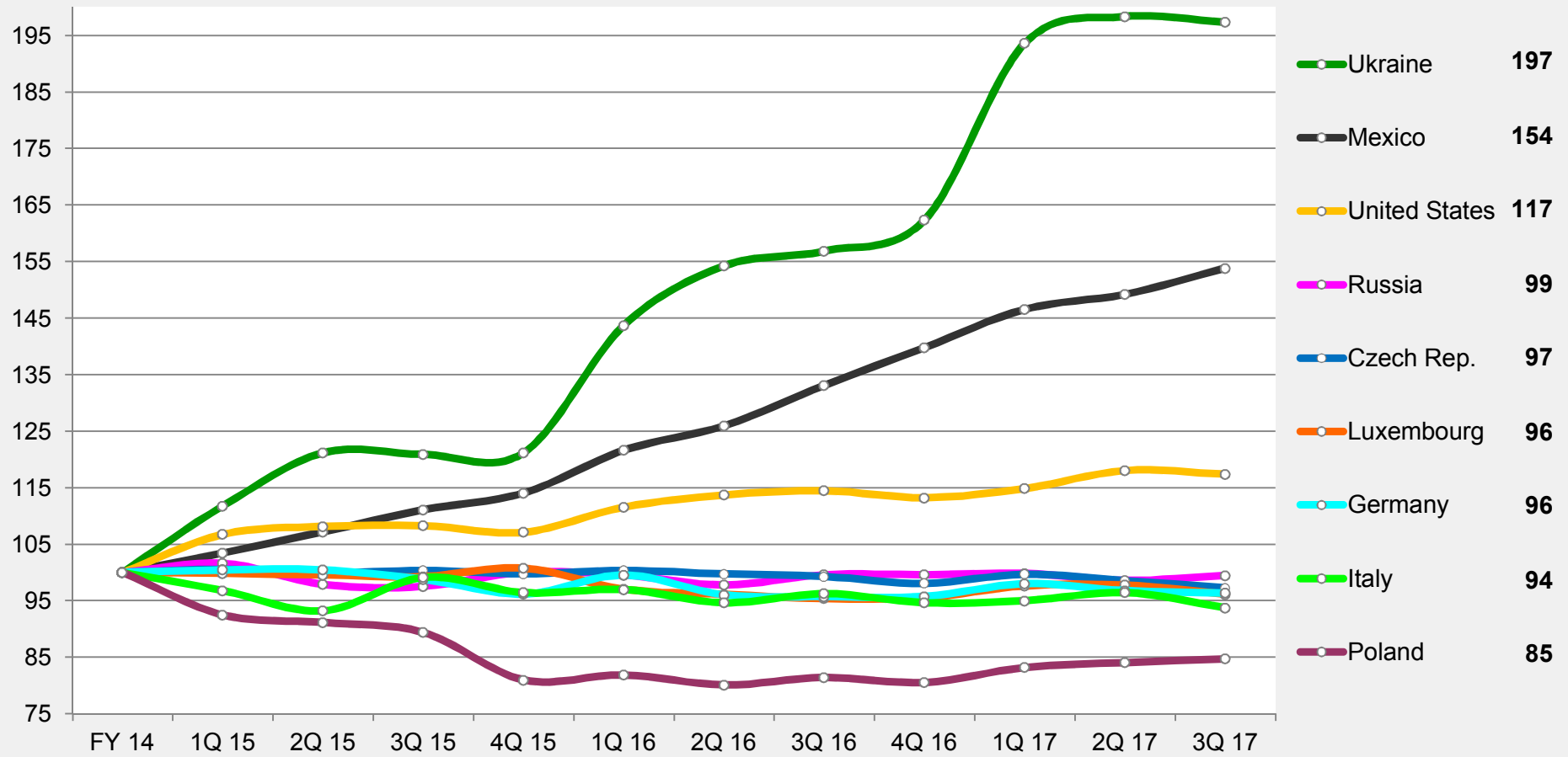


## Ready-mix concrete

(m m3)









# Price trends by country












In local currency; FY14 = 100










## FX changes

		9M 17	9M 16	Δ	2016	current
EUR 1 =		avg	avg	%	avg	
	USD	1.11	1.12	+0.2	1.11	1.20
	RUB	65.00	76.18	+14.7	74.15	69.39
	UAH	29.47	28.40	-3.8	28.29	33.73
	CZK	26.55	27.04	+1.8	27.03	25.54
	PLN	4.27	4.36	+2.1	4.36	4.18
	MXN	21.01	20.43	-2.8	20.67	23.66

## Net sales by country

	9M 17	9M 16	Δ	Δ	Forex	Scope	Δ I-f-I
EURm			abs	%	abs	abs	%
 Italy	316.1	279.7	36.4	+13.0	-	21.6	+5.3
 United States	860.5	831.7	28.9	+3.5	1.6	-	+3.3
 Germany	448.1	429.6	18.5	+4.3	-	-	+4.3
 Lux/Netherlands	137.0	131.7	5.3	+4.0	-	-	+4.0
 Czech Rep/Slovakia	108.7	101.5	7.2	+7.1	1.5	-	+5.6
 Poland	74.9	73.4	1.5	+2.0	1.6	-	-0.1
 Ukraine	73.3	60.6	12.7	+21.0	(2.8)	-	+25.5
 Russia	145.7	118.5	27.2	+22.9	21.4	-	+4.9
<i>Eliminations</i>	(30.9)	(28.1)	(2.8)				
<b>Total</b>	<b>2,133.4</b>	<b>1,998.5</b>	<b>134.9</b>	<b>+6.7</b>	<b>23.4</b>	<b>21.6</b>	<b>+4.5</b>
 Mexico (100%)	529.3	450.2	79.2	+17.6	(15.0)	-	+20.9

## EBITDA by country

EURm	H1 2017	H1 2016	Δ	Δ	Forex	Scope	Δ I-f-I
			abs	%	abs	abs	%
 Italy	(13.4)	(9.3)	(4.1)	-44.6	-	-	-44.6
 USA	161.4	142.7	18.8	+13.1	4.8	-	+9.8
 Germany	32.7	29.7	3.0	+10.0	-	-	+10.0
 Lux/Netherlands	6.2	13.5	(7.2)	-53.6	-	-	-53.6
 Czech Rep/Slovakia	13.4	12.8	0.6	+4.3	0.1	-	+3.8
 Poland	9.2	11.7	(2.5)	-21.4	0.2	-	-23.2
 Ukraine	8.8	4.6	4.1	+89.5	(0.2)	-	+93.2
 Russia	22.9	16.8	6.1	+36.0	4.5	-	+9.1
<b>Total</b>	<b>241.1</b>	<b>222.5</b>	<b>18.6</b>	<b>+8.4</b>	<b>9.4</b>	-	<b>+4.1</b>
recurring	245.6	219.3	26.3	+12.0	9.5	-	+7.7
 Mexico (100%)	173.0	146.6	26.4	+18.0	(7.5)	-	+23.1

# Consolidated Income Statement

EURm	H1 2017	H1 2016	Δ abs	Δ %
<b>Net Sales</b>	<b>1,353.8</b>	<b>1,261.3</b>	<b>92.5</b>	<b>+7.3</b>
<b>Operating cash flow (EBITDA)</b>	<b>241.1</b>	<b>222.5</b>	<b>18.6</b>	<b>+8.4</b>
of which, non recurring	(4.5)	3.2		
% of sales (recurring)	18.1%	17.4%		
Depreciation and amortization	(108.6)	(93.5)	(15.1)	
<b>Operating profit (EBIT)</b>	<b>132.5</b>	<b>129.0</b>	<b>3.6</b>	<b>+2.8</b>
% of sales	9.8%	10.2%		
Equity earnings	49.7	36.6	13.1	
Net finance costs	(12.2)	(36.4)	24.2	
<b>Profit before tax</b>	<b>170.1</b>	<b>129.2</b>	<b>40.9</b>	<b>+31.7</b>
Income tax expense	(50.8)	(37.7)	(13.1)	
<b>Net profit</b>	<b>119.3</b>	<b>91.5</b>	<b>27.8</b>	<b>+30.4</b>
Minorities	(1.7)	(1.1)	(0.5)	
<b>Consolidated net profit</b>	<b>117.6</b>	<b>90.3</b>	<b>27.3</b>	<b>+30.3</b>
<b>Cash flow <sup>(1)</sup></b>	<b>227.9</b>	<b>185.0</b>	<b>42.9</b>	<b>+23.2</b>

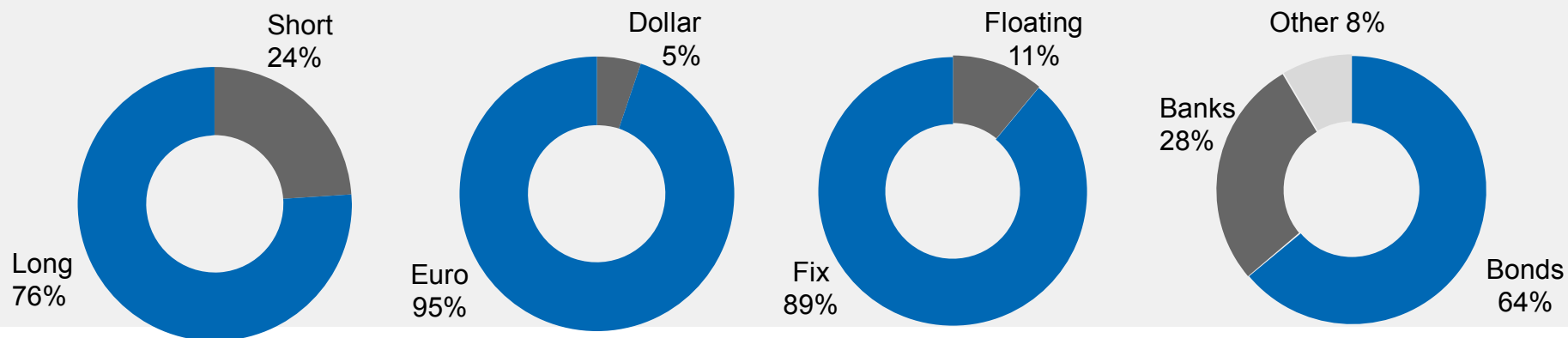
(1) Net Profit + amortization & depreciation



# Net Financial Position

	Sep 17	Dec 16	Δ	Sep 16
<b>EURm</b>			abs	
Cash and other financial assets	716.4	609.6	106.8	879.5
Short-term debt	(392.5)	(75.8)	(316.7)	(409.9)
<b>Net short-term cash</b>	<b>323.9</b>	<b>533.8</b>	<b>(209.9)</b>	<b>469.7</b>
Long-term financial assets	12.2	13.2	(1.0)	12.1
Long-term debt	(1,251.3)	(1,488.6)	237.3	(1,466.2)
<b>Net debt</b>	<b>(915.2)</b>	<b>(941.6)</b>	<b>26.4</b>	<b>(984.5)</b>

Gross debt breakdown (€m 1,643.8)



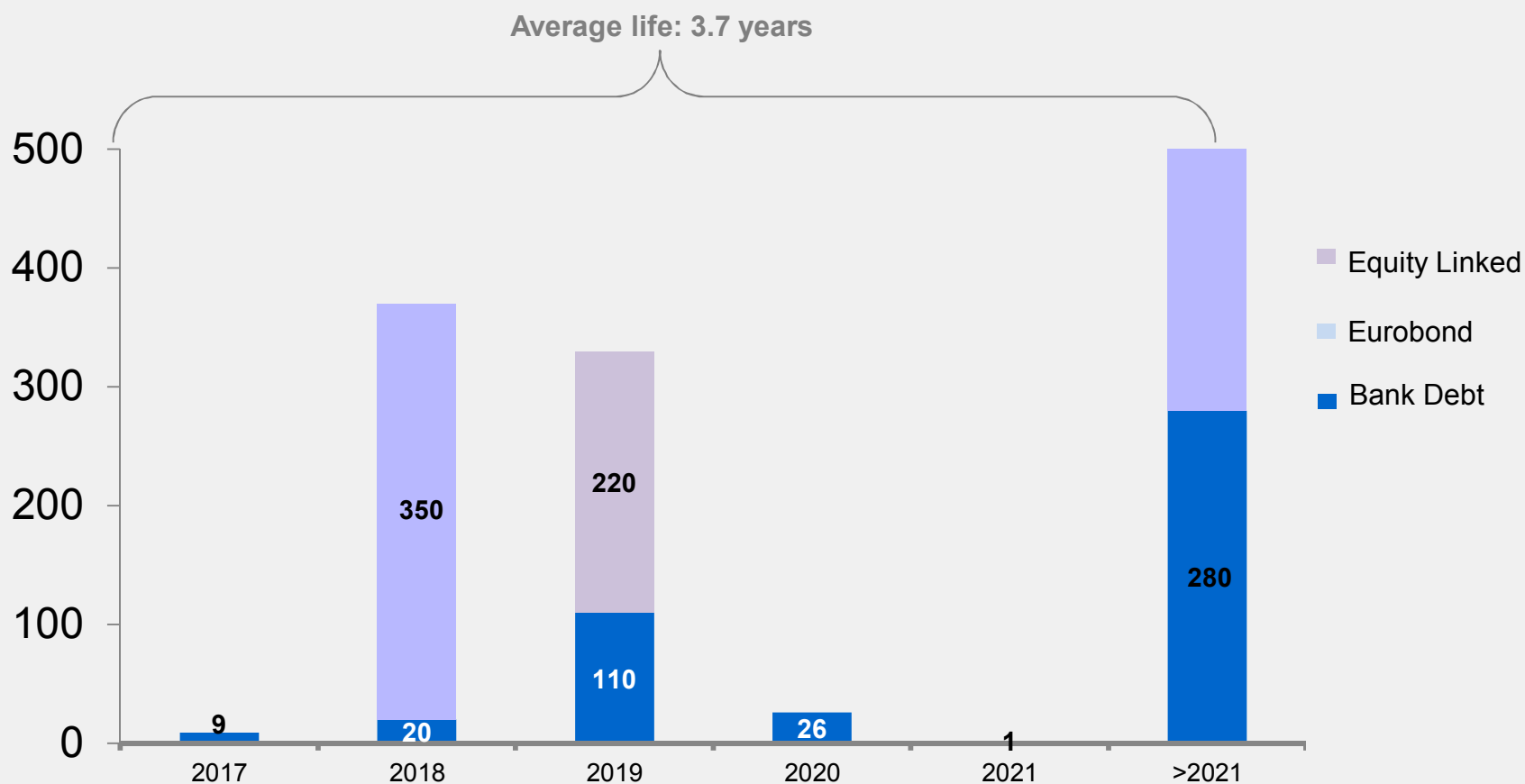
# Consolidated Cash Flow Statement

EURm	H1 17	H1 16	2016
<b>Cash generated from operations</b>	<b>186.5</b>	<b>136.5</b>	<b>467.5</b>
<i>% of sales</i>	<i>13.8%</i>	<i>10.8%</i>	<i>17.5%</i>
Interest paid	(15.5)	(14.7)	(61.5)
Income tax paid	(37.1)	(38.8)	(101.8)
<b>Net cash by operating activities</b>	<b>133.9</b>	<b>83.0</b>	<b>304.1</b>
<i>% of sales</i>	<i>9.9%</i>	<i>6.6%</i>	<i>11.4%</i>
Capital expenditures <sup>1)</sup>	(90.4)	(127.0)	(236.0)
Equity investments	(27.5)	-	(0.4)
Dividends paid	(21.8)	(16.2)	(16.3)
Dividends from associates	32.5	27.8	67.0
Disposal of fixed assets and investments	5.5	13.0	21.5
Translation differences and derivatives	(9.6)	4.8	(59.9)
Accrued interest payable	6.9	(20.8)	(3.8)
Interest received	4.1	3.1	14.6
Other	(1.3)	(2.5)	(2.7)
<b>Change in net debt</b>	<b>32.3</b>	<b>(34.8)</b>	<b>88.2</b>
<b>Net financial position (end of period)</b>	<b>(909.2)</b>	<b>(1,064.6)</b>	<b>(941.6)</b>










1) of which expansion projects 11.9 (51.6 in H1 16; 76.8 in 2016)

# Debt maturity profile

- Total nominal value of debt and borrowings stood at €m 1,516 at September 2017
- As at September 2017 available €m 324m of undrawn committed facilities (€m 300m for Buzzi Unicem, €m 24 for Dyckerhoff)



## Expected trading in 2017

	$\Delta$ Volume	$\Delta$ Price
 Italy	+	=
 United States of America	+	+
 Germany	+	=
 Luxembourg	+	+
 Czech Republic	+	=
 Poland	=	+
 Ukraine	=	+
 Russia	=	+
 Mexico	+	+

Note: Prices in local currency

## Recent strategic move: Zillo acquisition 1/4

### RATIONALE

- 1- Active role in the consolidation process of the domestic industry
- 2- Strengthening presence and domestic market share
- 3- Positive impact on Buzzi Unicem's profitability
- 4- Expected integration synergies
- 5- Consolidation in the sector offer



- Leading industrial group, founded in 1882 and focused on the cement and ready-mix concrete industry in the North-East of Italy
- 2 full-cycle cement plants (market share estimated at 5%) and about 40 batching plants
- About 1.1 m ton cement sales in 2016

## Recent strategic move: Zillo acquisition 2/4

- On June 16, 2017 Buzzi Unicem has signed a mandatory agreement to buy 100% of the share capital of Cementizillo
- The agreement provides for the purchase of 2 full-cycle cement plants (Fanna (PN) and Monselice (PD)) and about 40 batching plants in the North-East of Italy
- The agreed amount for the share purchase of Cementizillo foresees a fixed portion, equal to €m 60 plus 450,000 Buzzi Unicem ordinary shares, already in treasury, and a variable portion that may range from a minimum of € 0 to a maximum of €m 21, depending on the trend of the average cement price achieved by Buzzi Unicem in Italy in the years from 2017 to 2020
- Payment: €m22.6, on June 16, 2017 for the minority stake (48%); payment of the 52% made for €m 19 at the closing date (July 3, 2017) together with the transfer of the 450,000 Buzzi Unicem ordinary shares; next installments will be €m 3.4 120 days after the closing date, €m 7.5 one year after the closing date and another €m 7.5 three years after the closing date

## Recent strategic move: Zillo acquisition 3/4

- In 2016, Zillo's cement and clinker sales came in at approximately 1.1 m tons and ready-mix concrete volumes amounted to about 440,000 cubic meters
- Consolidated 2016 net sales of Zillo stood at €m 90 and EBITDA at €m 10 (of which €m 5 non-recurring). Ebit was negative for €m 4 and the company closed the year with a loss of €m 6. At 31 December 2016 net debt amounted to €m 46.

# Recent strategic move: Zillo acquisition 4/4



Fanna (PN)

Monselice (PD)



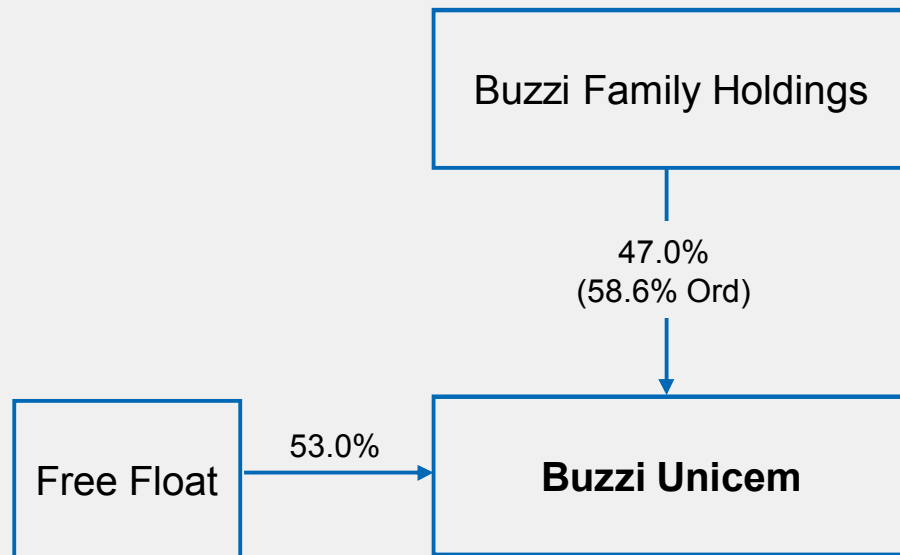
# Appendix

## Buzzi Unicem at a Glance

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

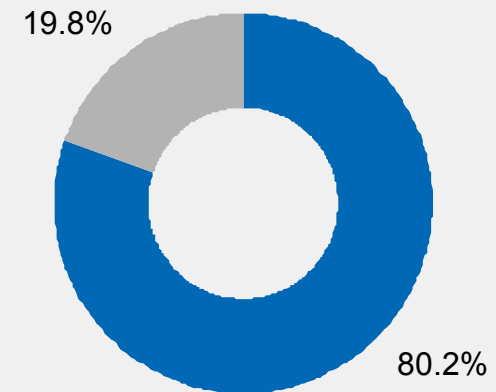
***“Value creation through lasting, experienced know-how and operating efficiency”***

# Ownership structure



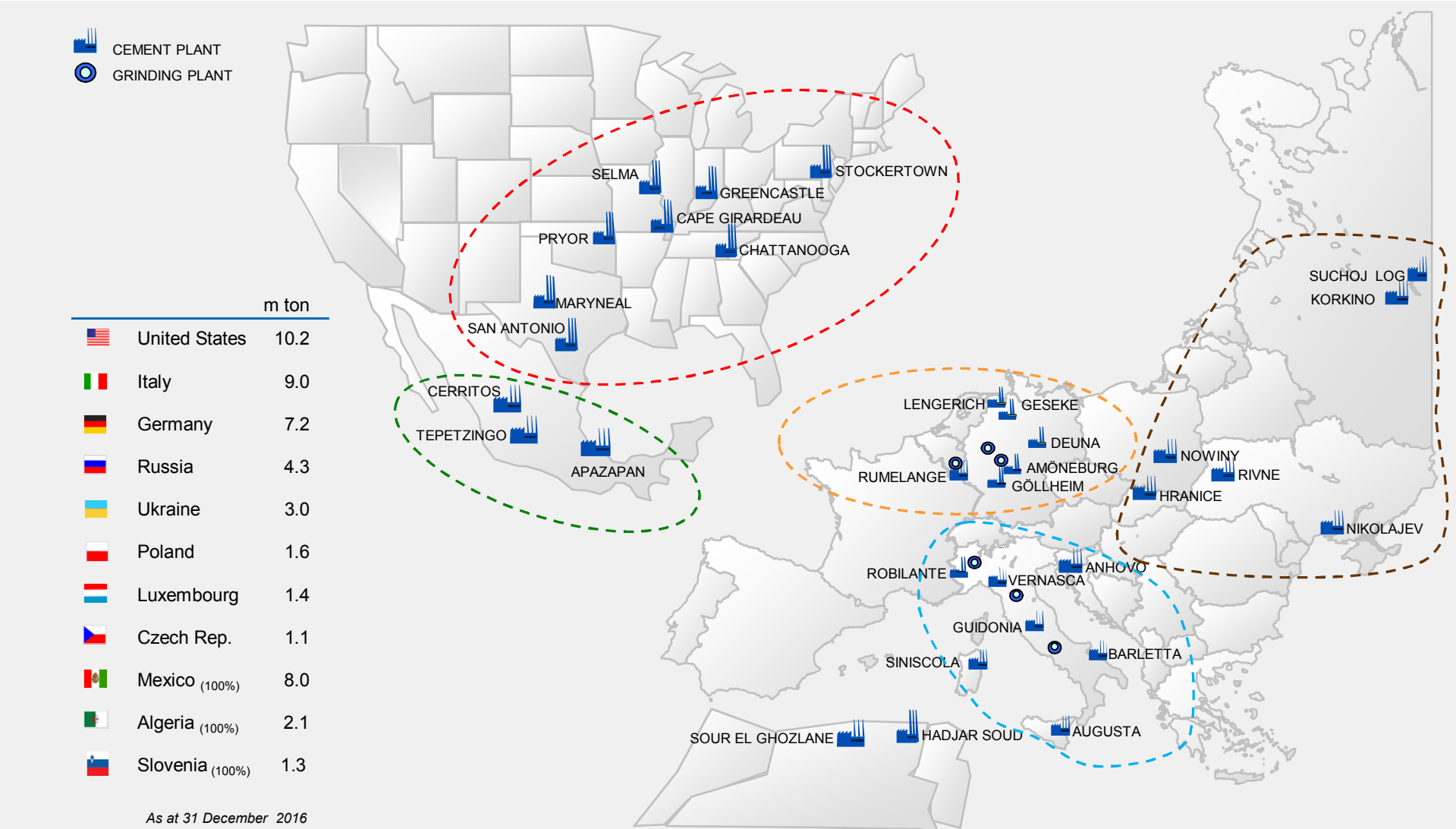
Share capital

■ Ordinary	165,349,149
■ Savings	40,711,949
<b>Total shares</b>	<b>206,061,098</b>



As at 31 December 2016

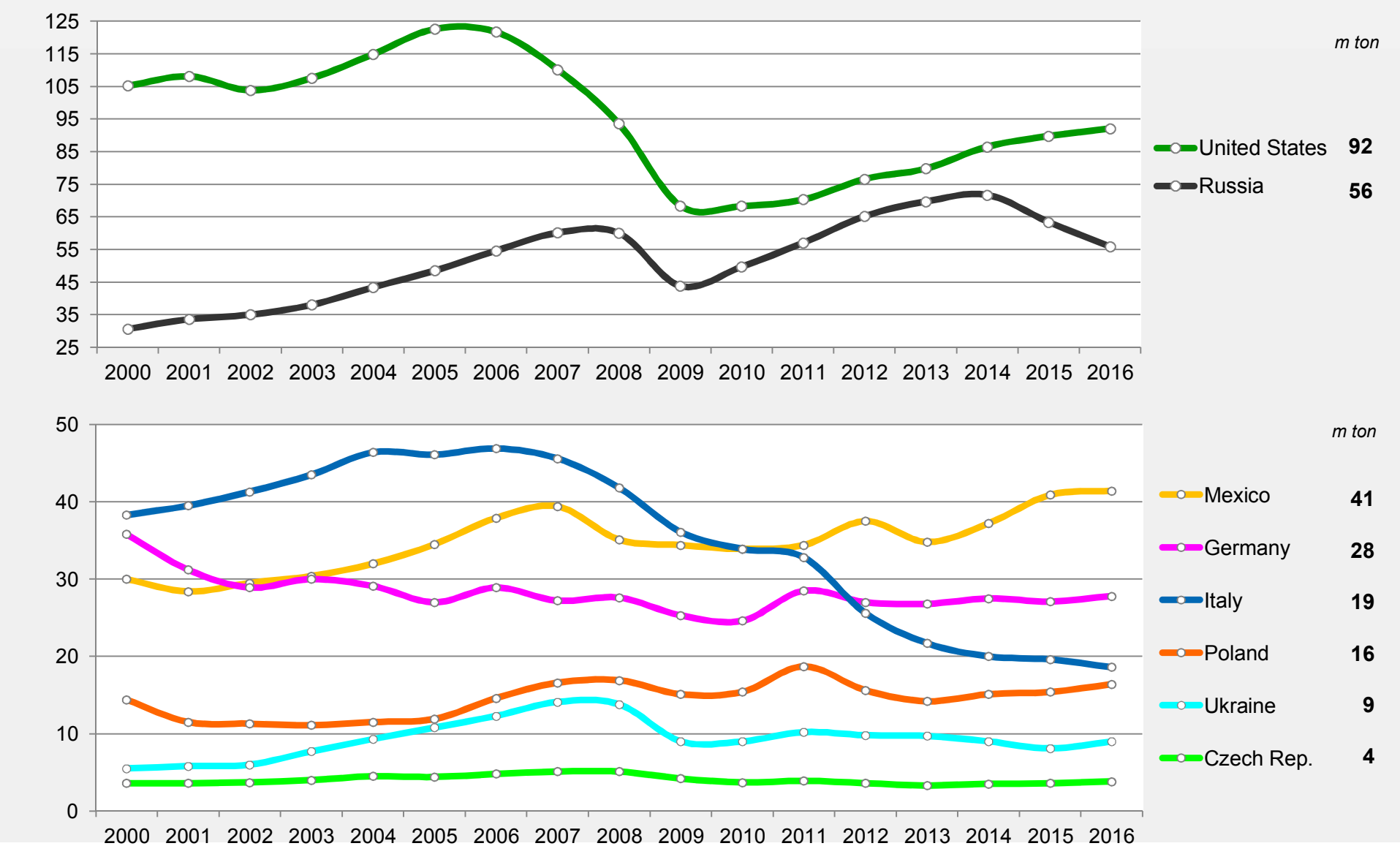
# Cement plants location and capacity












# 2016 Consumption vs. Peak



# Historical series of cement consumption by country



## Historical EBITDA development by country

EURm		2009	2010	2011	2012	2013	2014	2015	2016
 Italy	EBITDA	92.7	32.5	10.3	-5.9	-18.1	-18.7	-37.2	-22.2
	margin	13.1%	5.3%	1.8%	-1.2%	-4.2%	-4.8%	-9.8%	-5.9%
 Germany	EBITDA	116.3	76.3	90.3	72.2	108.1	88.6	72.1	76.8
	margin	22.0%	13.9%	14.2%	12.0%	18.0%	14.7%	12.6%	13.4%
 Lux/ Netherlands	EBITDA	18.6	17.0	35.0	8.3	11.5	15.9	19.7	25.8
	margin	9.5%	8.3%	15.7%	4.3%	6.3%	9.7%	11.7%	14.7%
 Czech Rep/ Slovakia	EBITDA	44.2	32.8	35.2	25.4	19.2	27.0	32.6	34.3
	margin	25.2%	20.5%	20.5%	17.0%	14.6%	20.2%	24.0%	25.2%
 Poland	EBITDA	31.2	33.4	36.9	21.8	27.1	18.2	22.7	23.4
	margin	25.7%	25.8%	26.6%	20.0%	26.8%	20.4%	20.4%	24.6%
 Ukraine	EBITDA	-4.5	-10.5	6.9	15.8	12.3	11.0	4.0	12.8
	margin	-6.0%	-12.8%	6.2%	11.8%	10.0%	12.5%	5.7%	16.1%
 Russia	EBITDA	42.1	39.7	65.7	96.1	92.6	73.4	48.4	43.2
	margin	42.6%	32.0%	37.4%	41.0%	37.2%	35.0%	29.0%	28.0%
 USA	EBITDA	131.3	88.7	71.4	123.9	151.0	207.3	311.7	356.5
	margin	21.4%	14.8%	12.8%	18.2%	20.7%	24.2%	28.1%	31.9%
 Mexico	EBITDA	69.9	77.2	82.6	97.5	77.5	Adoption of IFRS 11		
	margin	38.7%	36.2%	34.7%	36.2%	33.2%			
<b>Consolidated</b>	<b>EBITDA</b>	<b>541.7</b>	<b>387.0</b>	<b>434.3</b>	<b>455.1</b>	<b>481.2</b>	<b>422.7</b>	<b>473.2</b>	<b>550.6</b>
	<b>margin</b>	<b>20.3%</b>	<b>14.6%</b>	<b>15.6%</b>	<b>16.2%</b>	<b>17.5%</b>	<b>16.9%</b>	<b>17.8%</b>	<b>20.6%</b>