PRESS RELEASE

Trading update at 30 September 2023

- **Decline in cement and concrete volumes (-8.1% and -12.0% year-to-date respectively), due to a significant contraction of demand in Central and Eastern Europe and to a less marked weakness in Italy and the United States**
- **Favorable price variance in all the markets where the group operates, such as to offset the decrease in sales volume**
- **Consolidated net sales for the first nine months of the year equal to €3,303 million, approximately +10% compared to 2022**
- **Confirmed by S&P the excellent rating on the company's creditworthiness (BBB with stable outlook), based on the robust operating results and ample financial flexibility**

Consolidated figures		**Jan-Sep 2023**	**Jan-Sep 2022**	**23/22**
Cement sales	t/000	**20,131**	21,914	-8.1%
Ready-mix concrete sales	m^3/000	**7,742**	8,801	-12.0%
Net sales	€/m	**3,303**	3,004	+9.9%

		Sep 23	**Dec 22**	**Change**
Net financial position	€/m	**673**	288	385

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

During the third quarter, the sales volumes achieved by the group showed a negative trend, following the general weakness of demand in the main markets in which we operate. In line with the first half of the year, the dynamics remained particularly muted in Central Europe, Poland and the Czech Republic, while in Italy and the United States the slowdown was more moderate. At a consolidated level, in the first nine months of the year, sales volumes contracted by 8.1% for cement and 12.0% for ready-mix concrete respectively. However, the strengthening of selling prices, which was already evident in all markets in the first half of the year, was confirmed also during the summer quarter.

The third quarter marked a deceleration in global economic activity, penalized by the increasingly visible effects of restrictive monetary policies, the persistence of inflation and the geopolitical tensions that continue to weigh on the current economic situation. The manufacturing sector closed the quarter down for the fourth consecutive month in September, mainly due to the decline in the intermediate and investment goods sectors, despite the positive result in the consumer goods segment. The services industry, although remaining expansive, then followed the general weakening of economic activity, starting to show the first signs of a slowdown, while consumer and business confidence reversed the upward trend at the beginning of the year with two declines consecutively in August and September. The weak economic situation and the rigid financing conditions contributed to moderating inflationary pressures, even if the underlying component still shows high values and a more limited decline, also influenced by the solidity of the labor market. In this scenario, the International Monetary Fund recently confirmed the slowdown in GDP for the two-year period 2023-2024, forecasting global GDP growth of 3% for the current year.

In the United States, the latest available data on GDP growth once again highlighted the soundness of the economic context, with the second quarter closing on the rise, mainly thanks to the resilience of consumption and the increase in non-residential investments. During the summer months, however, there was a gradual stabilization of the economic trend, with a decelerating labor market and greater prudence in consumer behavior. The most recent estimates forecast GDP growth of 2.1% for 2023. Furthermore, in the quarter, the increase in fuel prices led to a surge in the inflation rate (3.7% in September), while underlying inflation continues to decline, suppressed by monetary restrictions.

In the Eurozone, the latest public data signaled a stagnation in GDP during the second quarter, being mainly attributable to the deterioration of domestic demand, considering the effects of inflation on family incomes and the tightening of credit access conditions. The third quarter was also characterized by manufacturing activity still contracting and by the halt in the tertiary sector, which together with the easing in the labor market led to the downward revision of the growth prospects for the year (0.7%), being however a synthesis of important divergences. Among the main European countries, the pressures on economic activity particularly weighed in Germany, while France and Spain are expected to grow slightly in the year.

In Italy, after the moderate increase in the first quarter, GDP suffered a reduction in spring, following the decline in the industrial value added and the slowdown in the tertiary sector. In the spring months, household consumption slowed down and investment spending began to decline again, primarily due to the effect of the dynamics in the construction market, affected by the lesser impact of fiscal support measures. Also in the third quarter the phase of weakness in Italian economic activity continued, the labor market showed signs of a slowdown in the July-August two-month period and exports were affected by poor international demand. In line with the Eurozone trend, GDP in Italy is expected to stagnate in 2023 (+0.7%). Inflation continued its decline, even if slowed down by the recent acceleration in fuel prices, closing September with a rate of 5.3%.

As regards emerging economies, in China, growth in the third quarter surprised on the upside, thanks to consumption and activity in the industrial sector, even if the crisis in the real estate sector raises uncertainty about the country's prospects. However, economic activity in Mexico confirms its expansion, driven by solid consumption and investments, with a significantly positive dynamic in the services, building and automotive production sectors. The economy of Brazil maintained during the summer quarter its deceleration phase, which was already noted in spring, both in the manufacturing and services sectors.

The monetary policies of the main central banks confirmed a restrictive attitude during the third quarter. The Federal Reserve, after a further increase in July, made no changes to interest rates in September, although it appeared open to the possibility of new increases in the final months of the year. The ECB instead promoted two consecutive increases in July and September. In Mexico the central bank confirmed its restrictive stance in September, while in Brazil the third quarter was characterized by the easing of monetary conditions with two consecutive rate cuts in August and September.

Cement and clinker sales of the group, in the first nine months of 2023, stood at 20.1 million tons (21.9 million tons in 2022). Ready-mix concrete output reached 7.7 million cubic meters (8.8 million in 2022). Consolidated net sales were equal to €3,303 million, up 9.9% compared to €3,004 million in 2022. The consolidation scope remained unchanged and foreign exchange rate variances negatively contributed for €68.7 million. At constant exchange rates, net sales would have increased by 12.2%.

Net sales breakdown by geographical area is as follows.

million euro	**Q3-23**	**Q3-22**	**Δ %**	**Δ % lfl**
Italy	**616.1**	541.5	+13.8	+13.8
United States of America	**1,325.7**	1,191.0	+11.3	+13.4
Germany	**674.6**	607.7	+11.0	+11.0
Luxembourg and Netherlands	**165.2**	169.4	-2.5	-2.5
Czech Republic and Slovakia	**159.6**	152.0	+5.0	+1.9
Poland	**121.7**	110.5	+10.1	+8.0
Ukraine	**63.6**	47.5	+33.8	+60.9
Russia	**226.5**	215.5	+5.1	+23.0
Eliminations	**(50.5)**	(31.2)		
	3,302.5	**3,004.0**	**+9.9**	**+12.2**
Mexico (100%)	**766.4**	552.7	+38.7	+24.0
Brazil (100%)	**296.9**	298.0	-0.4	-1.1

The positive net financial position at the end of the period amounts to €673.0 million, versus €288.2 million at 2022 year-end and €412.0 million at the end of June.

Regarding the company's creditworthiness, Standard & Poor's recently confirmed its long-term "BBB" rating and its short-term "A-2" rating, with a stable outlook, based on the robust operating results and ample financial flexibility.

Italy

Our hydraulic binders and clinker sales contracted in the third quarter, closing the first nine months of the year moderately down. Ready-mix concrete production was instead stable in the quarter, but still negative throughout September. In addition to the weak demand in the construction sector, the increase in the flow of imports into the country and some delays that occurred on construction sites also weighed on the volume dynamics. Selling prices, however, closed the period under review without significant changes compared to the levels already achieved in the first six months, and therefore clearly improving versus the previous year.
Overall, net sales increased by 13.8%, from €541.5 to €616.1 million.

United States of America

Our cement sales, which were already declining in the first half of the year, decreased also during the three summer months, penalized by some slowdown in demand, as well as by some logistical issues along the Mississippi River. The first nine months, therefore, closed with a decline in volumes comparable with the trend of the first half of the year. These dynamics were also reflected in ready-mix concrete sales. On the contrary, selling prices confirmed the levels of the first half of the year, showing good year-on-year development, while the depreciation of the dollar (-1.8%) penalized the translation of results into euro.
Net sales thus came in at €1,325.7 million, up 11.3% compared to €1,191.0 million achieved in the same period of 2022. At constant exchange rates net sales would have been up 13.4%.

Central Europe

In **Germany**, the rather negative outcome recorded by our sales volume in the first part of the year also continued during the third quarter in both cement and concrete sectors. This decline is mainly attributable to the slowdown in the construction industry, as well as to the unfavorable weather. Selling prices, however, confirmed the strength of the first six months.
Overall net sales at the end of September improved by 11.0%, reaching €674.6 million (€607.7 million in 2022).

In **Luxembourg** and the **Netherlands**, our cement shipments contracted also in the third quarter, due to the general decline in demand, both domestic and of neighboring countries. Production

volumes in the ready-mix concrete sector also decreased over the nine months, but to a lesser extent. Selling prices, in both sectors, consolidated good growth compared to 2022.
Net sales in the period under review amounted to €165.2 million, slightly down (-2.5%) compared to the previous year (2022: €169.4 million).

Eastern Europe

In the **Czech Republic**, the slowdown in the construction sector, which was already noted during the first half of the year, was also confirmed during the summer months, leading our cement and concrete sales volume, including **Slovakia**, to close at significantly lower levels compared to 2022. Selling prices in local currency continued to show favorable development year on year.
Net sales stood at €159.6 million, up 5.0% compared to the level reached in 2022 (€152.0 million), favored by the positive impact on the translation of results into euro following the appreciation of the Czech koruna (+3.2%). At constant exchange rates the variance of turnover would have been 1.9%.

In **Poland**, our cement and concrete sales volumes closed the period under review below the level achieved in the previous year, in line with the unfavorable trend of the first part of the year and with the general market context. Selling prices, on the other hand, confirmed good growth compared to the 2022 level.
Net sales of the first nine months stood at €121.7 million, up 10.1% compared to the same period of 2022 €110.5), also thanks to the slight appreciation of the Polish zloty (1.9%). Net of the exchange rate effect, they would have been up 8.0%.

In **Ukraine**, despite market conditions being heavily penalized by the continuation of the conflict, during the third quarter our cement sales benefited from some recovery, closing the nine months with marked growth, also thanks to the comparison with the last financial year in which production had stopped in the initial stages of the fighting. Prices did not undergo significant changes in the quarter and continue to record a positive trend over the nine months, in line with the first part of the year.
Net sales came in at €63.6 million, up 33.8% (€47.5 million in 2022). The depreciation of the local currency (-20.3%) negatively impacted on the translation into euro: at constant exchange rates net sales would have improved 60.9%.

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

Net sales, therefore, stood at €226.5 million, up 5.1% versus €215.5 million achieved in 2022. This change was significantly penalized by the depreciation of the ruble (-17.0%). As a matter of fact, net of the exchange rate effect the turnover would have increased by 23.0%.

Mexico (valued by the equity method)
In line with the expansion dynamics of the reference market, our joint venture recorded excellent results also during the summer months. Sales volumes continued to grow in the third quarter in both the cement and concrete sectors, albeit more modestly. Cement pricing was characterized by a further slight strengthening in local currency, while in the concrete segment it did not undergo significant changes.
With reference to 100% of the joint venture, net sales amounted to €766.4 million, improving by 38.7% compared to €552.7 million achieved in 2022, also thanks to the appreciation of the Mexican peso (+10.5%). At constant exchange rates, net sales would have been up 24.0%.

Brazil (valued by the equity method)
The sales of our joint venture in the nine months slightly contracted compared to 2022. The result, in line with the general slowdown of the economy during the quarter and the weakness of industrial production, was also affected by the negative effect of the heavy rains in the South-East region during the first quarter. Prices did not highlight any particular changes compared to June.
Net sales in euros, referring to 100% of the joint venture, stood at €296.9 million in the period under review, quite stable versus the previous year (-0.4%). Even in currency terms, there were no significant movements: indeed, the change in turnover at the same exchange rate would have remained moderate (-1.1%).

Outlook
The results achieved in the first nine months of the year generally confirmed the weak dynamics of demand on the one hand, and on the other, the successful outcome of the commercial policy aimed at strengthening the price level on all markets where we operate.

The most updated forecasts make us believe that the operating context will continue, even in the last quarter, to be influenced by the ongoing uncertainty linked to the dynamics of construction investments, often slowed down by higher costs for materials and financing. Nevertheless, with reference to our markets, in the United States we expect that the boost deriving from the greater spending on infrastructure attributable to the IIJA (Infrastructure Investment and Jobs Act) and from the industrial projects connected with the Chips Act and the Inflation Reduction Act, can basically offset the contraction in residential construction. Furthermore, we foresee a relatively stable trend in Italy too, supported by the positive contribution of infrastructure development

plans. In Central Europe, Poland and the Czech Republic, however, we deem that demand is likely to remain subdued, making it difficult to recover sales volumes.
In conclusion, based on the considerations outlined above and the performance recorded so far, we consider it reasonable to confirm the indications provided to the market at the beginning of August, i.e. that the current year will close with markedly better results than those of 2022, thanks to pricing growth and a more favorable trend in costs than initially expected. The recurring Ebitda for the entire 2023 financial year is expected to be €1,100-1,200 million.

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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 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.

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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, 8 November 2023

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