

PRESS RELEASE

Trading update at 31 March

- **Cement sales up 3.0% and ready-mix concrete volumes stable (+0.8%)**
- **Good progress in Italy, thanks also to an easy comparison with the previous year, in the United States, despite freezing temperatures in February, and in Russia, which confirms the soundness of the demand already visible at the end of 2020**
- **Less favorable trend in the other Eastern European countries, above all in Poland, and in Germany, influenced by the unfavorable weather**
- **Consolidated net sales in the first quarter of €682.6 million (2020: €688.5 million)**

Consolidated figures		Jan-Mar 2021	Jan-Mar 2020	% 21/20
Cement sales	t/000	6,185	6,003	3.0%
Ready-mix sales	m ³ /000	2,542	2,521	0.8%
Net sales	€/m	682.6	688.5	-0.8%

		Mar 2021	Dec 2020	Change
Net debt	€/m	230.7	241.6	(10.9)

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

In the first three months of the current year, sales volumes achieved by the group were higher than the level reached in 2020. The trading conditions were positive in Italy, thanks to the strengthening of domestic demand and to the favorable comparison with the same period of the previous year, which was characterized by the lockdown of production activities starting from the second half of March. In Russia and the United States of America the deliveries of the quarter clearly exceeded the level of last year. On the other hand, in Germany and Eastern Europe, above all in Poland, also due to a particularly cold month of February, cement volumes sold slowed down compared to the previous period.

Thanks to the strong support of monetary and fiscal policies, as well as to the continuation of the vaccination campaigns, albeit with different progress from country to country, global economic activity confirmed the expansionary trend also in the first quarter of 2021. The medium-term

forecasts considerably improved: according to the most recent estimates, as a matter of fact, world GDP is expected to increase by about 6% in 2021, recovering the losses due to the pandemic by the end of the year. The recovery of economic activity was evident in the manufacturing sector in all advanced economies, while in the services sector the growth prospects remain weak, penalized by a new worsening of the epidemiological situation which, after the easing at the beginning of the year, led again to restrictions on personal mobility and certain economic activities during February and March.

In the United States of America, thanks to the progress in the vaccination campaign and to the contribution of the American Rescue Plan, the fiscal stimulus package of about \$1,900 billion for the next decade which was recently approved by Congress, the outlook on the trend of economic activity improved, forecasting GDP development for 2021 at 6.4%.

In Europe, the first quarter was characterized by a new wave of infections that particularly penalized the services segment, while the manufacturing sector confirmed the expansionary dynamics already observed in the second half of 2020. The growth prospects for 2021, however, remain encouraging and incorporate the positive impact of funds allocated to member states through the Next Generation EU plan, worth €750 billion, also recently approved by the European Parliament.

In Italy, the slowdown in economic activity in the fourth quarter of 2020, although less negative than expected, was followed by stable GDP development in the first three months of the current year, supported by a general strengthening of the industrial sector, coupled, however, with the continuing weakness of the tertiary sector. According to the most recent estimates, GDP in 2021 should expand at a rate higher than 4%, thanks to a further strengthening of manufacturing and to the improvement in the outlook for services.

With regard to emerging economies, in Russia economic activity is expected to rebound, while in Mexico and Brazil the recovery seems to be still incomplete, also due to an unstable epidemiological picture.

In advanced economies, expectations on interest rates are almost unchanged after the Federal Reserve and the ECB confirmed the expansionary orientation of their respective monetary policies.

In the first quarter, group cement and clinker sales amounted to 6.2 million tons, up 3.0% compared to the previous year. Ready-mix concrete sales closed at 2.5 million cubic meters, up 0.8%). The price effect in local currency was positive in almost all the markets where the group is present.

Buzzi Unicem recorded net sales revenue equal to €682.6 million, down 0.8% from €688.5 million in 2020. The foreign exchange rate effect was unfavorable for €37.2 million. Like for like net sales would have increased by 4.5%.

Net sales breakdown by geographical area is as follows:

million euro	Jan-Mar 2021	Jan-Mar 2020	Change abs
Italy	138.5	114.7	23.8
United States of America	261.3	273.7	(12.4)
Germany	147.2	149.3	(2.1)
Luxembourg and Netherlands	43.7	41.2	2.5
Czech Republic and Slovakia	28.0	30.5	(2.5)
Poland	17.6	24.8	(7.2)
Ukraine	16.3	22.1	(5.8)
Russia	37.6	40.3	(2.7)
Eliminations	(7.6)	(8.1)	0.5
	682.6	688.5	(5.9)

Net debt as at 31 March amounted to €230.7 million, €10.9 million lower compared to the year-end 2020. The figure was affected by total capital expenditures of €46.2 million (€83.1 million in 2020).

Italy

Our sales of hydraulic binders and clinker, after a softer February affected by adverse weather conditions, showed a robust recovery in March. The strengthening of demand is driven by the positive dynamics of the residential renovation and public works sector. The quarter closed clearly progressing compared to the same period of 2020 which, however, was affected by the production lockdown. Selling prices have been increasing. The ready-mix concrete sector recorded an even more marked recovery, with prices also improving. Net sales revenue increased from €114.7 to €138.5 million (+20.7%).

Central Europe

In **Germany**, our sales volumes, particularly penalized by the adverse weather conditions in January and February, showed a positive development in March and closed the quarter slightly down on the previous year, with selling prices, instead, progressing. These dynamics were also reflected in the ready-mix concrete sector, which closed the quarter with slightly lower volumes than in the same period of the previous year, but also achieved an improvement in prices. Overall net sales revenue decreased by 1.4%, coming in at €147.2 million (€149.3 million in 2020).

In **Luxembourg** and the **Netherlands**, our cement deliveries, including exports, after showing some weakness due to suboptimal weather conditions, rebounded sharply in March, facilitated by the comparison with a March 2020 affected by the lockdown of production activity. In the quarter as a whole, cement volumes improved, with selling prices slightly increasing. The ready-

mix concrete sector showed a slight contraction in volumes, with prices, however, improving. Net sales revenue stood at €43.7 million, up 6.3% compared to 2020 (€41.2 million).

Eastern Europe

In the **Czech Republic**, sales volumes visibly contracted in January and February, due to adverse weather conditions and to a new increase in infections. The recovery observed in March was, however, partial: in the quarter as a whole, the volumes sold were below the level achieved in the previous period, with prices in local currency improving. The sales volumes trend in the ready-mix concrete sector, including **Slovakia** operations, was positive, with stable prices. Net sales revenue, suffering some depreciation of the Czech koruna (-1.7%), stood at €28.0 million, down 8.4% compared to the figure achieved in 2020 (€30.5 million). At constant exchange rates, net sales would have decreased by 7.0%.

In **Poland**, cement volumes, during the first quarter, showed a clear decline, caused both by adverse weather conditions and by the weakness of demand, while selling prices, in local currency, strengthened. Ready-mix concrete output, on the other hand, recorded some stability, together with a favorable development in prices. Net sales revenue, penalized by the depreciation of the Polish zloty (-5.1%), decreased from €24.8 to €17.6 million (-28.8%). At constant exchange rates, net sales would have been down 25.2%.

In **Ukraine**, the weakness of demand and the continuation of a certain flow of imports from Turkey slowed down our cement shipments, which closed the quarter slightly down compared to the previous year, despite some signs of recovery recorded in March. The selling prices variance in local currency was negative, also influenced by imports. Ready-mix concrete output showed a sharp decline, with prices decreasing. Net sales revenue stood at €16.3 million, down 25.9% (€22.1 million in 2020). The translation of the turnover into euro was influenced by the clear devaluation of the local currency (-21.7%). At constant exchange rates, it would have decreased by 9.8%.

In **Russia**, our cement sales closed the first three months of 2021 well progressing, thanks to the strengthening of demand and the government stimulus program aimed at supporting the construction sector, with prices in local currency substantially stable. The recovery in oil prices relaunched the demand for special oil-well cements, whose sales volumes started to grow again after the weak trend shown in 2020. Net sales revenue amounted to €37.6 million, down 6.6% compared to €40.3 million achieved in the same period of 2020. The significant depreciation of the ruble (-21.5%) influenced the translation of results into euro: in local currency, net sales would have increased by 13.5%.

United States of America

Our cement sales, after a good start to the year, slowed down in February due to the cold wave that mainly hit the State of Texas, leading to a halt in the construction sector for several days. The clear progress recorded in March, favored both by the recovery of activity and by the good weather conditions, allowed to close the first quarter to be up compared to 2020. Ready-mix concrete output, mainly located in Texas, was penalized the most by the cold wave in February: the first quarter closed below the levels reached last year, despite the good performance recorded in March. The trend in average selling prices, in local currency, showed a slight growth in cement while in ready-mix concrete they remained stable. Overall net sales revenue amounted to €261.3 million, down 4.5% compared to €273.7 million achieved in the same period of 2020. The clear depreciation of the dollar (-9.3%) influenced the translation of results into euro: at constant exchange rates, net sales would have increased by 4.3%.

Mexico (valued by the equity method)

The stabilization of the epidemiological situation which occurred in March, preceded by the increase in infections at the start to the year, anyway allowed a relaxation of the restrictions and the measures of social distancing, giving priority to the economic recovery of the country, also favored by an increase, albeit modest, in public spending. However, the pace of GDP growth for 2021, estimated at 5.0%, does not seem to be sufficient to balance the pre-pandemic levels by the end of the year. After the brilliant performance recorded in the fourth quarter of 2020, the cement sales of our joint venture continued to expand during the first three months of the current year, with prices in local currency slightly increasing. Ready-mix concrete output, on the other hand, remained at 2020 levels showing a favorable price change. With reference to 100% of the associate, net sales revenue reached €160.7 million, up 8.8% compared to €147.7 million achieved in 2020. The further depreciation of the Mexican peso (-11.0%), negatively affected the translation into euro. At constant exchange rates, net sales would have increased by 20.8%.

Brazil (valued by the equity method)

Despite the introduction of new restrictive measures in some areas of the country, which were considered necessary for the worsening of the epidemiological situation, together with a slow vaccination campaign, the sales volumes of the joint venture showed marked progress. The soundness of demand benefited from the positive developments in the residential sector, and from the easy comparison with the same period of 2020, penalized by adverse weather conditions and by the outbreak of the pandemic. Selling prices, in local currency, also improved. Turnover in euro for the first quarter, referring to 100% of the associate, increased by 37.4% from €28.8 million recorded in 2020 to €39.6 million in the period under review. However, the continuous depreciation of the Brazilian real (-34.2%) negatively affected the translation into euro (-13.5 million). At constant exchange rates, net sales would have increased by 84.4%.

Outlook

Considering the weather pattern in the areas where Buzzi Unicem operates, the first quarter represents a typically volatile period and of little significance compared with the results for the entire year. The operating performance of the period just ended, although facilitated by the comparison with the same months of 2020, when the pandemic began to show its effects, proved more favorable than expected.

In order to determine the expectations for the current year with better accuracy, we still prefer to wait for the results of the first half, when the impact due to seasonality will be less evident and the definition of the epidemiological framework clearer, also thanks to the progress of the vaccination campaigns. To date, therefore, we deem it appropriate to confirm the outlook that was assumed with the approval of the 2020 financial statements, namely a decrease in the recurring Ebitda compared to the excellent results achieved in 2020. The signals coming from the unfolding of the demand, especially in Italy and the United States of America, are encouraging but the industry inflation scenario affecting many cost factors (in particular fuels, energy, CO₂ emission rights) as well as the weakness of the functional currencies, dollar and ruble in particular, raise some concerns.

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.

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.

In addition, the Board of Directors approved, with the favorable opinion of the Related-Party Committee, the changes to the procedure for related-party transactions, also in compliance with the recent regulatory updates issued by Consob. The procedure will take effect from 1 July 2021 and will be made available on the company's website.

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, 7 May 2021

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