

PRESS RELEASE

Trading update at 31 March 2022 Decarbonization roadmap for 2030 and 2050

- **Cement sales up by 2.9% and ready-mix concrete by 6.0%**
- **Favorable trend of volumes in Central Europe, Eastern Europe (Poland and Czech Republic) and the United States, while Italy shows a slowdown**
- **Decline of sales volume in Russia and, above all, Ukraine, with production and trade stoppage starting from end February, due to the conflict**
- **Selling prices markedly up in all markets where we operate, to offset inflation of raw materials and energy factors**
- **Consolidated net sales for the first quarter of €800 million (2021: €683 million)**

Consolidated figures		Jan-Mar 2022	Jan-Mar 2021	22/21
Cement sales	t/000	6,363	6,186	+2.9%
Ready-mix sales	m ³ /000	2,693	2,542	+6.0%
Net sales	€/m	800.1	682.6	+17.2%

		Mar 2022	Dec 2021	Change
Net financial position	€/m	28	236	(207)

The Board of Directors of Buzzi Unicem SpA met today to briefly examine the economic performance of the first quarter 2022 as well as the net financial position at the end of the period.

During the first three months of 2022, sales volumes achieved by the group recorded an overall positive trend, mainly determined by the marked progress achieved in Central Europe and in the Eastern European countries belonging to the EU (Poland and the Czech Republic), which was partly facilitated by the more favorable weather compared to 2021. In the United States the demand was still sound, while in Italy deliveries showed some slowdown. Russia suffered from the slowdown of investments in construction, which was probably already caused by the first impacts of the sanctions on the country's economy. In Ukraine, on the other hand, the outbreak of the armed conflict made it necessary to halt production and trade starting from the end of February.

These dynamics allowed the sales volumes achieved by the group in the first three months of 2022 to exceed the level recorded in the same period of 2021, both in the cement (+2.9%) and in the ready-mix concrete sector (+6.0%).

At the start to the year, global economic activity showed some signs of slowdown, caused by the Omicron variant of the coronavirus, which led to the introduction of new restrictive measures and, subsequently, by the growing geopolitical tensions that culminated with the decision of Russia to start a military operation in Ukraine. In this context, inflation continued to rise at a sustained pace, fueled by rising commodity prices, by bottlenecks in global supply chains and, particularly in the United States, by the recovery in demand for goods and services. Following the conflict in Ukraine, many countries, including the United States, the European Union and the United Kingdom, responded by launching a package of severe and unprecedented sanctions aimed at severely penalizing the Russian economy. These sanctions have caused significant volatility on global financial markets and a further push up in the prices of raw materials, energy factors in particular, of which Russia is one of the main producers worldwide. In this context, the forecasts for world GDP growth and international trade have been revised downwards, which for 2022 are estimated at +3.6% and +5.0% respectively. The revision is affected by the consequences of the conflict in Ukraine, which directly involves two countries among the world's leading producers of energy raw materials, food commodities and metals. The prolonged scarcity of these inputs could trigger a further rise in prices and the consequent slowdown in industrial production on a global scale.

In the United States, the strong recovery in demand continued to intensify inflation which in February reached 7.9%, the highest level in the last forty years. The figure was affected by the increases in the prices of motor vehicles, offices and energy goods. These dynamics, in addition to monetary policy resolutions being more and more restrictive, led to a downward revision of the macroeconomic forecasts for the current year.

In the euro area, economic activity reportedly weakened during the first months of the year, mainly due to the tensions related to the conflict Russia-Ukraine, which caused further inflationary pressures on energy commodities and once again hampered supply chains of businesses. Despite strong demand, manufacturing activity remained more or less stable at the beginning of the year, affected by higher energy prices and bottlenecks in the supply of intermediate goods, while the building industry continued to benefit from the good level of activity, particularly in the residential sector. Inflation reached 7.5% in March, the highest since the launch of the monetary union. In this context, the forecasts on GDP development for the current year indicate that growth should be equal to 2.8%, significantly lower than previous estimates.

In Italy, the economy slowed down during the first quarter of 2022, held back by the stagnation of household consumption, due to the spread of the Omicron variant and the consequent rise in infections, by the increase in energy costs and, starting from end February, by the effects of the conflict in Ukraine. Industrial production, during the first three months of 2022, apparently slowed down (-2% on the previous period). As regards the construction activity, the indications for 2022 are generally still positive, thanks to the government incentives for residential renovation and the resumption of public investments in infrastructures. However, the current economic phase is

amplifying some downside risks that could weigh on the growth dynamics of the sector, including the uncontrolled increase in the prices of energy and raw materials, in addition to the procurement of the same. In this context, the GDP growth forecasts have recently been revised downwards: for 2022 it is estimated that the economy may expand by 2.3%.

As for the emerging economies, in China, the spread of the Omicron variant led to repeated restrictions on mobility and production activity and weighed on domestic demand. In Russia, stiff trade sanctions will have a significant impact on the economy, which is expected to contract by 8.5% in 2022. In Mexico, the slight downward revision of the outlook for the US economy could have a negative impact on industrial production and exports, while in Brazil, inflationary pressures and tightening of monetary policies could slow down domestic demand.

After the outbreak of the conflict between Ukraine and Russia, oil and natural gas prices hit historic records, reflecting both the risk of reduced Russia's exports due to sanctions, and the decisions of some public and private operators to stop purchasing from Russian counterparts. The Federal Reserve, in response to high inflation, initiated the gradual increase in interest rates, while the ECB revised its bond purchase program for 2022 and announced that interest rates will be gradually modified, with the goal to pursue financial and price stability. In emerging countries, Brazil decided to continue to follow a restrictive monetary policy in order to control high inflation, while in Russia, to avoid capital flight, the central bank raised interest rates and introduced strict controls on transfers.

Group cement and clinker sales in the first quarter of 2022 amounted to 6.4 million tons, up 2.9% compared to the previous year. Ready-mix concrete sales closed at 2.7 million cubic meters (+6.0%). The price effect in local currency showed a very favorable trend across almost all the markets where we operate.

Consolidated net sales stood at €800.1 million, up 17.2% compared to €682.6 million in 2021. The unfavorable variances in exchange rates positively impacted for €18.5 million. On a like-for-like basis, turnover would have increased by 14.5%.

Net sales breakdown by geographical area is as follows:

million euro	Jan-Mar 2022	Jan-Mar 2021	Δ %	Δ % lfl
Italy	163.3	138.5	+17.9	+17.9
United States of America	301.9	261.3	+15.5	+7.6
Germany	175.4	147.2	+19.2	+19.2
Luxembourg and Netherlands	52.0	43.7	+18.8	+19.5
Czech Republic and Slovakia	37.3	28.0	+33.4	+26.7
Poland	29.2	17.6	+65.2	+68.0
Ukraine	13.1	16.3	-19.8	-23.2
Russia	38.2	37.6	+1.4	+12.7
Eliminations	(10.3)	(7.6)		
	800.1	682.6	+17.2	+14.5

The net financial position at the end of the period, which includes also long-term financial assets, remained positive and amounted to €28.4 million, versus €235.5 at 2021 year-end. During the first quarter, approximately €123 million were allocated to the share repurchase program on the market and capital expenditure was incurred for overall €61.9 million (€46.2 million the corresponding value in 2021). Net debt increased from €16.8 million at the end of 2021 to €237.9 million at 31 March 2022.

Italy

Hydraulic binders and clinker sales came in at a lower level compared to the same period of the previous year. The good performance of exports was unable to offset the contraction in volumes on the domestic market, partly caused by uncertainties linked to the surge in raw materials. The negative change in sales volumes of the ready-mix concrete sector, on the other hand, was less evident. The improvement in selling prices, both in cement and in ready-mix concrete, was particularly positive but able to compensate only partially for the increase in production costs. Overall net sales rose by 17.9%, from €138.5 to €163.3 million.

United States of America

Cement volumes sold, thanks to the high level of activity in the construction sector, showed a positive trend, closing up compared to the same period of the previous year. Selling prices in local currency, driven by the liveliness of demand and the increase in energy costs, fuels in particular, improved nicely. Ready-mix concrete output, mainly present in Texas, slowed down considerably, mainly penalized by the shortage of truck drivers. Also in this business, selling prices showed good growth.

Overall net sales amounted to €301.9 million, up 15.5% compared to the €261.3 million achieved in the same period of 2021. The strengthening of the dollar (+6.9%) influenced the translation of results into euros: at constant exchange rates, turnover would have increased by 7.6%.

Central Europe

In **Germany**, sales volumes showed markedly positive development, thanks to both the good level of activity in the construction sector and the easy comparison with the same period last year, penalized by adverse weather conditions. Selling prices also strengthened. The ready-mix concrete sector, net of a slight slowdown in March, closed the first quarter with both volumes and prices progressing.

Total net sales increased by 19.2%, reaching €175.4 million (€147.2 million in 2021).

In **Luxembourg** and the **Netherlands**, our cement deliveries, including exports, closed the first quarter well progressing, mainly supported by the soundness of demand and favored by the comparison with the same period of 2021, when the bad weather conditions slowed down

shipments in January and February. Selling prices showed a marked increase. The ready-mix concrete sector recorded even more evident growth, with prices also improving.

Net sales stood at €52.0 million, up 18.8% compared to 2021 (€43.7 million).

Eastern Europe

In the **Czech Republic**, sales volumes showed clear progress, thanks to the good level of activity in the construction sector and the comparison with the same period last year, particularly penalized by the adverse climate and the resurgence of infections. Selling prices recorded a marked increase, too. In the ready-mix concrete sector, including **Slovakia**, the production trend was even more positive, with prices significantly increasing.

Net sales, sustained by the appreciation of the Czech koruna (+5.4%), stood at €37.3 million, up 33.4% compared to the figure achieved in 2021 (€28.0 million). At constant exchange rates, they would have increased by 26.7%.

In **Poland**, the positive development of the activity in the construction sector was also confirmed during the first quarter of the current year and allowed our sales volumes to close with a significant increase. However, it is worth mentioning that the same period of 2021 was characterized by adverse weather conditions and a sluggish demand. Selling prices showed a solid increase. These trends were also reflected in the production of ready-mix concrete which significantly improved the level reached in 2021, with selling prices also increasing.

Net sales, despite the devaluation of the Polish zloty (-1.7%), increased from €17.6 to €29.2 million (+65.2%). At constant exchange rates, they would have increased by 68.0%.

In **Ukraine**, the first two months of the year were satisfactory, characterized by an increase in demand for construction investments, and consequently in sales, both for cement and ready-mix concrete. Unfortunately, at the end of February, with the start of the military conflict initiated by Russia, we were obliged to suspend almost completely the production and commercial activities in both of our plants. Selling prices, in local currency, clearly increased, driven by inflation.

Net sales stood at €13.1 million, decreasing by 19.8% (€16.3 million in 2021). The appreciation of the local currency (4.2%) had a favorable impact on the translation of the turnover into euros. At constant exchange rates, net sales would have decreased by 23.2%.

In **Russia**, the international sanctions established by the United States and the European Union in response to the fighting in Ukraine have led, since March, to a significant revision of the country's growth prospects, with effects, being still limited in the first quarter, on the demand for building materials. In this context, sales volumes, after a start to the year characterized by a substantial stability, also favored by public investments in infrastructures, significantly slowed down in March, closing the first quarter at a lower level than in 2021. On the other hand, selling

prices improved. The effects of international sanctions, aimed, among other things, at penalizing the hydrocarbon exports weakened the demand for special oil-well cements.

Net sales amounted to €38.2 million, up 1.4% compared to the €37.6 million achieved in the same period of 2021. The significant depreciation of the ruble (-11.1%) influenced the translation of results into euros: in local currency, they would have increased by 12.7%.

Due to the sanctions imposed on Russia by the European institutions, we decided to immediately withdraw from any operational involvement in the activities carried out by the subsidiary OOO SLK Cement in Russia. Consequently, further strategic initiatives in the country will be suspended.

Mexico (valued by the equity method)

Economic activity, after the slowdown recorded during the second half of last year, started to grow again in the first quarter of 2022. Despite a still rather uncertain epidemiological picture and inflationary pressures, the general trend of economy was positive, thanks to the increase in domestic consumption and exports, supported by the soundness of the US economy. For the whole of 2022, moderate GDP growth is expected, penalized by high inflation and the weak investment flow, both public and private. In this context, the cement sales volumes of our associate started the year with an unfavorable variance, penalized by a difficult comparison with the same period of 2021. Ready-mix concrete production also contracted. Selling prices, on the other hand, significantly improved.

With reference to 100% of the associate, net sales achieved €166.6 million, up 3.7% compared to €160.7 million recorded in 2021. The appreciation of the Mexican peso (+6.3%) positively impacted the translation into euros. At constant exchange rates, net sales would have been down 2.8%.

Brazil (valued by the equity method)

During the first quarter, there was a generalized slowdown in the economy as well as a tightening of monetary policy, aimed at controlling price pressures. Nevertheless, the level of activity in the construction sector expressed substantial steadiness, thanks to government initiatives to support residential construction and infrastructure. The sales volumes of the joint venture, also benefiting from the additional contribution of the former CRH cement plants acquired in April 2021, showed marked progress, with selling prices, in local currency, significantly increasing. On a like-for-like basis, however, sales volumes would have contracted, penalized by the comparison with the same period of 2021, which was particularly brilliant.

Net sales in euro, referring to 100% of the associate, increased by 89.9%, from €39.6 million in 2021 to €75.2 million in the period under review. The appreciation of the Brazilian real (+11.1%) positively influenced the translation into euros: like for like, turnover would have decreased by 1.4%.

Outlook

The first quarter was characterized by high inflation and continuing difficulties in the procurement of raw materials and finished products, amplified by the geopolitical tensions in Eastern Europe. Economic growth started to decline, however, in the markets where we operate, activities in the construction sector generally continued to benefit from the favorable situation and confirmed their good levels. For the current year, we do not exclude that the current downside risks weighing on the prospects for economic recovery could negatively affect the construction business, especially in the countries being most vulnerable to possible interruptions in energy supplies from Russia, such as Italy, Germany, Poland and the Czech Republic. As regards the United States, on the other hand, we believe that demand can still maintain a satisfactory trend, mainly supported by the residential component.

In a context characterized by persistent inflationary pressures, further exacerbated by the international sanctions against Russian individuals, companies and institutions, we have adjusted and, if necessary, will continue to adjust our selling prices to cope with the rising costs of raw materials and energy, always with the aim of best preserving the relationship with customers.

In Ukraine, in April, we were able to resume production and commercial activity at the Volyn plant, in the north-west of the country, while the Yug plant, located near Nikolayev, in the south, is currently still idle.

In conclusion, considering that the military conflict in Ukraine and its dramatic human and economic consequences are unlikely to be over within a few months, for the time being we believe it is reasonable to confirm the outlook published at the end of March, namely for the whole of 2022 a possible decrease in recurring Ebitda of approximately 10% compared to the record results achieved in the 2021 financial year.

Decarbonization roadmap for 2030 and 2050

Buzzi Unicem, in line with its constant commitment to sustainability and the creation of value for all stakeholders, announces the definition of the targets for reducing CO₂ emissions by 2030 and reaching carbon neutrality by 2050.

The group expects to abate CO₂ emissions (scope 1 net) below 500 kg per ton of cementitious material by 2030, corresponding to a reduction of about 20% compared to the 2021 level. Moreover, in line with the provisions of the Paris Agreement on climate change, as well as of the European Green Deal, the 2050 goal is to produce concrete with zero impact in terms of CO₂ emissions.

At the same time, Buzzi Unicem announces that the 2030 target will be subject to validation by the Science Based Target Initiative (SBTi), a global partnership between the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute (WRI) and the WWF, in order to certify their consistency with the objectives included in the Paris Agreement.

The roadmap and the details of the strategy for reducing CO₂ emissions will be presented on 16 June 2022 and published on the buzziunicem.com website.

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, 12 May 2022

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