

PRESS RELEASE

Trading update at 30 September 2019

- **Cement and ready-mix volumes up 5.7% and 0.4% respectively from last year**
- **Important volume recovery in the United States of America, favored by the comparison with the exceptionally rainy summer quarter of 2018**
- **Eastern Europe continues on a good track, above all in Ukraine, Russia and Poland**
- **Sales revenue improving in Italy and Germany, also thanks to changes in scope of consolidation**
- **Net sales for the nine months period at €2,424 million (2018: €2,137 million)**

Consolidated figures		<i>Jan-Sep 2019</i>	<i>Jan-Sep 2018</i>	<i>% 19/18</i>
Cement sales	t/000	22,127	20,931	5.7%
Ready-mix sales	m ³ /000	9,101	9,061	0.4%
Net sales	€m	2,423.6	2,137.4	13.4%
		Sep 19	Dec 18	Change
Net debt	€m	710.1	890.5	(180.4)

The Board of Directors of Buzzi Unicem SpA met today to briefly examine the economic performance from January to September 2019 as well as the net financial position at the end of the third quarter.

In the first nine months of the current year, sales volumes recorded by the group were higher than the level reached in the previous year, in all the regions where the company operates, thanks to the growth achieved in the United States of America (eased by the comparison with the extremely rainy third quarter of 2018), to the clear improvement in shipments in Eastern Europe (in particular Ukraine and Russia) and to the positive sales trend in Germany and Italy (also influenced by the changes in scope).

The contraction in international trade and the slowdown in economic activity, both in advanced and emerging economies, continued to mitigate the growth trend, in a context characterized by manufacturing activity weakened by the reduction in investments as well as political and economic uncertainties. The most recent estimates, revised downwards, foresee for the entire current year a slowdown in the world GDP over the previous year and a further decline in international trade.

In the United States of America, since the second quarter of 2019, GDP growth, despite the good performance of private consumption and the solidity of the labor market, slowed down

due to the negative contribution of net trade. The elimination of public spending ceilings for the period 2020-2021 and the suspension for two years of the level of federal debt, which were agreed by the Congress at the end of July 2019, in future should further support economic growth.

In Europe, economic activity weakened in the second quarter and remained modest in the summer quarter, reflecting a marked decline in the production of capital goods, in Germany in particular, and the stagnation of exports. During the summer inflation declined, reaching 0.8% in September, influenced by the decrease in energy prices.

In Italy GDP, which just increased in the second quarter of 2019, remained almost stationary during the following quarter, which was held back by the weakness of the manufacturing sector. In Russia and Brazil, economic activity has shown a slight recovery since the second quarter, although remaining at modest levels.

In response to the slowdown in the economy and to the uncertainty generated by trade policies, the Federal Reserve reduced the reference rates while the ECB Governing Council adopted a broad package of expansionary measures.

Cement and clinker sales of the group, in the period January-September 2019, amounted to 22.1 million tons, up 5.7% compared to the previous year. Ready-mix concrete sales stabilized at 9.1 million cubic meters, slightly up (+0.4%) over the same period of 2018. The price effect in local currency, compared to the same period of 2018, was positive in all the markets where the group operates, both in the cement and ready-mix concrete business.

Consolidated net sales reached €2,423.6 million (€2,137.4 million in 2018, +13.4%), gross of a favorable exchange rate effect of €61.8 million. Like for like, net sales would have increased by 9.9%. The volume effect and the price effect, both favorable, were respectively equal to €96.9 million and €98.1 million.

Net sales breakdown by geographical area is as follows:

<i>million euro</i>	<i>Q3-19</i>	<i>Q3-18</i>	<i>Change abs</i>
Italy	382.5	345.0	37.5
United States of America	928.7	791.0	137.6
Germany	511.2	465.4	45.8
Luxembourg and Netherlands	143.2	145.1	-1.9
Czech Republic and Slovakia	123.1	123.4	-0.2
Poland	94.8	85.2	9.6
Ukraine	98.5	63.6	34.9
Russia	167.9	144.8	23.1
Eliminations	-26.3	-26.1	-0.2
	2,423.6	2,137.4	286.2

Net debt as at 30 September 2019, including the increase of €93.7 million due to the adoption of the new IFRS 16 standard, amounted to €710.1 million, down €180.4 million compared to the end of December 2018. The figure was affected by total capital expenditures of €260.8 million

(€218.8 million in 2018), €77.3 million thereof referred to equity investments, in particular the execution of the contract with HeidelbergCement regarding the strengthening of the Italian market position, in the Center and in the North West of the Country.

Italy

The trend of our cement and clinker sales, also thanks to the additional contribution from 1 July of the cement plant in Testi (Florence) and the two grinding units in Piedmont, continued to show a positive change compared to the first nine months of 2018, with a confirmation of the sale price upward movement. The ready-mix concrete sector remained at the production levels recorded in the first nine months of 2018, with prices also recovering well.

Overall net sales increased from €345.0 to €382.5 million (+10.9%). Like for like they would have increased by 9.4%.

Central Europe

In **Germany**, the pace of development, after a start to the year helped both by additional shipments referred to the Seibel & Söhne production plant and by particularly favorable weather conditions, resumed a more regular trend which was no longer influenced by the scope changes, with average prices slightly improving. The ready-mix concrete sector closed at an almost stable level of production compared to 2018, with a nice upward trend for prices. Overall net sales stood at €511.2 million, +9.8% compared to €465.4 million in 2018. Like for like they would have increased by 8.0%.

In **Luxembourg** and the **Netherlands**, cement sales volumes, although recovering during the summer, closed the first nine months of 2019 slightly down, however offset by some progress in selling prices.

Also the ready-mix concrete sector recorded an unfavorable variance of volumes, mainly due to the slowdown of the project regarding the construction of an important sluice at the entrance of the port of Amsterdam. However prices improved. Net sales came in at €143.2 million, down 1.3% compared to the level achieved in the first nine months of 2018 (€145.1 million).

Eastern Europe

In the **Czech Republic**, the sales volumes trend continued to show a slight decline compared to the levels reached in the first nine months of 2018, with average selling prices, in local currency, improving well. Also the ready-mix concrete sector, **Slovakia** included, recorded a weaker trend, with prices in local currency increasing. Net sales, marginally influenced by the slight weakening of the Czech koruna, reached €123.1 million (€123.4 million in 2018, i.e. -0.2%).

In **Poland**, after the lively expansion of cement volumes achieved at the beginning of the year, mainly due to favorable weather conditions, the business slowed down and the volumes sold were in line with the ones of the same period of the previous year, with clearly higher average selling prices in local currency. Ready-mix concrete output remained weak, however combined with a good recovery in prices. Net sales, marginally influenced by the negative exchange rate

effect, increased from €85.2 to €94.8 million (+11.3%). At constant exchange rates they would have improved by 12.7%.

In **Ukraine**, the summer quarter reaffirmed the considerable improvement in cement volumes sold from our production plants, in line with the levels recorded in the first half, with average prices in local currency clearly favorable, driven upwards by high inflation. Ready-mix concrete output showed a weak trend, but with a price effect, in local currency, strongly positive. Net sales amounted to €98.5 million, up €34.9 million compared to €63.6 million in 2018 (+54.8%). The translation of turnover into euro was backed by the strengthening of the local currency. At constant exchange rates net sales would have increased by 42.5%.

In **Russia** sales volumes, after the visible acceleration during the first half of 2019, promoted by the expansion of the distribution network, in the first nine months of the year remained at a positive albeit more moderate pace. Average unit prices in local currency confirmed a favorable performance. Net sales amounted to €167.9 million, up €23.1 million compared to €144.8 million in the same period of 2018. The translation into euro was marginally helped by the slight strengthening of the ruble. In local currency, net sales would have increased by 15.4%.

United States of America

During the summer quarter our cement sales benefited both from the recovery of the pent-up demand of June, due to the closing of the Mississippi river, and from the comparison with the same period of 2018, when the record rainfalls, particularly in September, had strongly hindered shipments. These trends allowed a stronger increase in volumes for the first nine months compared to the level of June end. Selling prices, in local currency, were marked by a modest favorable change. Ready-mix concrete output, mainly located in Texas, showed an even more striking development, amplified by the comparison with the disappointing results of September 2018, combined with selling prices slightly improving. Overall net sales stood at €928.7 million, up €137.6 million compared to €791.0 million in the same period of 2018 (+17.4%). Net sales in euros were positively influenced by the strengthening of the dollar. At constant exchange rates turnover would have increased by 10.5%.

Mexico (valued by the equity method)

In a context still penalized by uncertainties over directions in economic policy and the prospects for trade relations with the United States of America, the country's economic growth visibly slowed down, also affected by the sharp contraction in public spending and investment.

Cement deliveries of our associate in the first nine months of 2019 remained weak, confirming the decline already recorded in June, with prices in local currency slightly down. At the same time, ready-mix concrete output also showed a negative trend, but with a price change, in local currency, slightly up on the previous year. Net sales in local currency declined by 10.6%. The strengthening of the Mexican peso (+4.9%) had a positive impact on the translation of results into euro. With reference to 100% of the associate, net sales stood at €450.8 million, down 6.0% compared to €479.6 million in 2018.

Brazil (valued by the equity method)

The pace of economic development in the country, albeit slightly recovering starting from the second quarter, continued to show a modest pace. Cement shipments achieved by the new joint venture have been anyway growing, mainly thanks to the performance of the North East region. However, average selling prices, in local currency, slightly decreased.

With reference to 100% of the associate, net sales in the first nine months of 2019 increased from €99.9 million in 2018 to €100.8 million. The depreciation of the Brazilian real had a negative impact on the translation of results into euro (-€1.6 million). At constant exchange rates, net sales would have increased by €2.5 million.

Outlook

The operating conditions of the first nine months were, on the whole, rather favorable, considering that after the mild climate at the start to the year and the logistical difficulties of May and June in the United States, the summer quarter just ended confirmed the positive momentum of demand and prices in the regions where the group operates. During the last period, the improvement was particularly visible in the United States, bearing in mind that the same quarter of the previous year had been greatly hampered by bad weather. These trends, together with the favorable development of exchange rates, allowed us to achieve consolidated net sales well above our expectations.

The updated version of the forecast prepared a few months ago indicates an improvement in the outlook, being concentrated in the United States and Central Europe. Therefore, based on the above considerations, we believe that the recurring Ebitda of the entire 2019 will be higher than the one assumed in the guidance already disclosed to the market.

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.

Pursuant to Consob Communication n. 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's 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.

The Board of Directors has acknowledged that Silvio Picca, the current manager responsible for preparing the company's financial reports, will soon terminate his employment relationship with the company, after reaching retirement age. Therefore, as his replacement, the Board appointed Elisa Bressan as the new manager responsible for preparing the company's financial reports, up until the shareholders' meeting that will approve the financial statements for the year ended 31 December 2019.

The manager responsible for preparing the company's financial reports, Silvio Picca, 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 November 2019

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