PRESS RELEASE

Trading update at 30 September 2020

- **Volumes sold down 1.8% in the cement sector and 4.9% in the ready-mix concrete one**
- **Sales volumes recovering during the third quarter, thanks to the rebound of demand in Italy, to the stability of Germany and to the trend reversal in Russia**
- **Net sales up in Germany and the United States of America**
- **Consolidates net sales in the first nine months at €2,408.0 million (2019: €2,423.6 million)**

Consolidated data		***Jan-Sep 2020***	***Jan-Sep 2019***	***20/19***
Cement sales	t/000	**21,721**	22,127	-1.8%
Ready-mix sales	m^3/000	**8,658**	9,101	-4.9%
Net sales	€/m	**2,408.0**	2,423.6	-0.6%

		Sep 20	**Dec 19**	**Change**
Net debt	€/m	**281.7**	567.8	(286.1)

The Board of Directors of Buzzi Unicem SpA met today to briefly examine the economic performance during the first nine months of 2020 as well as the net financial position at the end of the third quarter.

During the first nine months of the current year, sales volumes achieved by the group stood at a slightly lower level compared with the same period of 2019. The summer period was characterized by a positive development in Italy, thanks to a better than expected rebound of demand after the lockdown of the production activities at the beginning of spring. The change in volumes was favorable also in Germany and Russia. The shipments dynamics showed some slowdown in the United States of America, mainly due to the difficult comparison with the excellent results recorded in the third quarter of 2019 and a more evident contraction in Eastern Europe, particularly in Poland and Ukraine.

In the second quarter of 2020, global GDP showed a sharp setback, both in the advanced and the emerging economies, mainly due to the contraction in private consumption. Based on preliminary estimates, international trade decreased by approximately 45% on an annualized basis, particularly penalized by the collapse of the tourism and transport sectors. Following this unprecedented contraction, world economy partially improved during the third quarter, mainly driven by the recovery of global mobility and production. However, since September the new daily Covid-19 infections have returned to visibly grow. The international economy therefore remains strongly conditioned by the uncertainty about the evolution of the pandemic, as well as by the possible repercussions on the behavior of families and on the financial statements of companies. The International Monetary Fund, in its most recent forecasts, has slightly reduced the estimated decline in global GDP for the current year (-4.4%, compared to -5.2% of the previous forecast), thanks to better figures than expected recorded in the third quarter in advanced economies.

In the United States of America, in July and August, industrial production grew on average on a monthly basis by 2%, prompting the International Monetary Fund to improve its forecast of GDP contraction for the current year to -4.3% (-8.0% was the previous estimate).
However, the risks associated with the persistence of the pandemic, together with the uncertainties due to the non-renewal of the fiscal stimulus package for the economy and to the presidential elections in November, should weigh on the country's growth prospects.
In Europe, during the second quarter, economic activity recorded a contraction of approximately 12%, impacting on all components of demand. According to the most recent economic indicators, during the third quarter GDP growth was marked, albeit insufficient to allow a return to pre-pandemic levels. Industrial production, which increased by 20% in the two-month period of May-June, at the same time as the loosening of the restrictive measures aimed at containing the disease, continued to strengthen also in July and August. During the summer, inflation declined, reaching negative figures in September (-0.3%), driven down by the drop in energy prices. According to the most recent forecasts of the International Monetary Fund for the entire current year, a GDP contraction of 8.3% for the euro area is envisaged (-10.2% was the previous estimate).
In Italy, after a particularly negative second quarter with a GDP contraction of 13%, during the summer economic activity showed a clear improvement, estimated at around 12%, favored by the recovery of the industrial sector, which returned to the volumes registered before the pandemic. A positive trend was also recorded in the construction sector, thanks to an increase in production in July.
Among the emerging economies, China, starting from April, returned to growth, exceeding the levels prior to the spread of the pandemic, while in Latin America, Mexico and Brazil in particular, the virus was diffusing strongly also during the second and third quarters, causing a further weakening of the economic and social fabric.
In response to the economic slowdown and the continuing uncertainties associated with the spread of the pandemic, the Federal Reserve announced more expansionary conditions aimed at guaranteeing full employment, while the ECB's Governing Council decided to keep the very accommodative stance of the monetary policy unchanged.

Cement and clinker sales of the group, in the first nine months of 2020, amounted to 21.7 million tons, down 1.8% compared to the previous year. Ready-mix concrete sales contracted by 4.9%, reaching 8.7 million cubic meters. The price effect in local currency showed a positive trend in all the markets where the group operates.

Consolidated net sales stood at €2,408.0 million (€2,423.6 million in 2019, -0.6%), including a foreign exchange rate effect which was unfavorable for €21.6 million. On a like-for-like basis, net sales would have been down 0.3%.

Net sales breakdown by geographical area is as follows:

million euro	Q3-20	Q3-19	Change abs.
Italy	**367.2**	382.5	-15.3
United States of America	**937.8**	928.7	9.1
Germany	**539.5**	511.2	28.3
Luxembourg and Netherlands	**138.7**	143.2	-4.5
Czech Republic and Slovakia	**120.1**	123.1	-3.0
Poland	**90.4**	94.8	-4.4
Ukraine	**88.7**	98.5	-9.8
Russia	**152.4**	167.9	-15.4
Eliminations	**-26.8**	-26.3	-0.5
	2,408.0	**2,423.6**	**-15.5**

Net debt as at 30 September 2020 amounted to €281.7 million, €286.1 million lower compared to the year-end 2019. The figure was affected by total capital expenditures of €197.9 million (€260.8 million in 2019), €5.0 million thereof referring to expansion or special projects, largely ascribable to the modernization of the finish mill at Korkino (Russia). Moreover, during the first quarter, the group collected a dividend of €144 million from the sale of all the assets belonging to the associate Kosmos Cement.

Italy

Our sales of hydraulic binders and clinker, after a sharp decline in the first half of the year, showed marked development during the summer, mainly supported by the upswing in domestic demand, which allowed us to partially recover the losses of March and April due to the trade and production blockade. Selling prices confirmed the strengthening already recorded in the first half. The ready-mix concrete sector showed a more evident decline, however with prices improving.
Overall, turnover contracted by 4.0%, from €382.5 to €367.2 million. At constant scope, net sales would have been down 5.8%.

Central Europe

In **Germany**, our sales volumes, after the slight decline recorded in the first half, closed the first nine months of the year stabilizing at the levels reached in 2019, with prices improving. The ready-mix concrete sector showed increasing volumes compared to the same period of the previous year, thanks also to the additional contribution of the plants acquired last year in the Düsseldorf area, with selling prices also strengthening.
Overall net set sales increased by 5.5%, reaching €539.5 million (€511.2 million in 2019). At constant scope they would have been up 4.4%.

In **Luxembourg** and the **Netherlands**, our cement deliveries, inclusive of exports, after the setback in the second quarter due to the forced interruption of production and commercial activities, showed a stable trend during the summer, closing the January-September period down from 2019 levels, partly offset by slightly progressing selling prices. The ready-mix concrete sector showed a more marked contraction, however with prices improving.
Net sales came in at €138.7 million, down 3.1% compared to 2019 (€143.2 million).

Eastern Europe

In the **Czech Republic**, our sales volumes, after a slightly progressing first half, slowed down during the third quarter, mainly due to the worsening of the epidemiological picture in September, which led to new restrictive measures, closing the first nine months of the current year slightly down compared to 2019, with prices in local currency improving. The ready-mix concrete sector, including **Slovakia**, recorded an even more clear contraction in September, closing the first nine months of 2020 down compared to the previous year, with prices in local currency slightly up.
Net sales, influenced by the depreciation of the Czech koruna (-2,7%), stood at €120.1 million, -2.5% compared to the 2019 levels (€123.1 million). At constant exchange rates, they would have been down 0.3%.

In **Poland**, the weak trend shown by our sales volumes in the first half of the year continued during the summer quarter, also due to the new and significant increase of Covid-19 infections in September. The first nine months of the current year closed clearly down compared to 2019. Nevertheless, the increase in average selling prices in local currency remained unchanged. The ready-mix concrete output showed an even more marked decline, however combined with a recovery in prices.
Net sales, influenced by the depreciation of the Polish zloty, decreased from €94.8 to €90.4 million (-4.7%). At constant exchange rates they would have been down 2.0%.

In **Ukraine**, the pandemic emergency, together with the decisive and continuous increase in imports from Turkey, slowed down our cement sales also during the summer quarter. The first nine months of the current year closed sharp declining compared to 2019 levels, with an upward trend of selling prices in local currency lower than the inflation rate. Ready-mixed concrete output showed an even weaker trend, with prices slightly worsening.
Net sales amounted to €88.7 million, down 9.9% from €98.5 million in 2019. The translation of turnover into euro was marginally affected by the depreciation of the local currency. At constant exchange rates net sales would have been down 9.1%.

In **Russia**, our cement sales closed the first nine months of 2020 slightly declining from the levels reached the previous year, despite a partially recovering summer quarter, albeit affected in September by the significant rise in the number of Covid-19 infections. Average unit prices in local currency, on the other hand, confirmed the positive momentum. Despite the stabilization of oil prices during the third quarter, the demand for special oil-well cements continued to be significantly below the levels recorded in the same period of 2019.
Net sales revenue stood at €152.4 million, down €15.4 million from €167.9 million recorded in the same period of 2019. The weakening of the ruble (-9.4%) seriously impacted the translation of results into euro. In local currency, net sales would have been down 0.7%.

United States of America

Our cement sales in the first nine months of the year remained above the levels reached in the same period of 2019, despite, in the summer quarter, having been hampered by the Hurricane Laura, which hit the coasts of Louisiana and South-Eastern Texas, in particular the Houston metropolitan area. Furthermore, in September, our shipments were penalized by the challenging comparison with the excellent results achieved in 2019. Ready-mix concrete output, mainly located in Texas, showed a more marked contraction, closing the first nine months of 2020 well below the level of the previous year. The trend in average selling prices, in local currency, showed slight growth in both cement and ready-mix concrete sectors.
Overall net sales came in at €937.8 million, up 1.0% compared to €928.7 million recorded in the same period of 2019. The slight depreciation of the dollar only marginally influenced the translation of results into euro. At constant exchange rates net sales would have posted a positive change of 1.1%.

Mexico (valued by the equity method)

In a context of persistent uncertainty, mainly linked to an epidemiological emergency situation that appears to be anything but under control, the government authorities, during the summer quarter, decided to ease the restrictions as well as the social distancing measures which were introduced in mid-March, in order to give priority to the recovery of economic activity, which is estimated to be markedly slowing down for the current year due to sharp contractions in private consumption and investments, despite a modest increase in public spending.

In this context, the cement sales of our joint venture showed a clear development during the summer quarter, closing the first nine months of the current year with a favorable change compared to the levels reached in 2019 and with prices in local currency substantially stable. Ready-mixed concrete output, on the other hand, posted a markedly weak trend, with a negative price variance.

Net sales in local currency increased by 3.7%. The strong depreciation of the Mexican peso (-13.4%), unfavorably impacted the translation into euro. With reference to 100% of the associate, net sales amounted to €412.5 million, down 8.5% from €450.8 million of 2019.

Brazil (valued by the equity method)

The wide spread of the Covid-19 disease in the country and the consequent containment measures adopted had a strong impact on domestic demand, with investments and private consumption expected to contract markedly. The negative effects of the pandemic, however, did not affect the business of our joint venture: cement and clinker volumes sold during the summer quarter showed clear progress, allowing us to close the first nine months of the current year significantly improving compared to the levels reached in 2019. Selling prices, in local currency, also increased.

Net sales in euro of the January-September period of 2020, with reference to 100% of the joint venture, declined by 1.1%, from €100.8 million in 2019 to €99.7 million. The strong depreciation of the Brazilian real (-30.8%) negatively affected the translation into euro (-€30.7 million). At constant exchange rates, the turnover would have been up 29.3%.

Outlook

After a very favorable first quarter, the outbreak of the pandemic and the more or less stringent economic restrictions introduced during the second quarter changed the operating conditions of the current year. Fortunately, the construction sector activity was and continues to be classified among the so-called essential ones and, except from Italy, it has never completely stopped. Furthermore, the pandemic triggered, in the first half of the year, an unexpected and rapid drop in the prices of energy factors, especially of fossil fuels, which allowed to significantly reduce the direct costs of production.

The summer quarter was characterized by a sharp slowdown in infections, especially in Europe, which favored the rebound in industrial activity but did not cancel all the concerns arising from the GDP decline and the increase in unemployment rate in the most affected sectors. The period of coexistence with Covid-19, which we are experiencing and which in these days is again entering a delicate phase, has a lot of unknowns ahead even in the medium term.

The performance of our business in the first nine months of the year, described above by regional presence, allowed us to obtain consolidated net sales in line with the previous year and cash flow generation was confirmed to be favorable, even without considering the extraordinary proceeds due to the disposal of equity investments. The updated version of the forecasts prepared a few months ago considers an unfavorable development of exchange rates, a very challenging comparison with the results achieved in the United States last year and a worsening of the outlook in Eastern Europe. However, taking into consideration also the tailwind from energy cost inflation, we believe that recurring EBITDA for the full year will be better than the one assumed in the guidance already disclosed to the market and may stand close to the level reached in 2019.

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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.
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.

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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, 6 November 2020

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