

# Building & Infrastructure Conference

London – 7 October 2014

# Executive summary H1 14

## ▪ Volumes

- Stable in Q2 and progress for the whole period of 5.6% in cement and 8.5% in ready-mix
- Italy: poor results in Q2 (cement -9.5%) despite growth in clinker shipments, but close to previous year's level for the first 6 months (cement -0.1%); ready-mix gaining some momentum (+9.3%)
- USA showing robust recovery in Q2 (cement +8.0%) and positive YTD (cement +6.0%)
- Central Europe close to previous year's level in Q2 (cement -1.4%) but YTD largely positive (cement +10.6%; ready-mix +11.1%)
- Eastern Europe: stable results in Q2 (cement -1.3%) after slump in Poland (-30.5%), steadiness in Ukraine (+0.4%) and upswing in Czech Republic (+23.7%) and Russia (+9.3%)
- Mexico: good trend of Q2 confirming YTD rebound

## ▪ Prices

- Q2: positive development in USA, Mexico, Ukraine; unfavorable in Italy
- April price increase sticking in USA, particularly in South West
- YTD June 2014 above FY13 in all markets except for Italy and Czech Republic

## ▪ Foreign Exchange

- Considerable negative impact on sales (€m 53) and EBITDA (€m 11.4) due to weaker dollar, ruble and hryvnia

## ▪ Costs

- Inflation picking up in Russia, but widespread fuel and power reductions

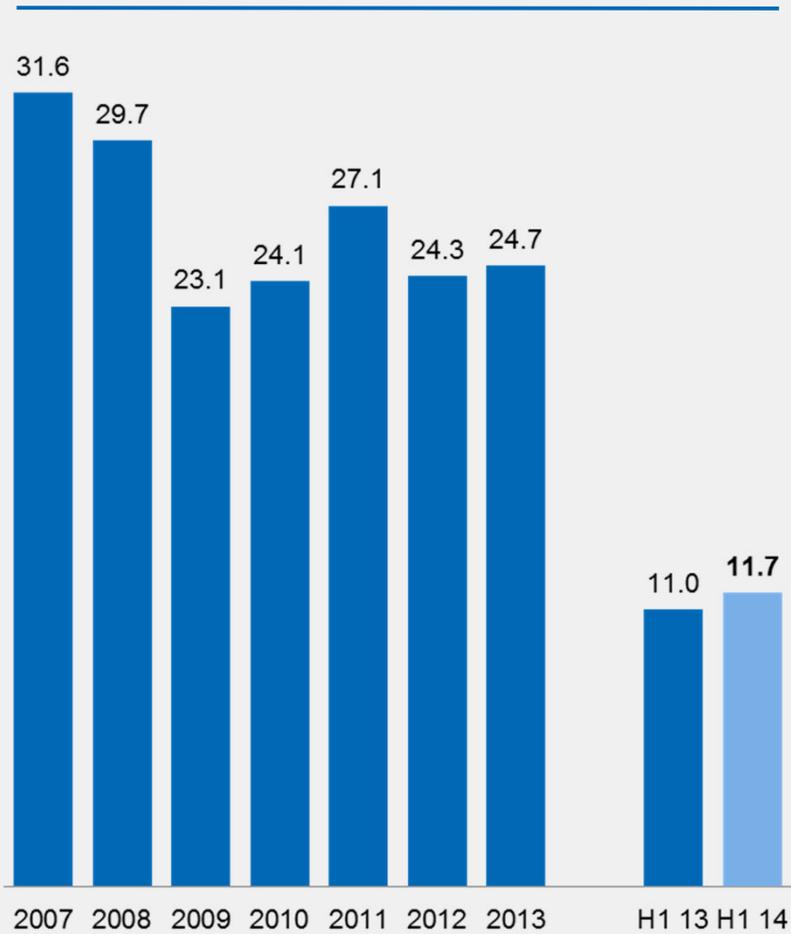
## ▪ Results

- Revenues at €m 1,180.7 versus €m 1,149.7 in H1 13 (+2.7%)
- EBITDA at €m 138.5 (+27.7% reported, +28.0% recurring)

# Volumes

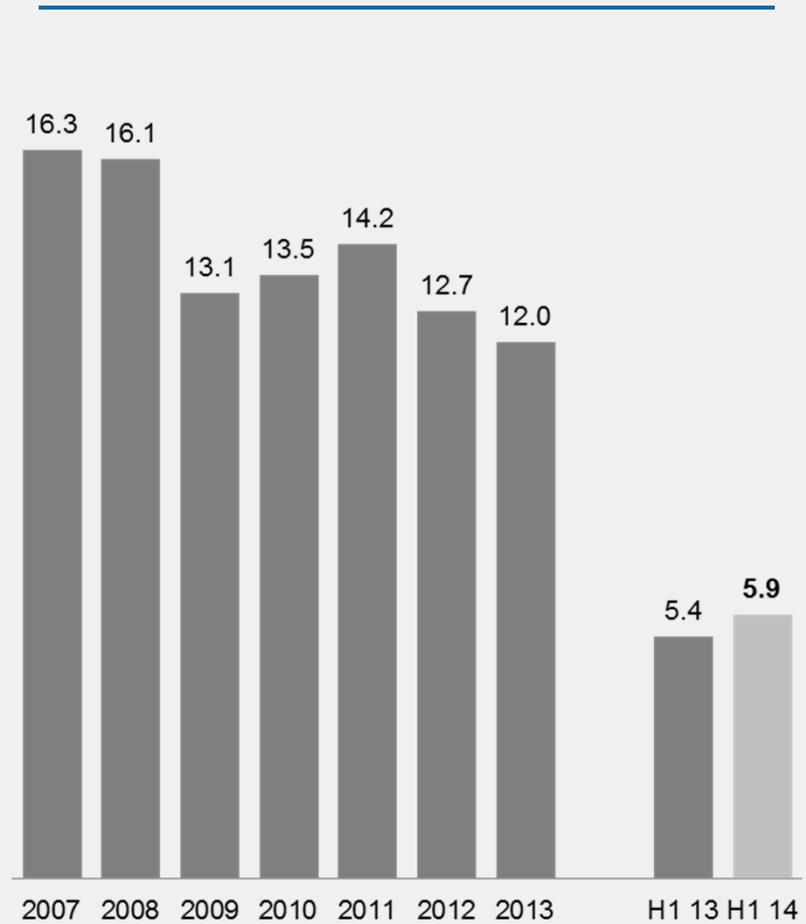
## Cement

(m ton)

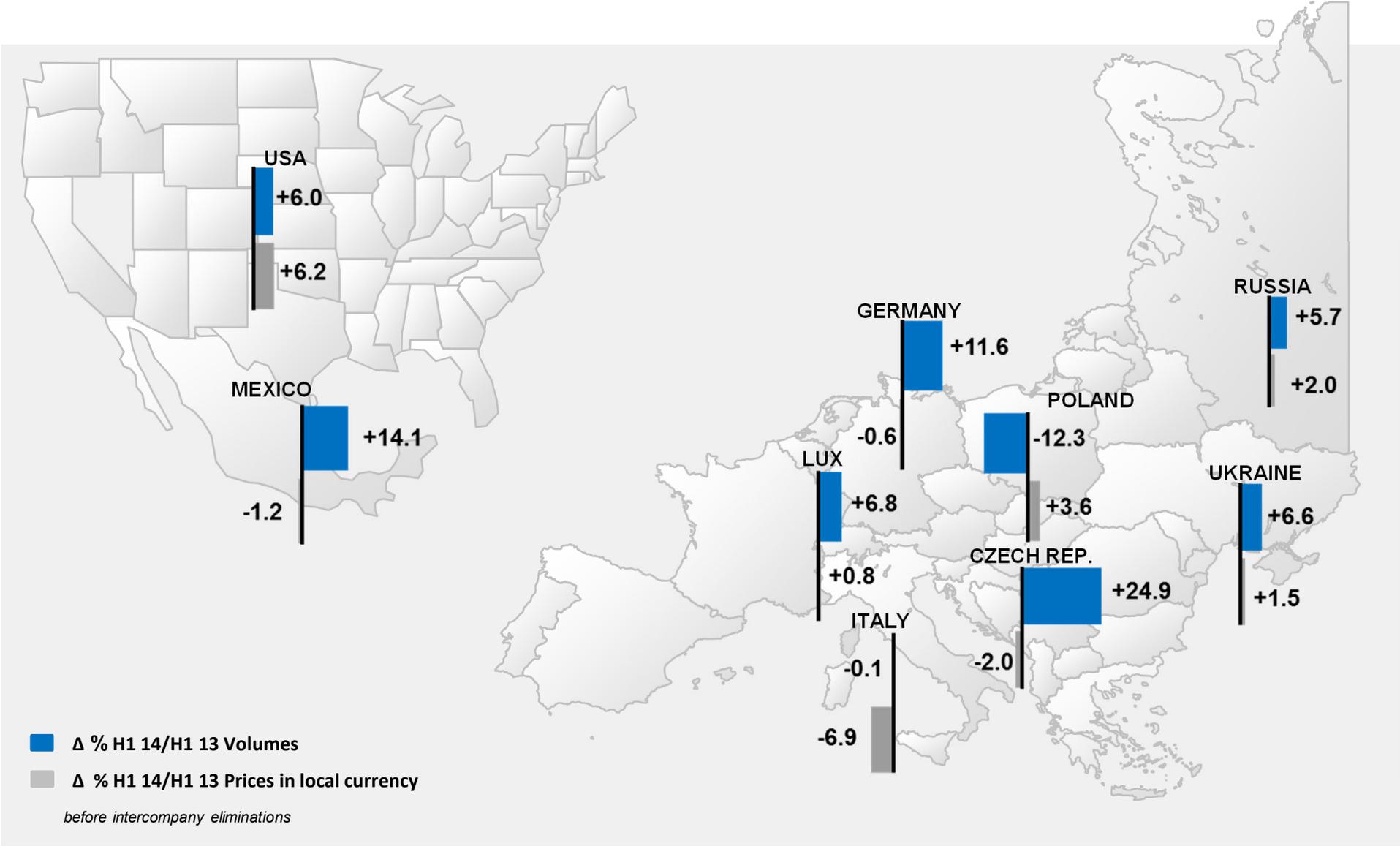


## Ready-mix concrete

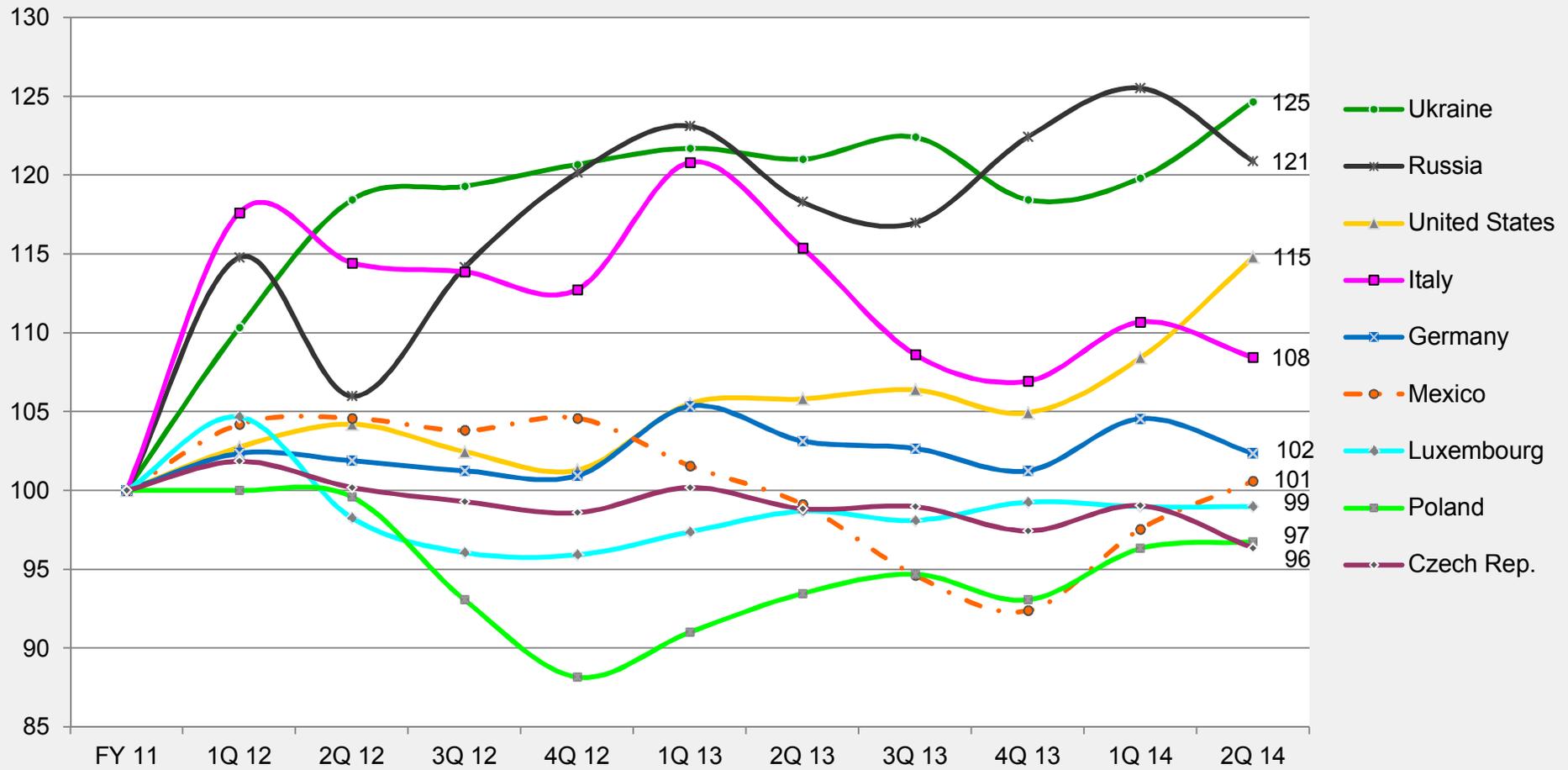
(m m3)



# Cement volumes and prices



# Price trends by country



In local currency; FY11 = 100

## FX changes

	H1 14	H1 13	Δ
EUR 1 =	avg	avg	%
 USD	1.37	1.31	-4.3
 RUB	47.99	40.75	-17.8
 UAH	14.34	10.62	-35.1
 CZK	27.44	25.70	-6.8
 PLN	4.18	4.18	-0.0
 MXN	17.97	16.50	-8.9

## Net sales by country

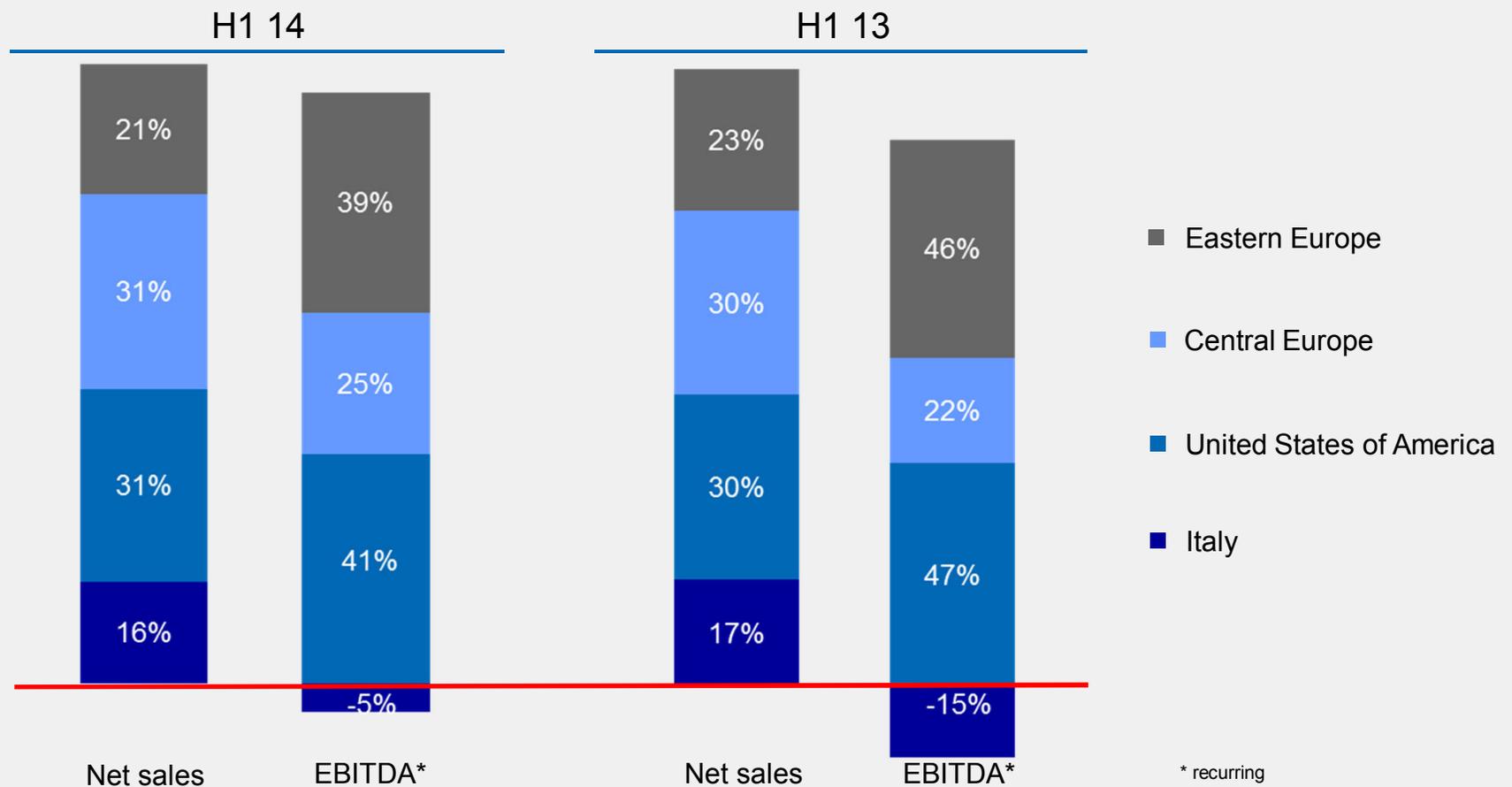
	H1 14	H1 13	Δ	Δ	Forex	Scope	Δ I-f-I
EURm			abs	%	abs	abs	%
 Italy	193.6	201.1	(7.5)	-3.7	-	-	-3.7
 USA	368.9	345.1	23.8	+6.9	(16.0)	-	+11.5
 Germany	296.4	266.2	30.2	+11.4	-	-	+11.4
 Luxembourg	55.4	51.6	3.8	+7.4	-	-	+7.4
 Netherlands	28.8	36.1	(7.3)	-20.2	-	-	-20.2
 Czech Rep/Slovakia	61.4	53.8	7.6	+14.2	(3.6)	-	+20.9
 Poland	43.6	45.5	(1.9)	-4.1	-	-	-4.1
 Ukraine	43.3	52.6	(9.3)	-17.7	(15.2)	-	+11.2
 Russia	102.6	113.2	(10.5)	-9.3	(18.2)	-	+6.8
<i>Eliminations</i>	(13.3)	(15.4)	2.1				
<b>Total</b>	<b>1,180.7</b>	<b>1,149.7</b>	<b>31.0</b>	<b>+2.7</b>	<b>(53.0)</b>	-	<b>+7.3</b>
 Mexico	243.5	239.5	4.0	+1.7	(21.8)	-	+10.8

## EBITDA by country

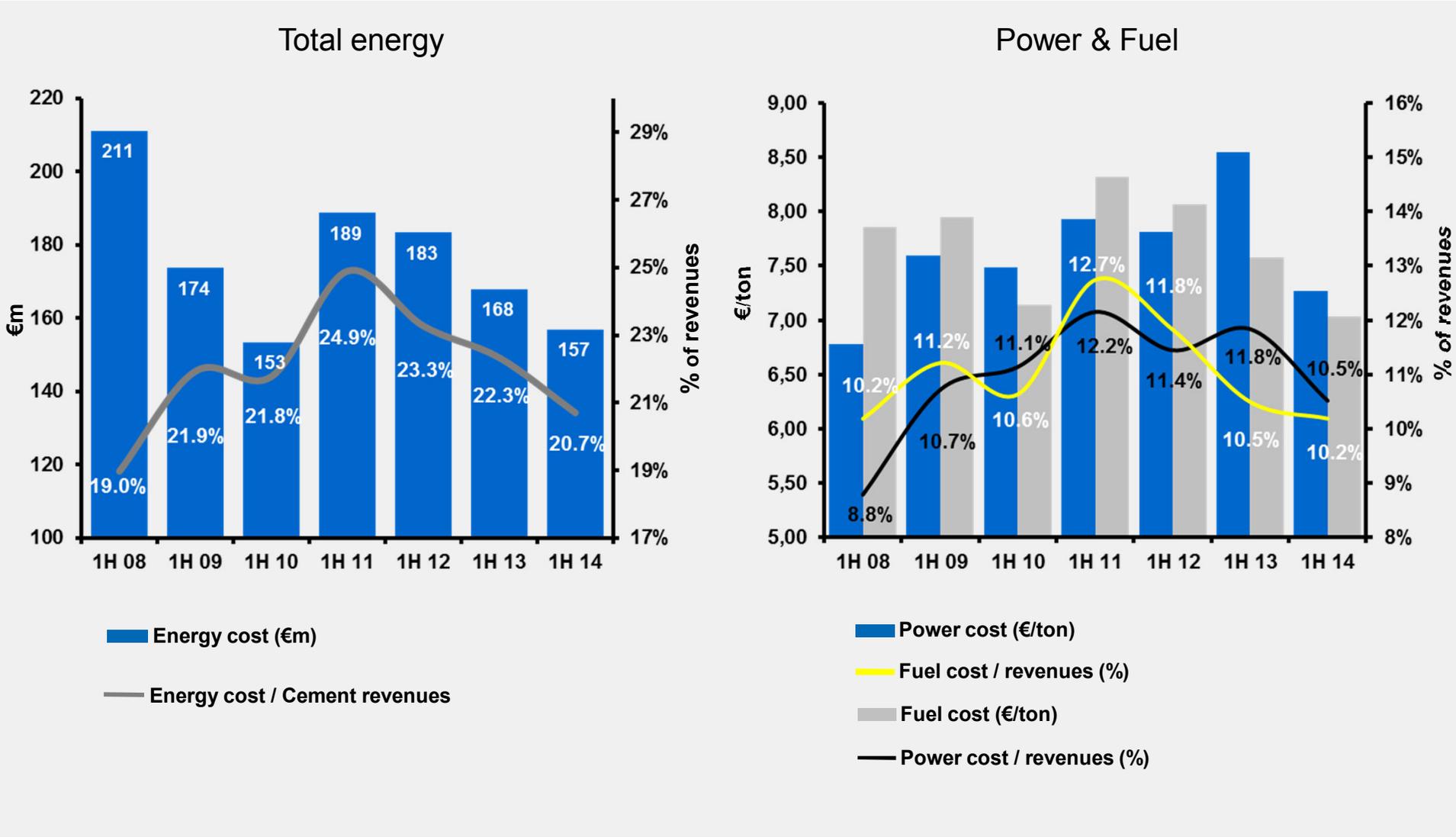
	H1 14	H1 13	Δ	Δ	Forex	Scope	Δ I-f-I
EURm			abs	%	abs	abs	%
 Italy	(9.7)	(17.8)	8.1	+45.5	-	-	+45.5
 USA	59.3	53.5	5.8	+10.8	(2.6)	-	+15.6
 Germany	23.5	20.1	3.4	+16.7	-	-	+16.7
 Luxembourg	7.8	6.6	1.2	+17.8	-	-	+17.8
 Netherlands	(0.6)	(4.0)	3.4	+85.7	-	-	+85.7
 Czech Rep/Slovakia	9.1	3.7	5.4	>100	(0.7)	-	>100
 Poland	8.4	9.1	(0.7)	-7.3	0.0	-	-7.3
 Ukraine	5.4	1.3	4.0	>100	(1.9)	-	>100
 Russia	35.4	36.0	(0.6)	-1.7	(6.3)	0.3	+14.7
<b>Total</b>	<b>138.5</b>	<b>108.5</b>	<b>30.0</b>	<b>+27.7</b>	<b>(11.4)</b>	<b>0.3</b>	<b>+37.7</b>
recurring	145.4	113.6	31.8	+28.0	(11.4)	0.3	+37.6
 Mexico	91.9	84.2	7.8	+9.2	(4.1)	-	+19.0

# Net sales and EBITDA development

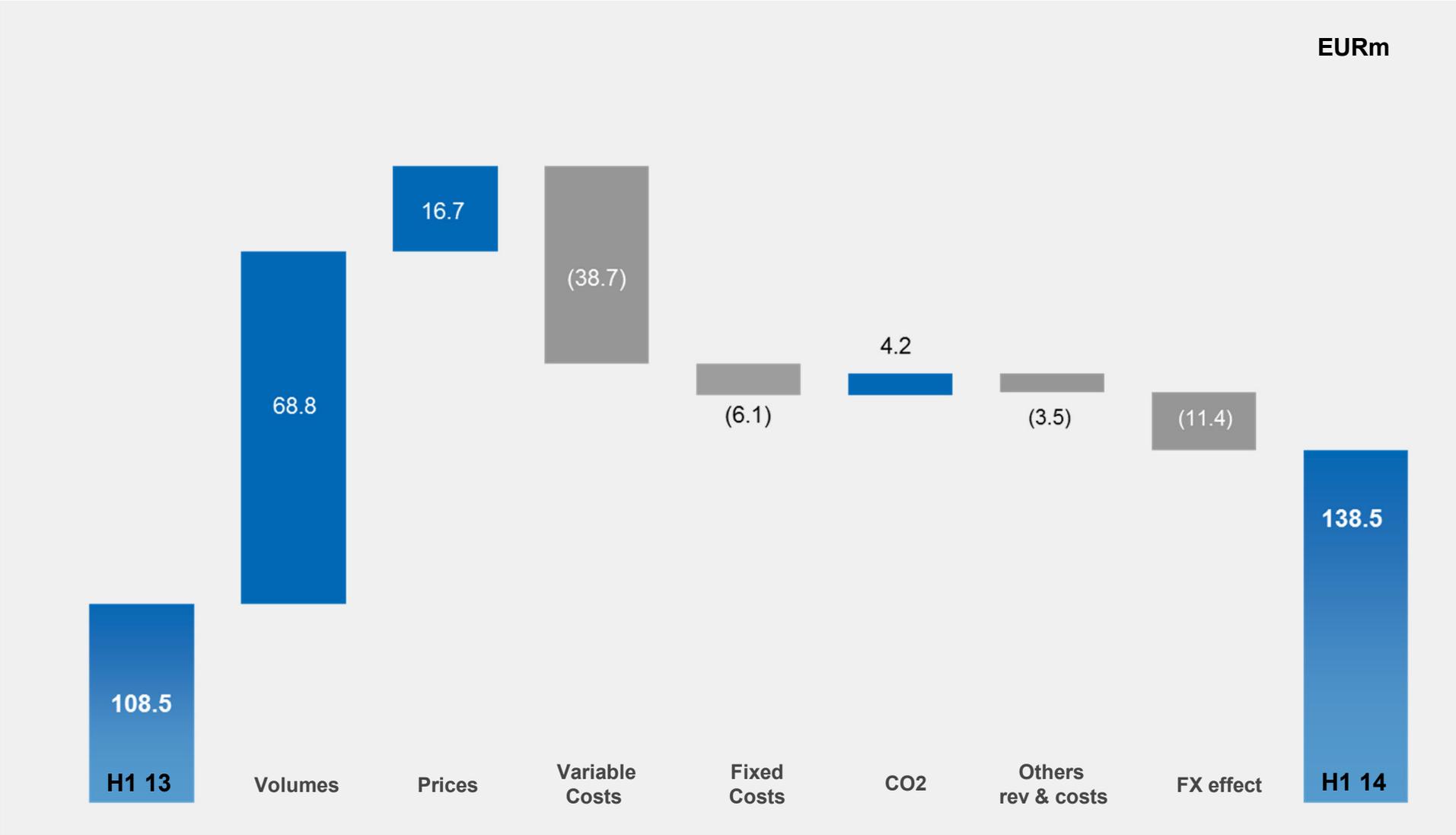
- Decreasing contribution from emerging markets, from 44% to 40% of EBITDA in H1 14 vs H1 13 due to forex effect
- Italian contribution becoming less negative



# Energy costs impact



# EBITDA variance analysis



# Consolidated Income Statement

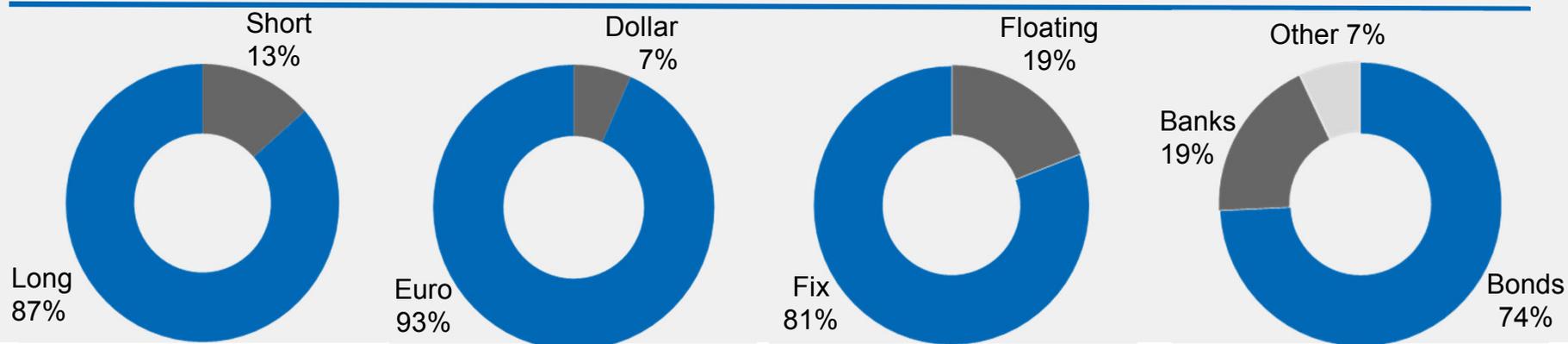
EURm	H1 14	H1 13	Δ	Δ
			abs	%
<b>Net Sales</b>	<b>1,180.7</b>	<b>1,149.7</b>	<b>31.0</b>	<b>+2.7</b>
<b>Operating cash flow (EBITDA)</b>	<b>138.5</b>	<b>108.5</b>	<b>30.0</b>	<b>+27.7</b>
of which, non recurring	(7.0)	(5.2)		
% of sales (recurring)	12.3%	9.9%		
Depreciation and amortization	(124.4)	(105.4)	(19.0)	
<b>Operating profit (EBIT)</b>	<b>14.1</b>	<b>3.1</b>	<b>11.0</b>	<b>&gt;100</b>
% of sales	1.2%	0.3%		
Net finance cost	(47.0)	(47.6)	0.6	
Equity earnings	21.8	18.5	3.3	
<b>Profit before tax</b>	<b>(11.1)</b>	<b>(26.0)</b>	<b>14.9</b>	<b>+57.3</b>
Income tax expense	(9.7)	(8.9)	(0.8)	
<b>Net profit</b>	<b>(20.8)</b>	<b>(34.9)</b>	<b>14.1</b>	<b>+40.4</b>
Minorities	(1.8)	(2.4)	0.6	
<b>Consolidated net profit</b>	<b>(22.6)</b>	<b>(37.3)</b>	<b>14.7</b>	
<b>Cash flow <sup>(1)</sup></b>	<b>103.6</b>	<b>70.5</b>	<b>33.0</b>	<b>+46.9</b>

(1) Net Profit + amortization & depreciation

# Net Financial Position

	Jun 14	Dec 13	Δ	Jun 13
<b>EURm</b>				
			abs	
Cash and other financial assets	457.0	537.0	(80.0)	494.0
Short-term debt	(209.7)	(215.6)	5.9	(387.4)
<b>Net short-term cash</b>	<b>247.3</b>	<b>321.4</b>	<b>(74.1)</b>	<b>106.6</b>
Long-term financial assets	11.9	17.6	(5.7)	10.8
Long-term debt	(1,386.7)	(1,436.2)	49.5	(1,336.8)
<b>Net debt</b>	<b>(1,127.5)</b>	<b>(1,097.2)</b>	<b>(30.3)</b>	<b>(1,219.3)</b>

Gross debt breakdown (€m 1,596.4)



## Agreement with Wietersdorfer 1/2

### OUT

- Buzzi Unicem sells to Wietersdorfer the Cadola (BL) cement plant (0.3m tons)
- Wietersdorfer has the option to acquire within 5 years, without additional payment, the Travesio (PN) cement plant ( 0.4m tons)

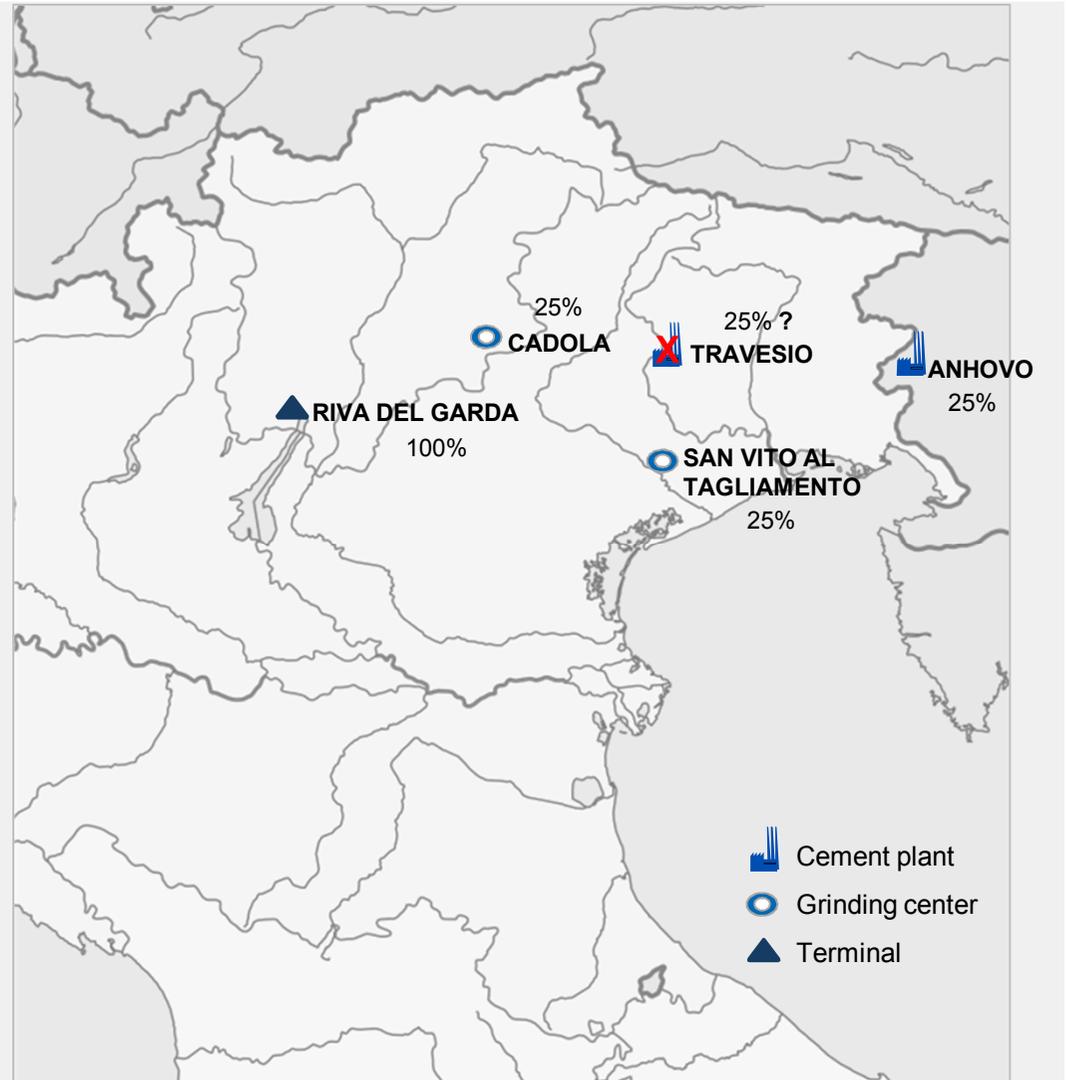
### IN

- Buzzi Unicem buys from Wietersdorfer a 25% interest in San Vito al Tagliamento (PN) grinding plant (0.3m tons) and a 25% interest in Salanit Anhovo, full cycle cement plant in Slovenia, 20 km from the Italian border, 1.3m tons of capacity, recently upgraded and renovated

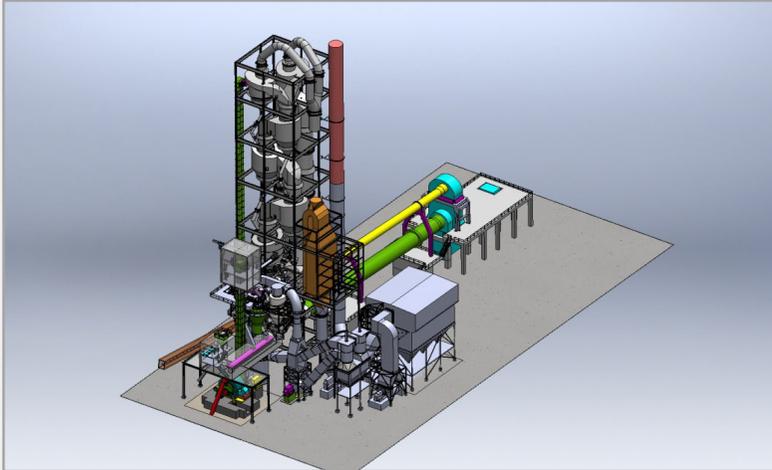
## Agreement with Wietersdorfer 2/2

### Advantages:

- Procurement logistics improvement thanks to a larger presence in the area
- Exchange of know-how, greater capacity utilization and cost efficiency
- Strengthened and more widespread assistance and services



## Expansion capex 1/2



**Maryneal (TX) - USA**

- To be completed in 1H 16
- Brownfield project, new line with a capacity of 1.2m tons per year (versus 0,6m currently)
- Total cost: \$m 250
- Aimed at capturing the demand growth of Texas in oil and gas, residential and infrastructure
- Cost saving thanks to increased efficiency and plant's environmental footprint reduction



**Apazapan, Veracruz - MEX**

- To be completed in 1Q 17
- New line with a capacity of 1.3m tons per year, to double the current 1.3m
- Aimed at preserving market share in a growing consumption trend
- Total cost: about \$m 200

## Expansion capex 2/2



### Korkino - Russia

- Agreement to acquire 100% interest in Lafarge-owned Uralcement, located by the town of Korkino (about 40km South of Chelyabinsk)
- Completion of the transaction subject to regulatory approvals that should occur by December 2014
- Full cycle plant, based on wet technology, with a production capacity of 1.1m tons per year of portland cement and ample raw material reserves
- Total cost: €m 104
- Acquisition aimed at strengthening the position in the Ural region and leveraging benefits of the combined production network with Sukhoy Log plant. Synergies and opportunities are expected in the areas of logistics, product mix and business administration

# Expected trading in 2014

	$\Delta$ Volume	$\Delta$ Price
 Italy		
 United States of America		
 Germany		
 Luxembourg		
 Czech Republic		
 Poland		
?  Ukraine		
 Russia		
 Mexico		

Note: Prices in local currency

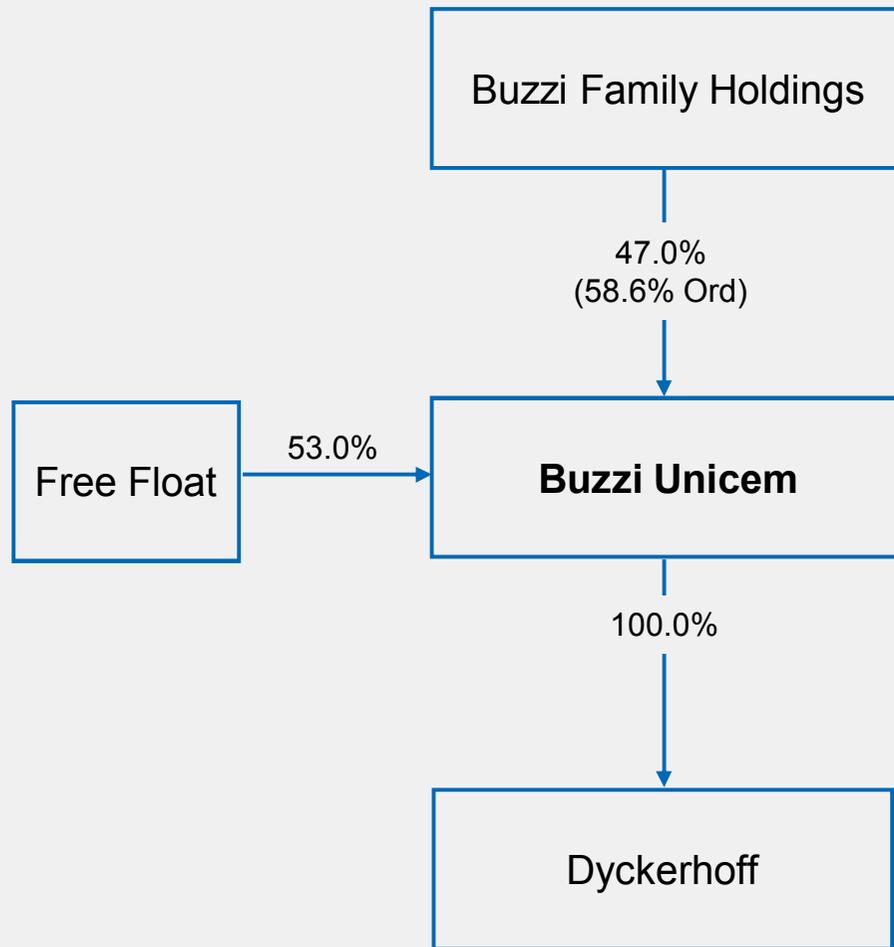
# Appendix

## Buzzi Unicem at a Glance

- International multi-regional, “heavy-side” group, focused on cement, ready-mix and aggregates
- Dedicated management with a long-term vision of the business
- Highly efficient, low cost producer with strong and stable cash flows
- Successful geographic diversification with leading positions in attractive markets
  - Italy (# 2 cement producer, 15% market share), US (# 5 cement producer, 9% market share), Mexico (# 4 cement producer, 13% market share), Germany (# 2 cement producer, 13% market share)
  - Significant positions in Luxembourg, The Netherlands, Poland, Czech Republic, Slovakia, Russia and Ukraine, as well as entry point in Algeria
- High quality and environmentally friendly assets
- Leading product and service offering
- Conservative financial profile and balanced growth strategy

***“Value creation through lasting, experienced know-how and operating efficiency”***

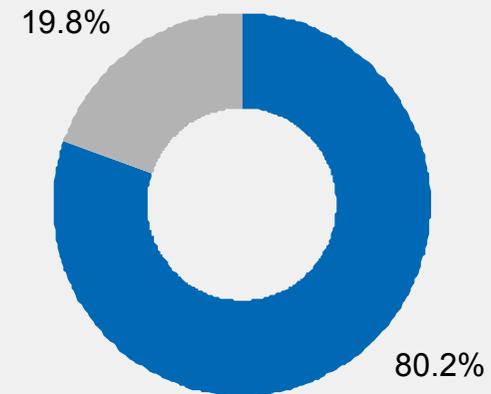
# Ownership structure



Share capital

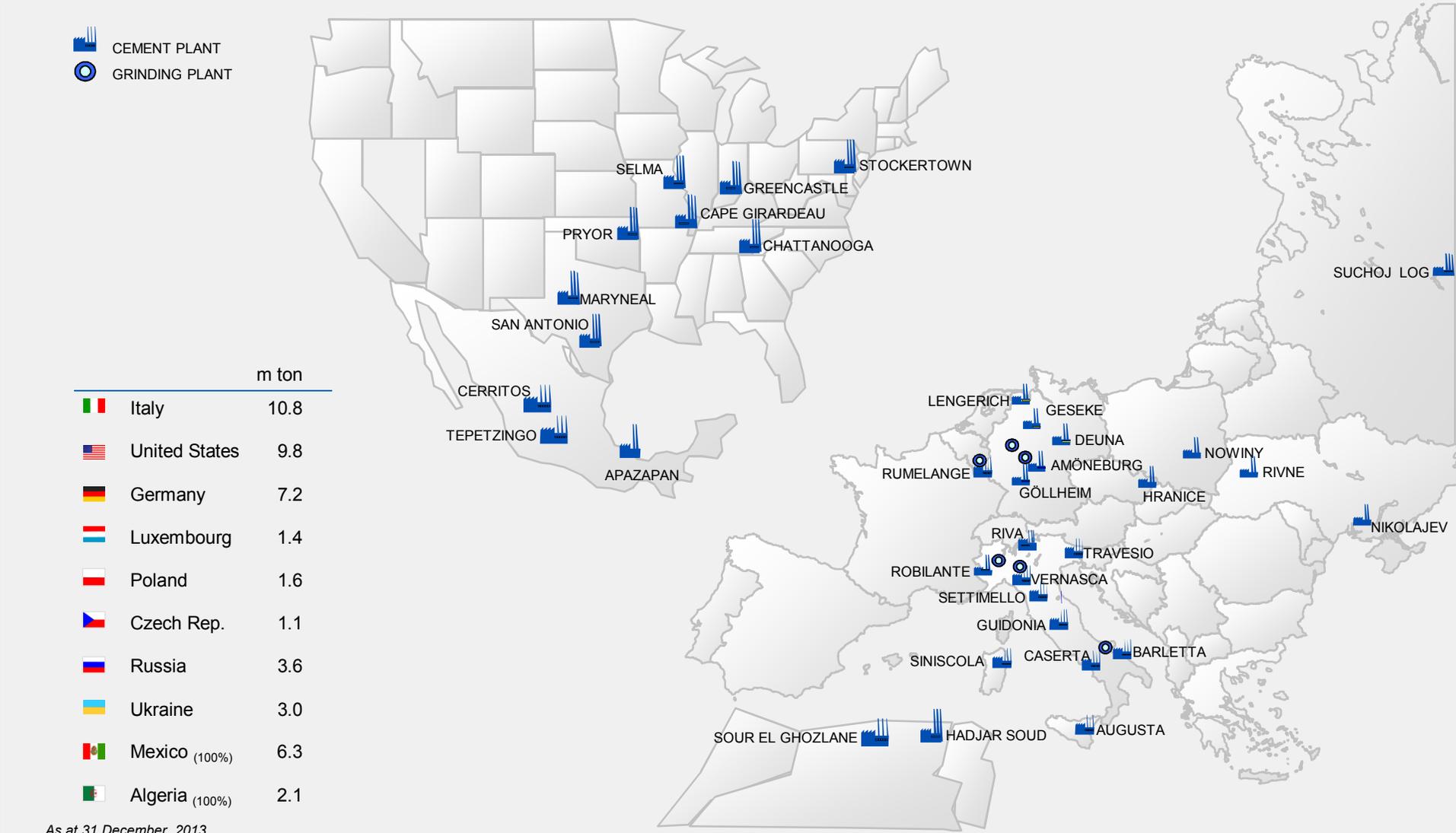
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■ Ordinary	165,349,149
■ Savings	40,711,949
<b>Total shares</b>	<b>206,061,098</b>



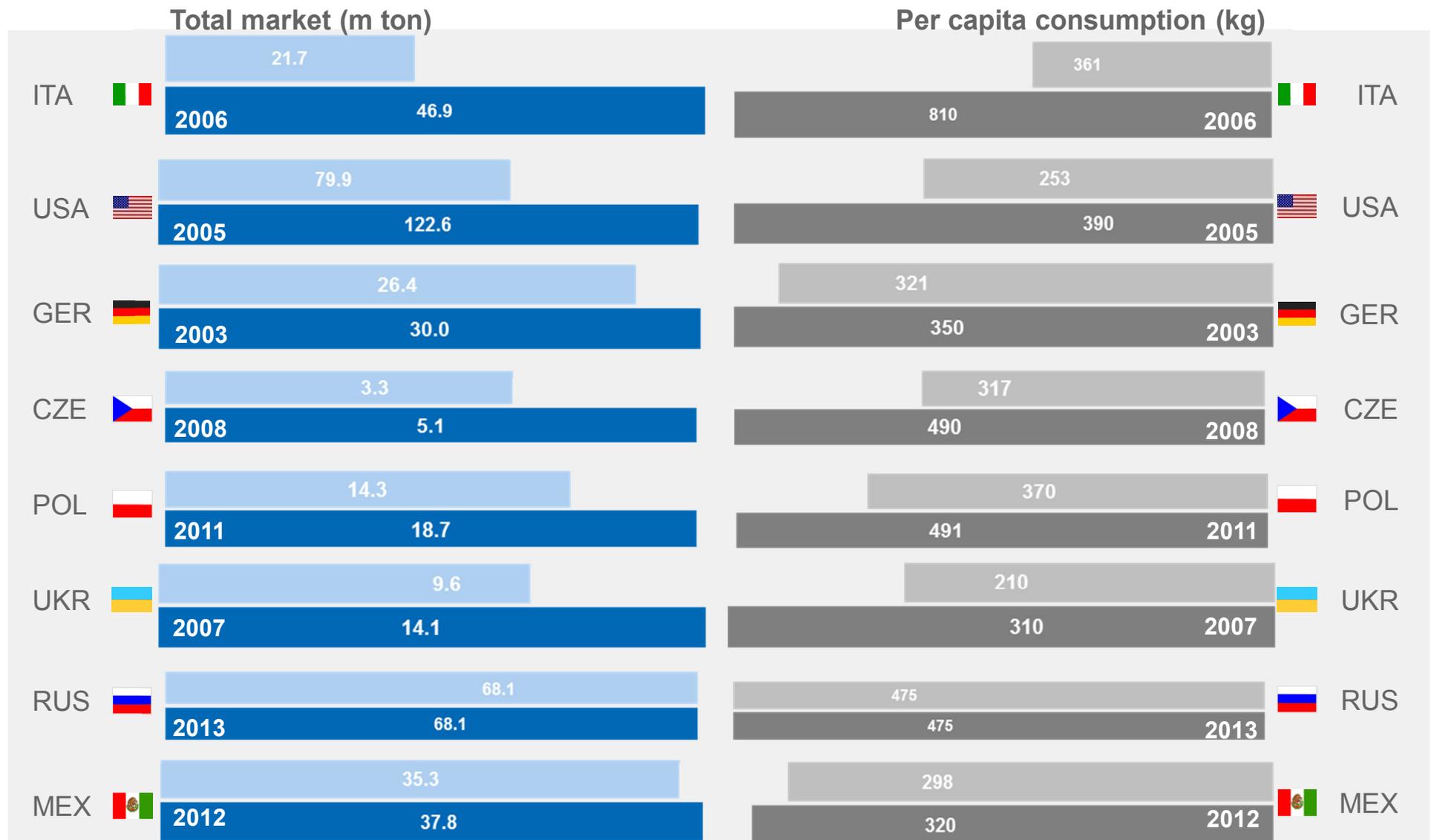
As at 31 December 2013

# Cement plants location and capacity



As at 31 December 2013

## 2013 Consumption vs. Peak (2003-2013)



## Historical EBITDA development by country

	EURm	2006	2007	2008	2009	2010	2011	2012	2013
 Italy	EBITDA	235.8	206.4	143.4	92.7	32.5	10.3	-5.9	-18.1
	margin	23.5%	21.5%	16.9%	13.1%	5.3%	1.8%	-1.2%	-4.2%
 Germany	EBITDA	91.2	138.9	102.7	116.3	76.3	90.3	72.2	108.1
	margin	19.0%	27.0%	17.3%	22.0%	13.9%	14.2%	12.0%	18.0%
 Luxembourg	EBITDA	25.0	21.5	17.4	14.1	16.4	33.4	13.8	19.7
	margin	29.9%	23.5%	19.5%	17.0%	17.7%	29.6%	13.3%	18.1%
 Netherlands	EBITDA	-	8.1	7.2	4.5	0.6	1.6	-5.5	-8.2
	margin	-	5.8%	5.4%	4.0%	0.5%	1.4%	-6.3%	-11.3%
 Czech Rep.	EBITDA	61.8	70.3	73.2	44.2	32.8	35.2	25.4	19.2
	margin	33.9%	32.6%	28.1%	25.2%	20.5%	20.5%	17.0%	14.6%
 Poland	EBITDA	33.5	52.1	70.0	31.2	33.4	36.9	21.8	27.1
	margin	30.4%	36.5%	38.1%	25.7%	25.8%	26.6%	20.0%	26.8%
 Ukraine	EBITDA	15.3	58.1	49.9	-4.5	-10.5	6.9	15.8	12.3
	margin	14.2%	32.4%	23.8%	-6.0%	-12.8%	6.2%	11.8%	10.0%
 Russia	EBITDA	53.2	94.7	173.2	42.1	39.7	65.7	96.1	92.6
	margin	42.9%	47.9%	64.8%	42.6%	32.0%	37.4%	41.0%	37.2%
 USA	EBITDA	322.5	304.1	205.8	131.3	88.7	71.4	123.9	151.0
	margin	34.9%	35.7%	27.4%	21.4%	14.8%	12.8%	18.2%	20.7%
 Mexico	EBITDA	92.8	91.9	79.9	69.9	77.2	82.6	97.5	77.5
	margin	47.1%	43.4%	38.9%	38.7%	36.2%	34.7%	36.2%	33.2%
<b>Group</b>	<b>EBITDA</b>	<b>931.1</b>	<b>1046.3</b>	<b>922.7</b>	<b>541.7</b>	<b>387.0</b>	<b>434.3</b>	<b>455.1</b>	<b>481.2</b>
	<b>margin</b>	<b>29.1%</b>	<b>29.9%</b>	<b>26.2%</b>	<b>20.3%</b>	<b>14.6%</b>	<b>15.6%</b>	<b>16.2%</b>	<b>17.5%</b>