



**Industrial Plan 2021 – 2023 update and preliminary 2020 results**  
*February 4<sup>th</sup>, 2021*

# Agenda

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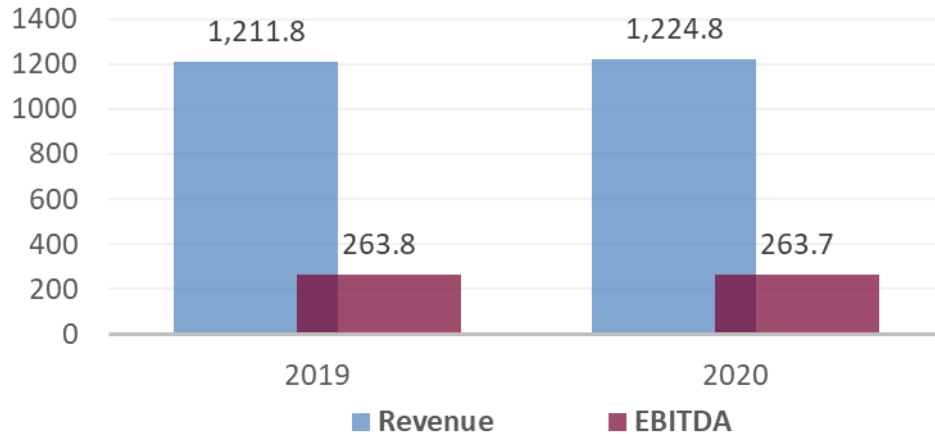


# Preliminary 2020 Results and 2021 Guidance

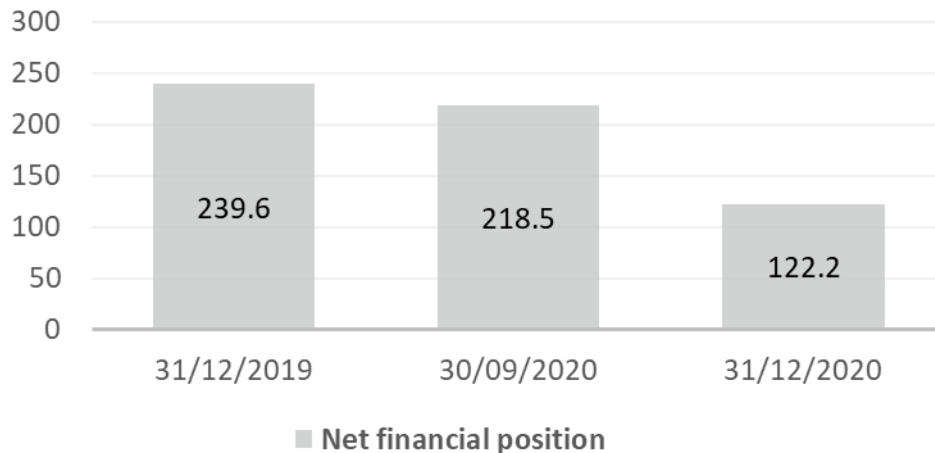
*Aalborg plant, Denmark*

# Preliminary 2020 results highlights

EUR million



EUR million



- **Revenues increased by 1.1% to 1,224.8 M€** mainly due to positive performance in Turkey and Egypt
  - Cement volumes sold were up by **13%** thanks to a +39% increase in clinker and cement volumes in Turkey
- **EBITDA unchanged at 263.8 M€** including a 0.6 M€ net one-off positive impact (-6.1 M€ from settlement of previous transactions, equipment disposals and legal charges, +6.7 M€ of land revaluation). **Recurring EBITDA +2.2% yoy**, taking into account 6.4 M€ of land revaluation in 2019
  - Higher EBITDA in Nordic & Baltic, Turkey, Egypt and China
  - Lower EBITDA in Belgium, USA and Malaysia
  - Progressive improvement in Turkey and stabilization of the Turkish Lira
- **Net Financial Position reached 122.2 M€**
  - In the last twelve months the NFP declined by **117.4 M€** and by 118.8 M€ excluding IFRS 16 impact. This figure includes around €10m one-offs due to share buyback and 2016 Cementir Italia anti-trust fine

# Covid-19 impact in 2020

Pandemic impact on EBITDA of around 20 M€

## Management actions to preserve profitability and cash

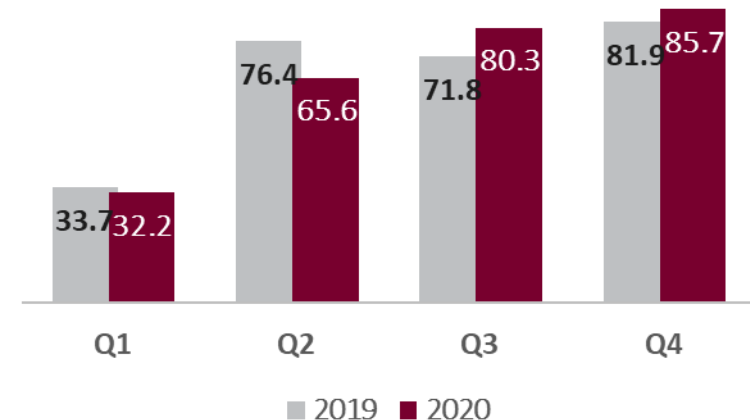
- ✓ Priority to health and safety (social distancing, turnover, smart working)
- ✓ Focus on **cash preservation**, particularly on:
  - Trade Receivables
  - Inventory levels
  - Cash collection flows
  - Available Cash
  - Sales volumes and customer orders
- ✓ Extraordinary cost containment and Capex deferral measures

**118.8 M€ (including IFRS 16) yearly cash generation was better than forecast**

## Quarterly EBITDA <sup>(1)</sup>

2020 VS. 2019

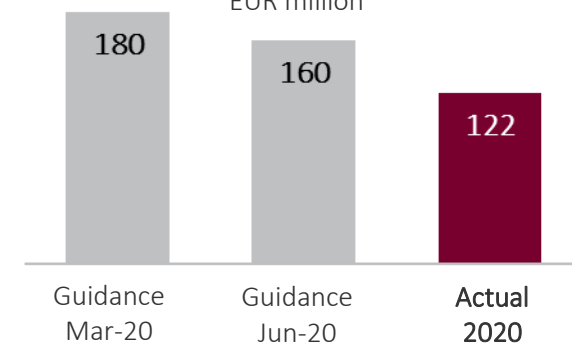
EUR million



## Net Financial Position

ACTUAL VS. GUIDANCE

EUR million



(1) Non recurring figures included in quarterly EBITDA:  
2019: Q4 +6.4 M€ (land revaluation in Turkey)  
2020: Q1 -2.5 M€ (settlement past transaction), Q2 -3.1 M€ (disposal of fixed equipment), Q4 +6.2 M€ (+6.7 of land revaluation in Turkey, -0.5 M€ of legal fees)

# Financial Highligths and Sales volumes

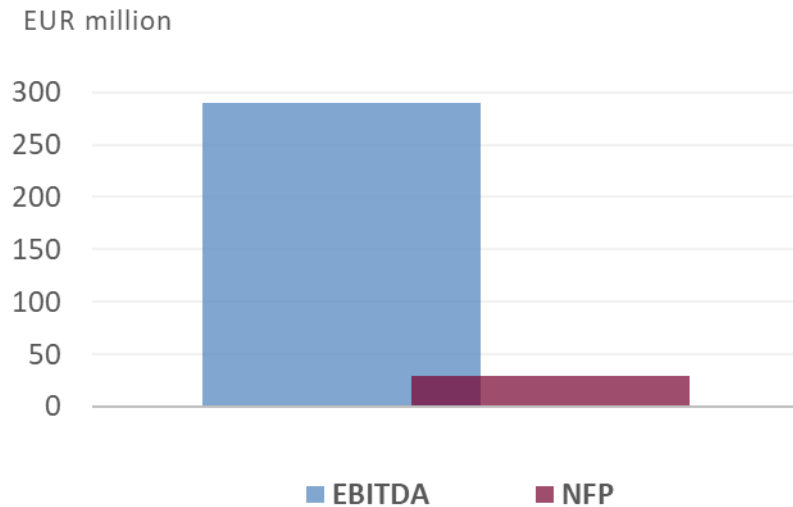
Resilient business model in a difficult macro context, with recurring EBITDA up 2.2%

(EUR million)	2020	2019	Change %
REVENUE FROM SALES AND SERVICES	1,224.8	1,211.8	1.1%
<b>EBITDA</b>	<b>263.7</b>	<b>263.8</b>	<b>(0.0%)</b>
<i>EBITDA Margin %</i>	21.5%	21.8%	
<b>EBIT</b>	<b>157.2</b>	<b>151.7</b>	<b>3.6%</b>
<i>EBIT Margin %</i>	12.8%	12.5%	

Cement double-digit volume increase, driven by Turkey

Sales volumes (thousands)	2020	2019	Change %
Grey and white cement (metric tons)	10,712	9,489	12.9%
Ready-mixed concrete (m <sup>3</sup> )	4,435	4,116	7.8%
Aggregates (metric tons)	9,531	9,710	(1.8%)

## 2021 Full Year Guidance – better cash generation



- Revenues ~ 1,3 BN€
- EBITDA ~ 285-295 M€
- Net debt ~ 30 M€
- Capex ~ 95 M€

This forward-looking indication does not include new outbreaks of the Covid-19 pandemic in the coming months. The foregoing exclusively reflects the point of view of the company's management, and does not represent a guarantee, a promise, an operational suggestion or even just an investment advice.



# Industrial Plan 2021-2023 update

*Trakya plant, Turkey*



# Cementir Strategy: main priorities unchanged

- ✓ Strengthen white cement global leadership, focusing on high-added value solutions and special cements (Futurecem™)
- ✓ Improve profitability and operating efficiency
- ✓ Pursue product and geographic diversification
- ✓ Leverage on unique vertically integrated platforms in the Nordics, Belgium and Turkey

## Sustainability

- 107 M€ (10% of mkt cap) green investments over the 2021-2023 Industrial Plan
- Increased use of alternative fuels and raw materials
- Push on district heating, waste heat recovery
- Full production of Futurecem™

## Innovation

- Leverage high-added value solutions and special cements (Futurecem™)
- Develop new value-added products through InWhite Solution™ platform

## Competitiveness

- Digitalization to drive efficiencies and process improvements
- Focus on operational excellence
- Lean manufacturing, logistics and maintenance the three focus areas

## Growth and Positioning

- Strengthen white cement global leadership
- Improve local industrial and competitive footprint
- Further develop the trading business
- Seek M&A opportunities in core businesses

# Key industrial initiatives

## Nordic and Baltic

- Infrastructure and commercial projects to underpin volume growth
- Natural gas pipeline and multi-burner for white kilns in 2022

## Belgium

- Increase aggregates production capacity and improve RMC footprint

## Turkey

- Improve RMC competitive position with new plants opening
- New aggregate business in Izmir

## Malaysia

- Increase commercial presence in Australia

## China

- 10% increase in clinker production capacity

# Our Sustainability journey since 2019

2019

- New **Organizational** set-up and **Sustainability Governance** in order to move from simple mandatory reporting to voluntary disclosure on sustainability topics

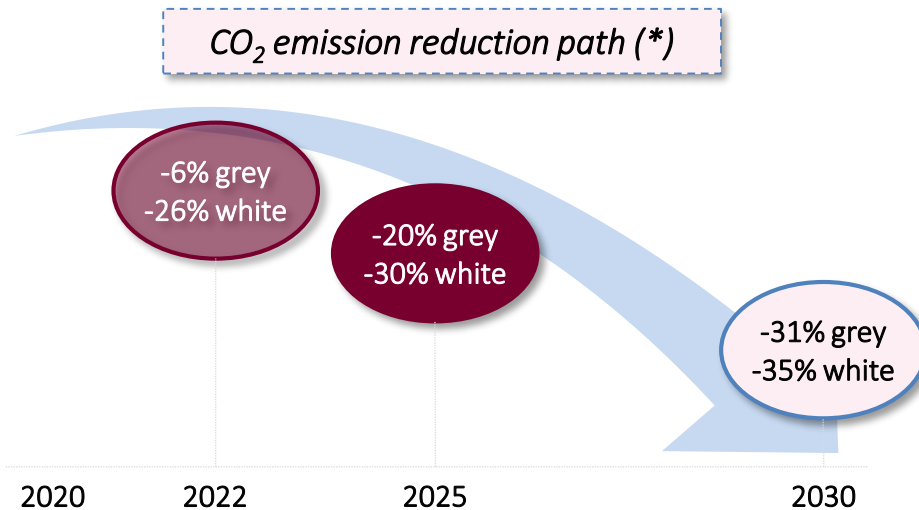
2020

- Established Sustainability Committee
- CO<sub>2</sub> emissions reduction targets to 2030, with yearly reduction targets included in Industrial Plan
- Definition of a CO<sub>2</sub> emissions reduction targets roadmap with a detailed action plan



Upgraded to “B” rating from “F” by Carbon Disclosure Project

# Target of ~30% CO<sub>2</sub> reduction by 2030



- Group roadmap and investments are defined to reach a CO<sub>2</sub> reduction target for grey cement below 500kg/t
- Taxonomy Regulation does not apply to white cement
- EU ETS IV to be released by Q2 2021

	Grey cement		White cement	
	2019	2030	2019	2030
Use of alternative fuels in %	31%	77%	4%	6%
Clinker ratio	82%	68%	84%	80%
CO <sub>2</sub> emission (kg CO <sub>2</sub> /ton cement)	696	<500	926	808

(\*) Reduction target per ton of cement vs. 1990 baseline

## Focus Areas

### Low carbon cements

- Product offering enhancement through FUTURECEM™ technology in both white and grey cement
- Leverage on cementitious materials such as GBFS, fly ash and limestone

### Process Efficiency + Alternative materials

- Heat Recovery implementation
- Increase alternative fuels over 70% (grey cement)
- Utilization of natural gas in some countries (Egypt, US)
- Specific heat consumption reduction

### Sustainability Capex

- Windmills in Denmark
- FUTURECEM™ production
- Calcination plant
- District Heating in Aalborg
- Kiln upgrade in Belgium
- Natural gas/biogas usage in Aalborg, Denmark

# Main initiatives to achieve CO<sub>2</sub> reduction targets

## Clear Roadmap Both in Grey and White Cement

Initiatives	Actions	Timeline		
		Short-term (1-3yrs)	Mid-term (4-6yrs)	Long-term (7-10yrs)
<p>✓ Over 30% CO<sub>2</sub> reduction target by 2030</p>	Specific Heat Consumption	Investments on kilns to optimize heat consumption		
	Fuel Mix / Alternative Fuel	Progressive increase of alternative fuel consumption to a 80% substitution rate across plants		
<p>✓ New organisational and sustainability governance</p>	Heat Recovery	Heat consumption optimization		
		Utilization of natural gas, biogas and biomass		
<p>✓ Significant investments included in the industrial plan</p>	Clinker Factor	Progressive increase district heating in Denmark		
		Progressive introduction of FUTURECEM™ in all plants		
		Progressive introduction of limestone in the grinding process		FUTURECEM™ in white cement

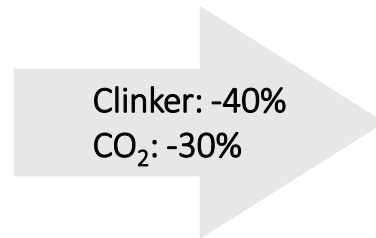
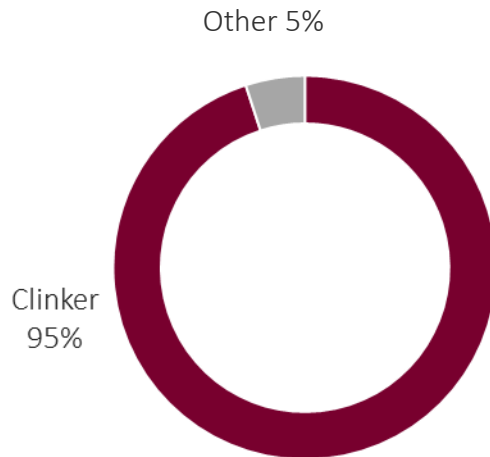
■ Grey cement   ■ White cement

# Product innovation: Futurecem™

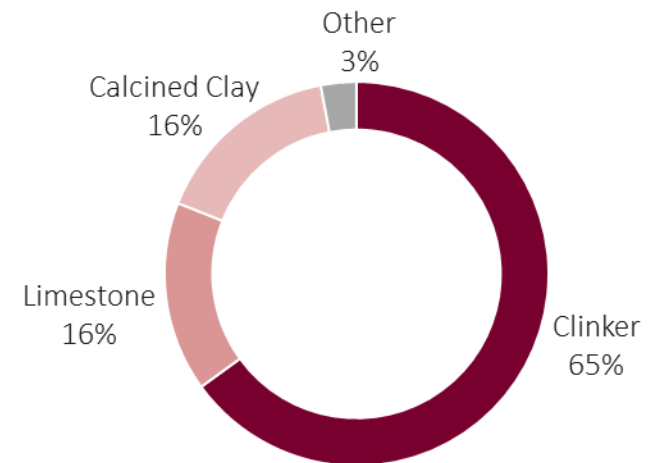
## FUTURECEM

- **Proprietary technology** patented worldwide enabling 40% clinker replacement
- Lower clinker content allows a **30% CO<sub>2</sub> reduction**
- Allows to produce a greener and more sustainable concrete
- Also used as binder in InWhite Solution™ and as mineral addition for concrete
- Commercialization started in January 2021
- Fully acknowledged as solution for clinker ratio reduction in the roadmap for “Low Carbon transition in the cement industry” International Energy Agency - 2018

### Ordinary Portland Cement



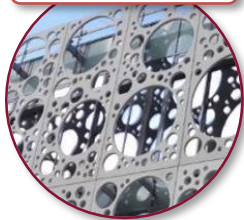
### FUTURECEM



# Product innovation: high-value solutions



A platform to develop value added products



- **High-performance premix** for thin concrete product production
- High aesthetic, mechanical and durability performance – wet-cast casting method – semi-structural or structural



- **High-performance ready-to-use mortar** for sophisticated aesthetics
- Used for glass fibre concrete or glass reinforced concrete (GRC)
- Primary focus is surface detail and finishing

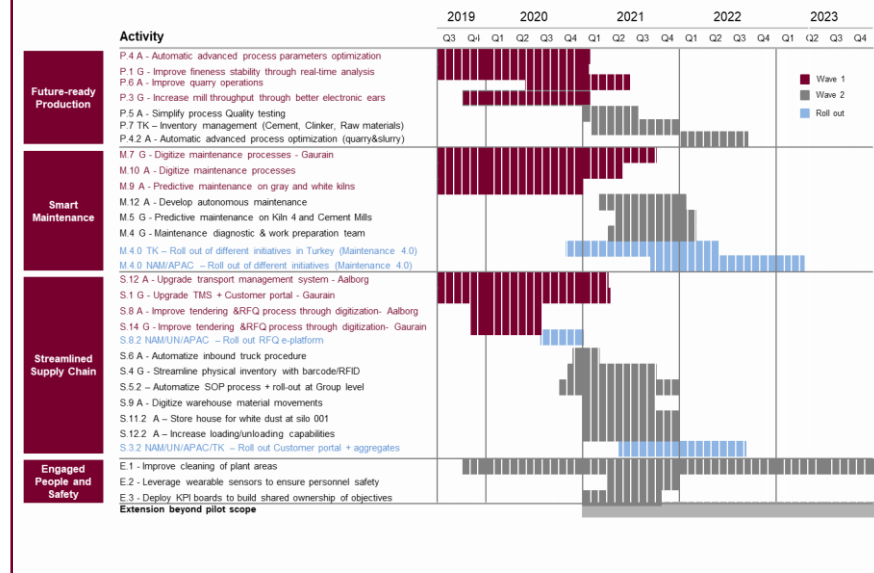


- **Ready-to-use mortar** obtained by combining FUTURECEM™ and white cement
- (+) performance (-) CO<sub>2</sub> emissions
- Solution for **3D printing**

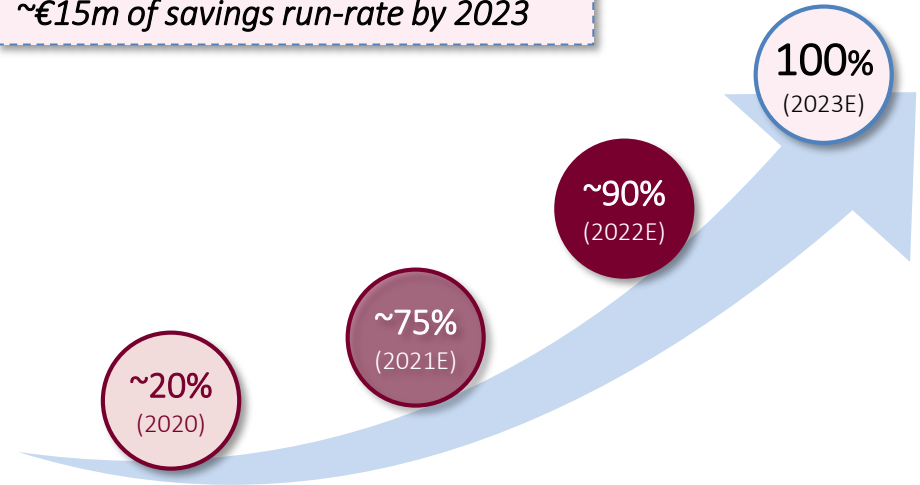
# Digitalization is another driver of our results

## Detailed timeline with clear targets

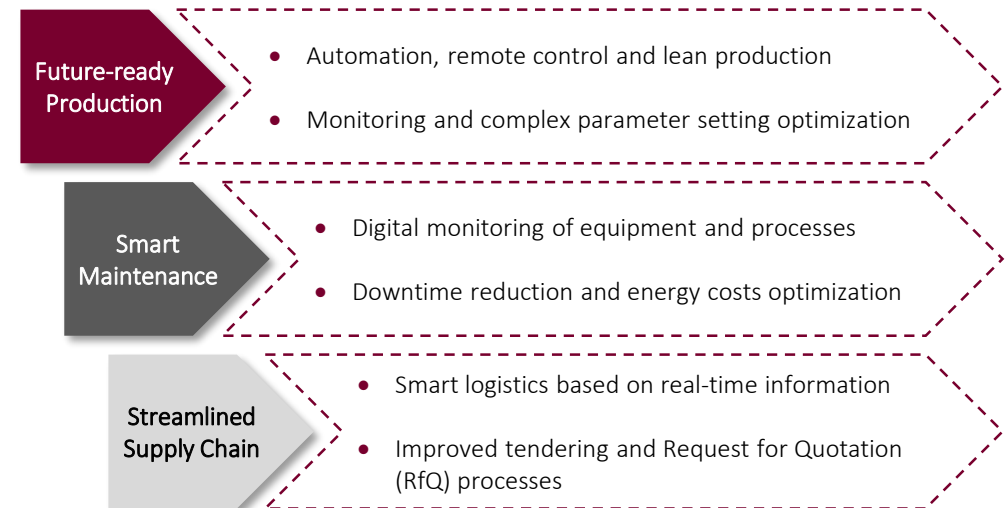
- **Specific initiatives** identified across all areas including production, maintenance and logistics
- **Implementation under way** at pilot plants in Belgium and Denmark. **Positive impact already from 2020**
- **Potential upside for project extension** to other plants (2021+)



~€15m of savings run-rate by 2023



## Focus Areas

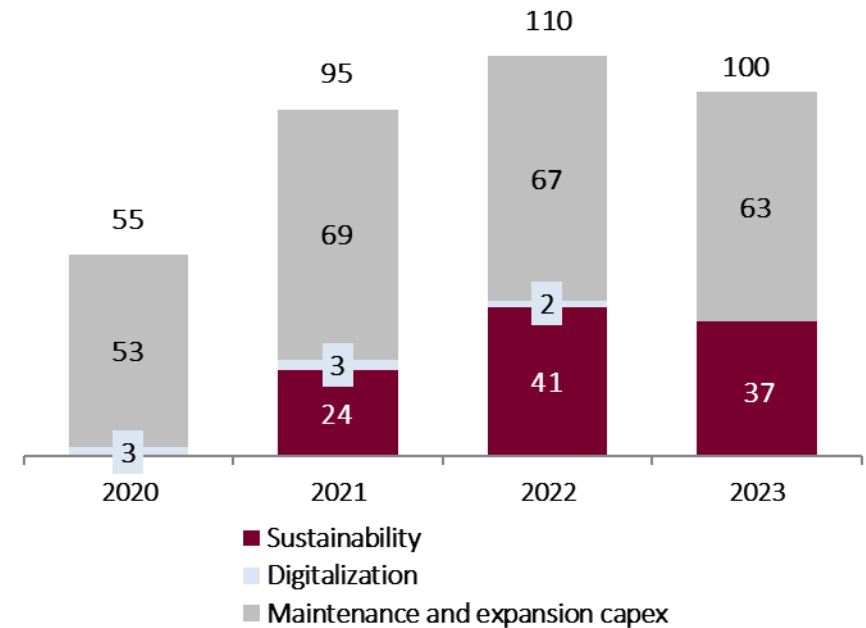




# 2021-23 Investment plan highlights

- Green investments of **107 M€** to yield **~30 M€** annual cost savings from 2023
- Improve profitability and operational efficiency with product innovation, digitalisation of industrial processes
- Main initiatives:
  - Kiln upgrade in Gaurain (BE)
  - District Heating in Aalborg (DK)
  - FUTURECEM™ for calcining plant and grinding
  - Windmills in Denmark (8.4 MW of installed capacity)
  - Natural gas line in Aalborg

**107 M of green investments**  
cumulative Capex over 2021-2023



# Financial targets for 2023

EUR million	2020	2023	
Sales	1,225	~ 1,470	<ul style="list-style-type: none"> <li>➤ 4% CAGR in volumes of grey and white cement in all main geographical areas; prices in line with relevant markets and price increase in Turkey</li> <li>➤ 12% aggregates volumes<sup>(1)</sup> CAGR in 2020-23; 6% CAGR in RMC</li> </ul>
EBITDA	264	~ 340	<ul style="list-style-type: none"> <li>➤ Fuels and electricity increase ahead of inflation in constant currency</li> <li>➤ 30 M€ contribution from green investments</li> <li>➤ Progressive business turnaround in Turkey</li> <li>➤ Free CO<sub>2</sub> allowances until the end of 2021. Around 600,000 tons CO<sub>2</sub> yearly emissions, to be purchased at around €30/t, fully covered by price increases</li> </ul>
EBITDA Margin	21.5%	23%	<ul style="list-style-type: none"> <li>➤ Efficiency increase thanks to digitalization, sustainability Capex and cost control</li> </ul>
Avg. Yearly Capex	55	66	<ul style="list-style-type: none"> <li>➤ Optimization of investments on plant efficiency, Repair &amp; Maintenance, Environmental and Safety</li> <li>➤ Capex/Sales ratio between 4-6%</li> </ul>
3 years cumulative Green Capex	2.5	107	<ul style="list-style-type: none"> <li>➤ Cumulative Green investment (Sustainability and digitalization): district heating, heat recovery, alternative fuels, FUTURECEM™</li> </ul>
Net (Debt)/Cash	-122	~ 250 Net Cash	<ul style="list-style-type: none"> <li>➤ Cumulative ~ 370M€ Free cash flow generation, thanks also to strict working capital controls</li> </ul>

(1) Aggregate volumes include the new aggregate business in Turkey worth ~ 3.6 Mt per annum

# Comparison with previous Industrial Plan

Acceleration in Sales and EBITDA growth vs previous plan driven by self help and green investments

## 2021-2023 Industrial Plan update

EUR million	2020	Target 2023	CAGR 2020-2023
Sales	1,225	~ 1,470	6.3%
EBITDA	264	340	8.8%
EBITDA margin (%)	21.5%	23%	
Avg. Yearly Capex	55	66	
3 years cumulative Green Capex		107	
Net financial (debt) cash	-122.2	Net cash ~250	

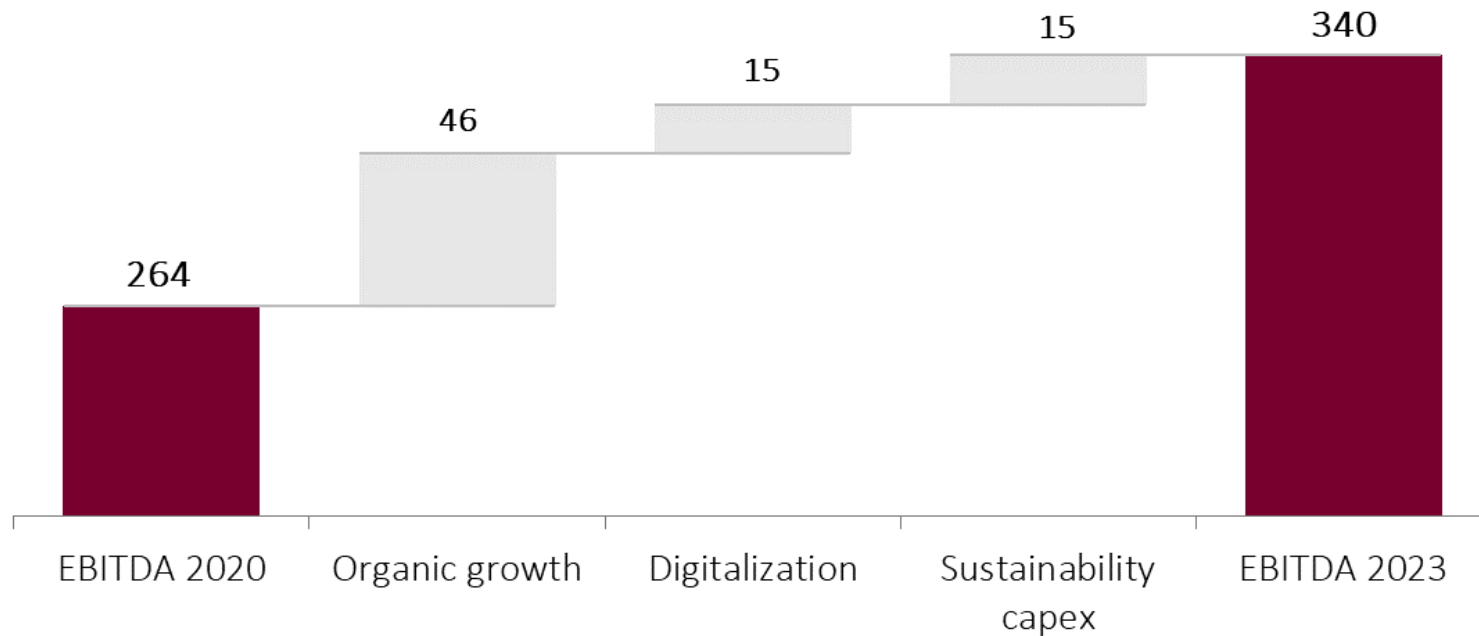
## 2020-2022 Industrial Plan

Released on 13 Nov. 2019

	2019	Target 2022	CAGR 2019-2022
Sales	1,212	1,300-1,350	3.0%
EBITDA	264	> 300	4.4%
EBITDA margin (%)	21.8%	23%	
Avg. Yearly Capex	64	70	
3 years cumulative Green Capex	-	100	
Net financial (debt) cash	-240	Net cash	

# Growth drivers of EBITDA vs. 2020

- ✓ Strong contribution expected from Turkey where trading outlook is brightening
- ✓ Positive trend in volumes, prices and cost containment underpin 8.8% EBITDA CAGR
- ✓ € 30m contribution from sustainability and digitalization from 2023



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## 2021 Financial Calendar:

9 March Full year 2020 Results

21 April AGM

13 May First Quarter Results

28 July First Half Results

11 November Nine Months Results

## Stock listing information:

Milan Stock Exchange

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Ticker: CEM.IM (Bloomberg)

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