



Kepler Cheuvreux Roadshow
Industrial Plan 2021 – 2023 update and preliminary 2020 results
February 9th, 2021

Naturalis Biodiversity Center, Leiden, The Netherlands (Architect: Neutelings Riedijk Architects - Photo: Scagliola Brakkee)

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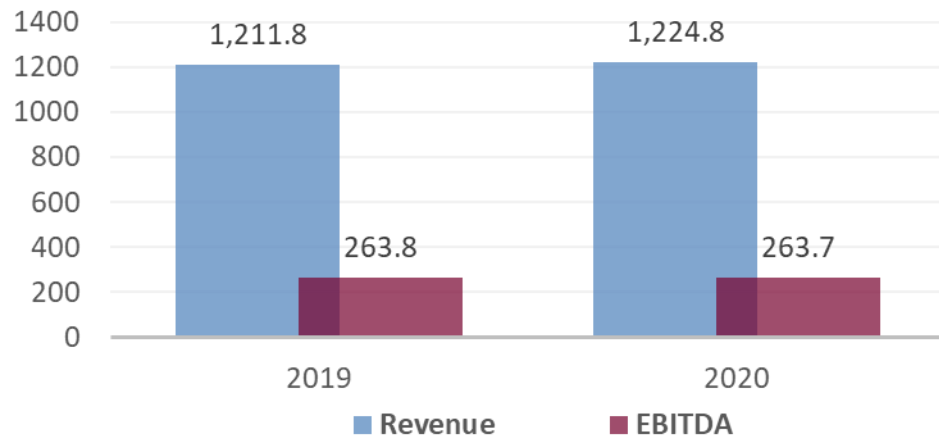


Preliminary 2020 Results and 2021 Guidance

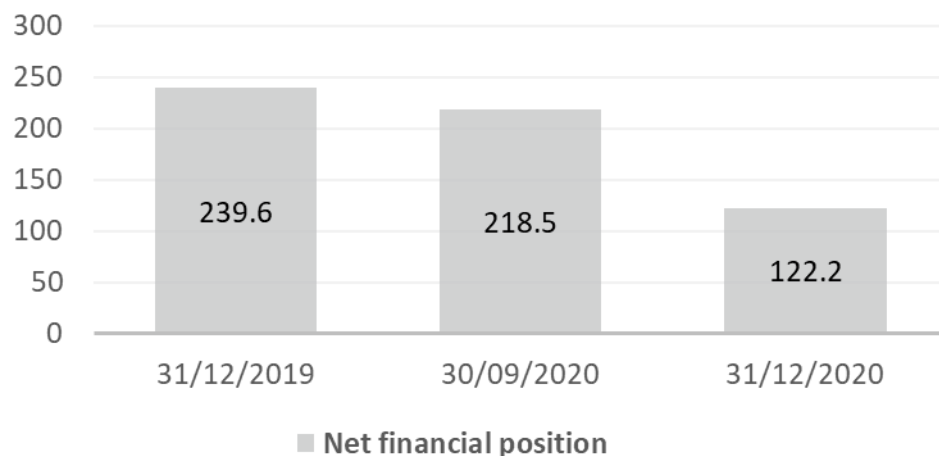
Aalborg plant, Denmark

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

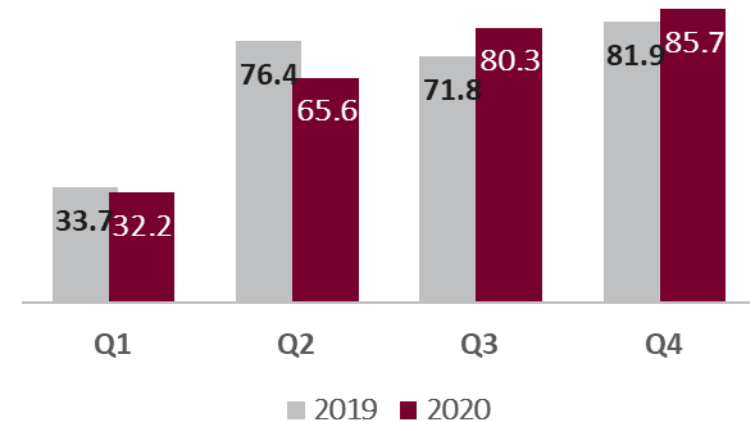
- ✓ Priority to health and safety (social distancing, turnover, smart working)
- ✓ Focus on **cash preservation**, particularly on:
 - Trade Receivables
 - Inventory levels
 - Cash collection flows
 - Available Cash
 - Sales volumes and customer orders
- ✓ Extraordinary cost containment and Capex deferral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

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

Quarterly EBITDA ⁽¹⁾

2020 VS. 2019

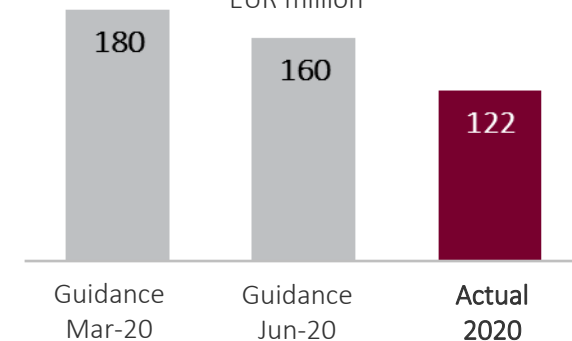
EUR million



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

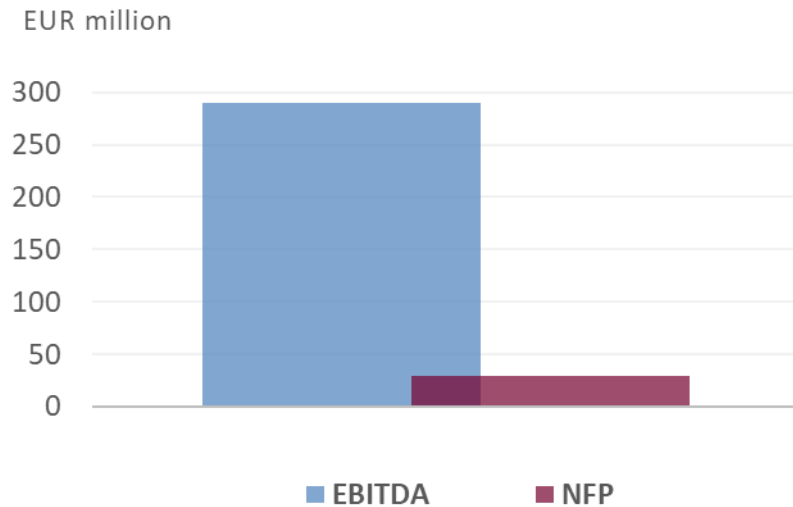
Resilient business model in a difficult macro context, with recurring EBITDA up 2.2%

(EUR million)	2020	2019	Change %
REVENUE FROM SALES AND SERVICES	1,224.8	1,211.8	1.1%
EBITDA	263.7	263.8	(0.0%)
<i>EBITDA Margin %</i>	21.5%	21.8%	
EBIT	157.2	151.7	3.6%
<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 ³)	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

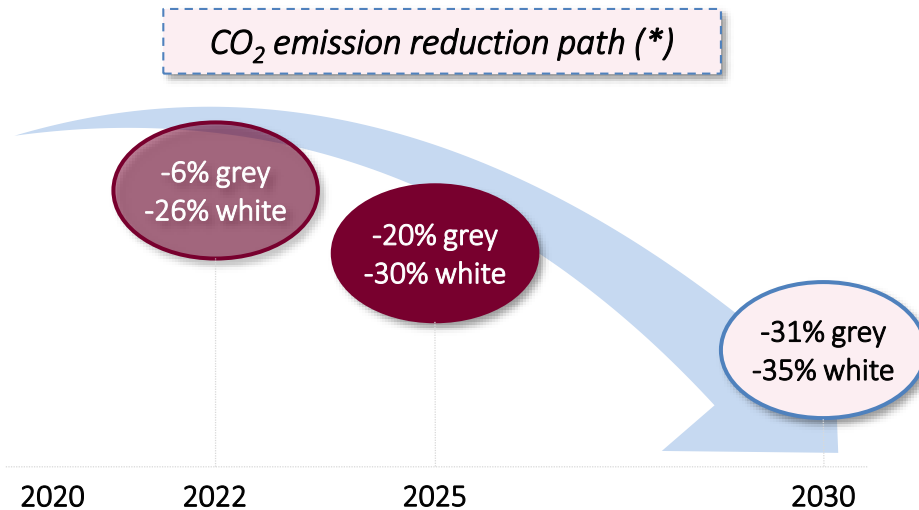
2020

- Established Sustainability Committee
- CO₂ emissions reduction targets to 2030, with yearly reduction targets included in Industrial Plan
- Definition of a CO₂ emissions reduction targets roadmap with a detailed action plan



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

Target of ~30% CO₂ reduction by 2030



- Group roadmap and investments are defined to reach a CO₂ 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 ₂ emission (kg CO ₂ /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

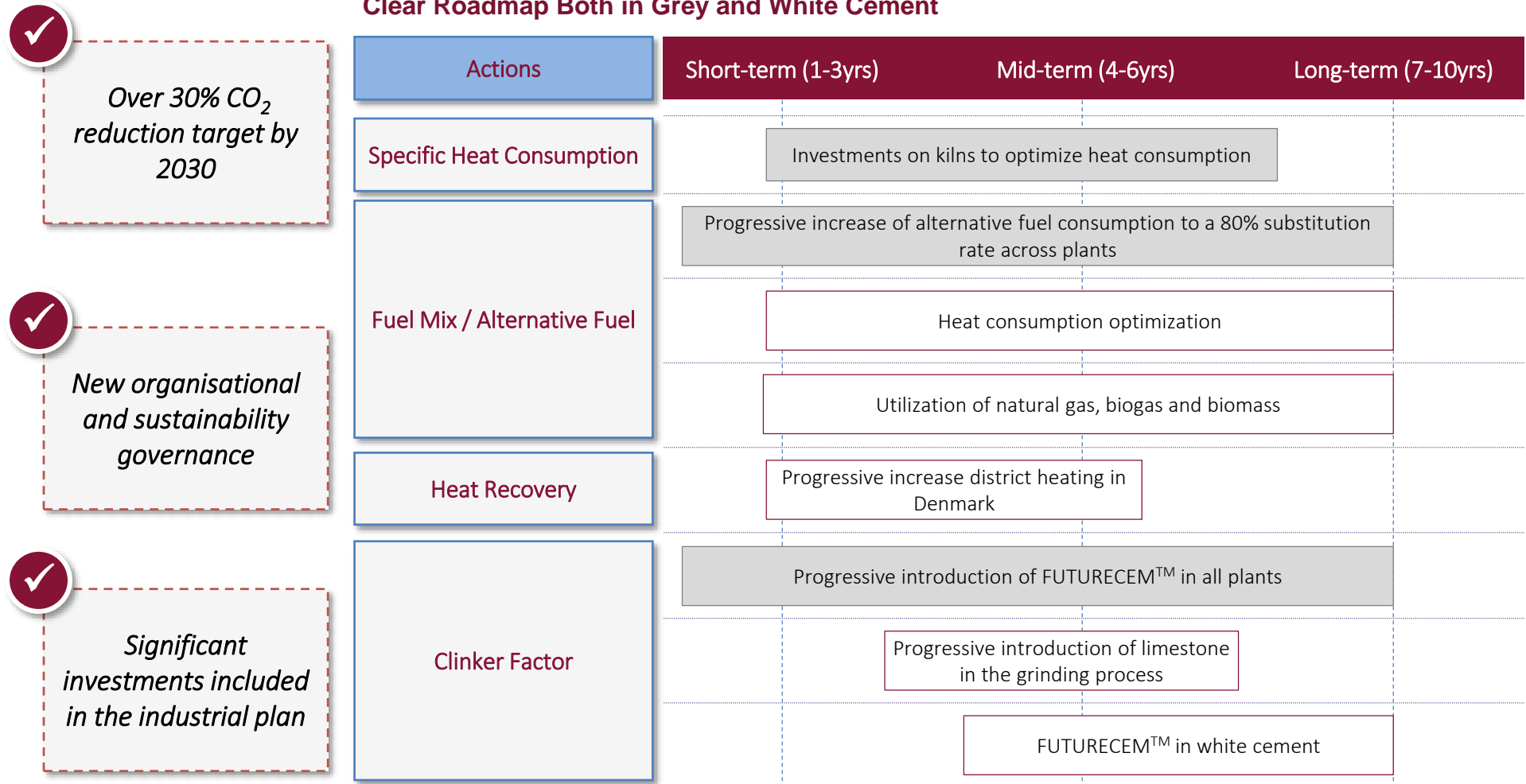
- Heat Recovery implementation
- Increase alternative fuels over 70% (grey cement)
- Utilization of natural gas in some countries (Egypt, US)
- Specific heat consumption reduction

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 CO₂ reduction targets

Clear Roadmap Both in Grey and White Cement



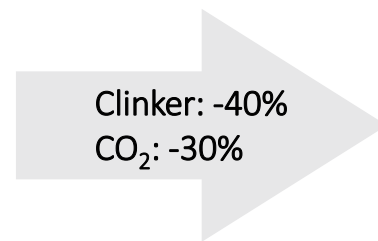
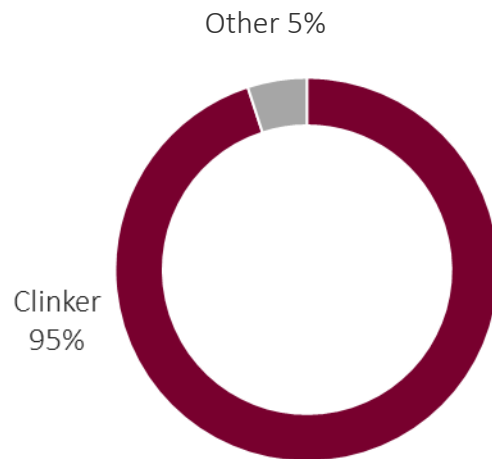
■ Grey cement ■ White cement

Product innovation: Futurecem™

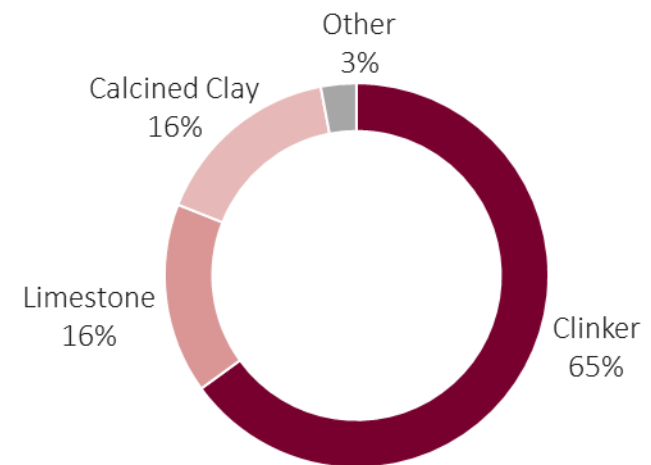
FUTURECEM

- **Proprietary technology** patented worldwide enabling 40% clinker replacement
- Lower clinker content allows a **30% CO₂ 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

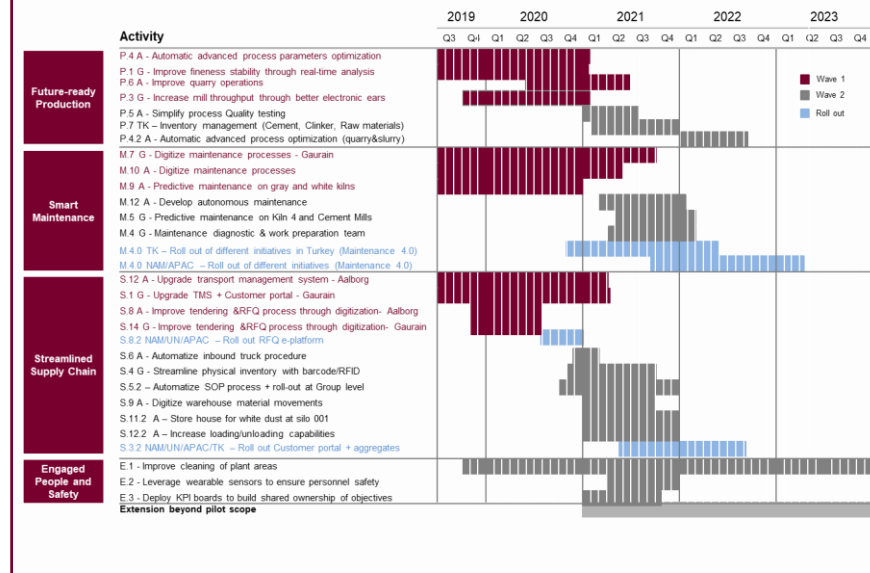


- **Ready-to-use mortar** obtained by combining FUTURECEM™ and white cement
- (+) performance (-) CO₂ emissions
- Solution for **3D printing**

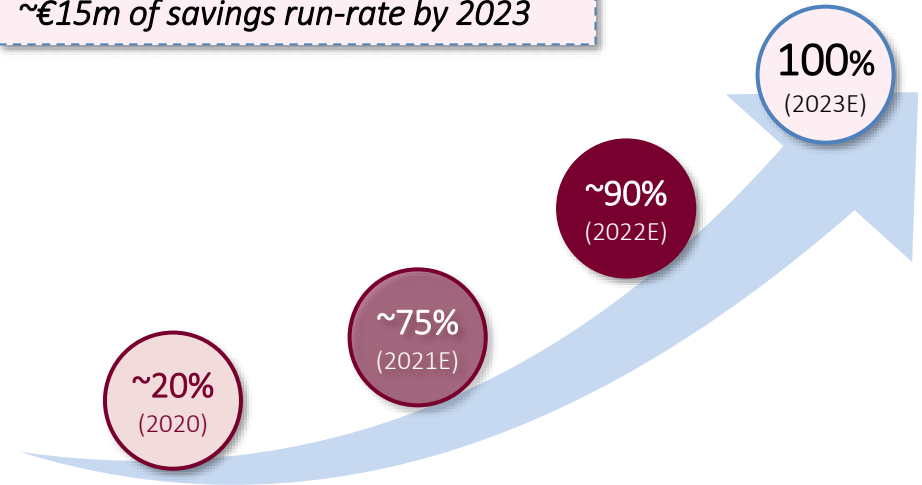
Digitalization is another driver of our results

Detailed timeline with clear targets

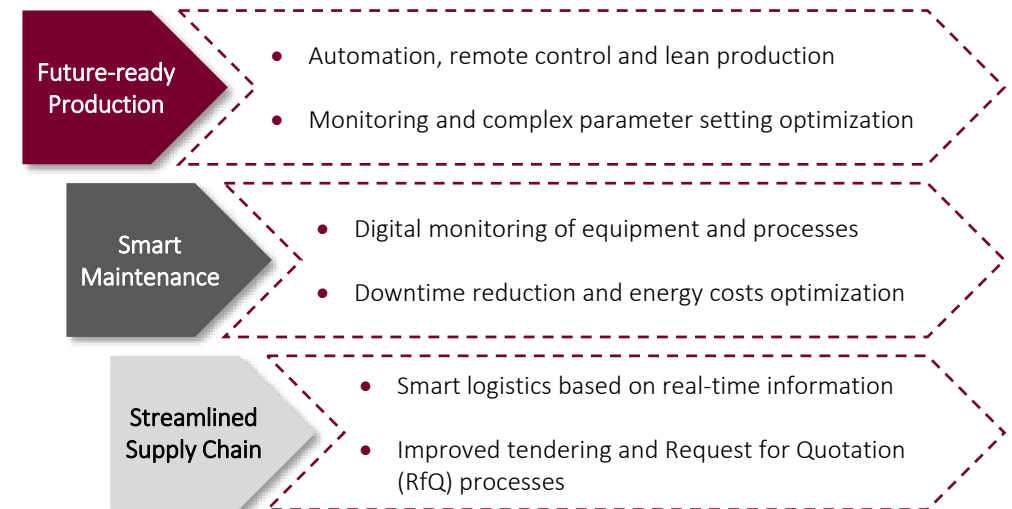
- **Specific initiatives** identified across all areas including production, maintenance and logistics
- **Implementation under way** at pilot plants in Belgium and Denmark. **Positive impact already from 2020**
- **Potential upside for project extension** to other plants (2021+)



~€15m of savings run-rate by 2023



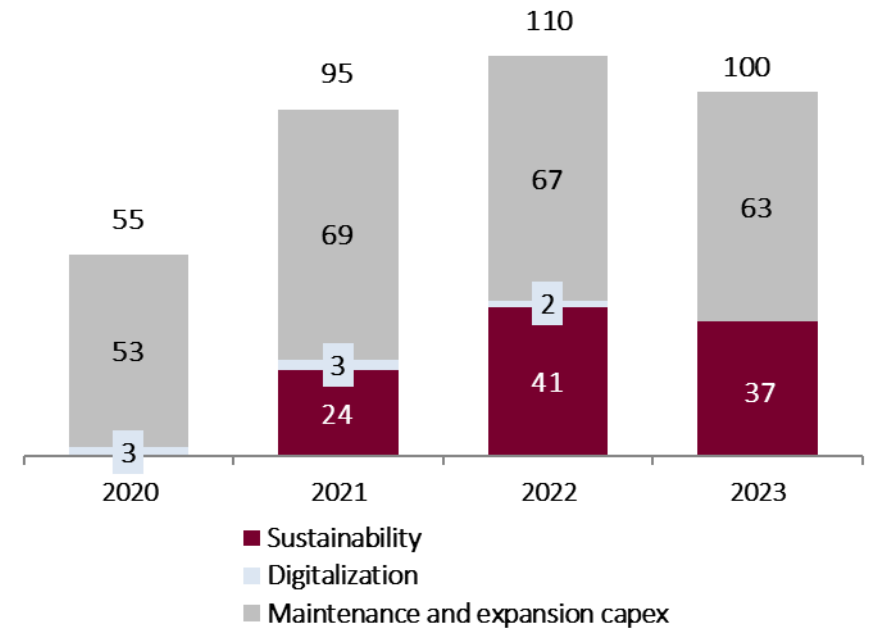
Focus Areas



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"> ➤ 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 ➤ 12% aggregates volumes⁽¹⁾ CAGR in 2020-23; 6% CAGR in RMC
EBITDA	264	~ 340	<ul style="list-style-type: none"> ➤ Fuels and electricity increase ahead of inflation in constant currency ➤ 30 M€ contribution from green investments ➤ Progressive business turnaround in Turkey ➤ Free CO₂ allowances until the end of 2021. Around 600,000 tons CO₂ yearly emissions, to be purchased at around €30/t, fully covered by price increases
EBITDA Margin	21.5%	23%	<ul style="list-style-type: none"> ➤ Efficiency increase thanks to digitalization, sustainability Capex and cost control
Avg. Yearly Capex	55	66	<ul style="list-style-type: none"> ➤ Optimization of investments on plant efficiency, Repair & Maintenance, Environmental and Safety ➤ Capex/Sales ratio between 4-6%
3 years cumulative Green Capex	2.5	107	<ul style="list-style-type: none"> ➤ Cumulative Green investment (Sustainability and digitalization): district heating, heat recovery, alternative fuels, FUTURECEM™
Net (Debt)/Cash	-122	~ 250 Net Cash	<ul style="list-style-type: none"> ➤ Cumulative ~ 370M€ Free cash flow generation, thanks also to strict working capital controls

(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	

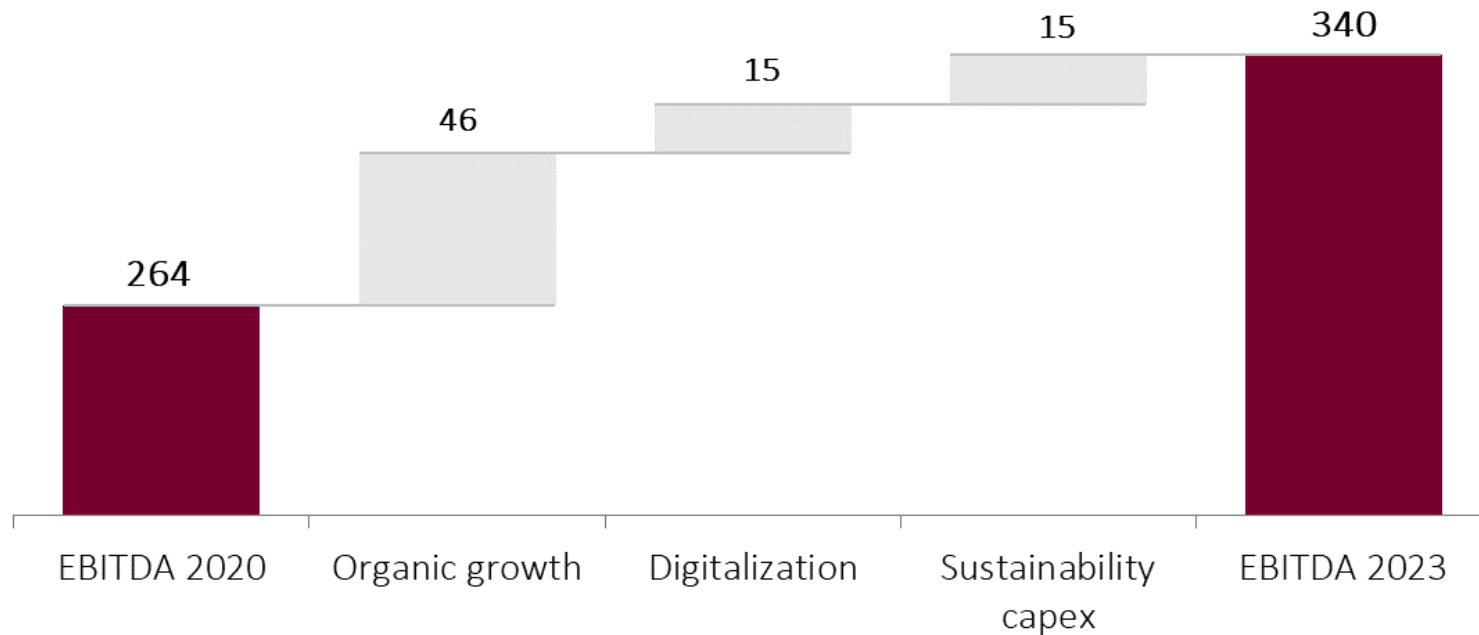
2020-2022 Industrial Plan

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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Investor Relations:

Phone +39 06 32493305

Email invrel@cementirholding.it

Web Address:

www.cementirholding.com

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

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Registered Office:

Zuidplein 36

1077 XV – Amsterdam, The Netherlands