

# Buzzi Unicem Group and Cementos Moctezuma

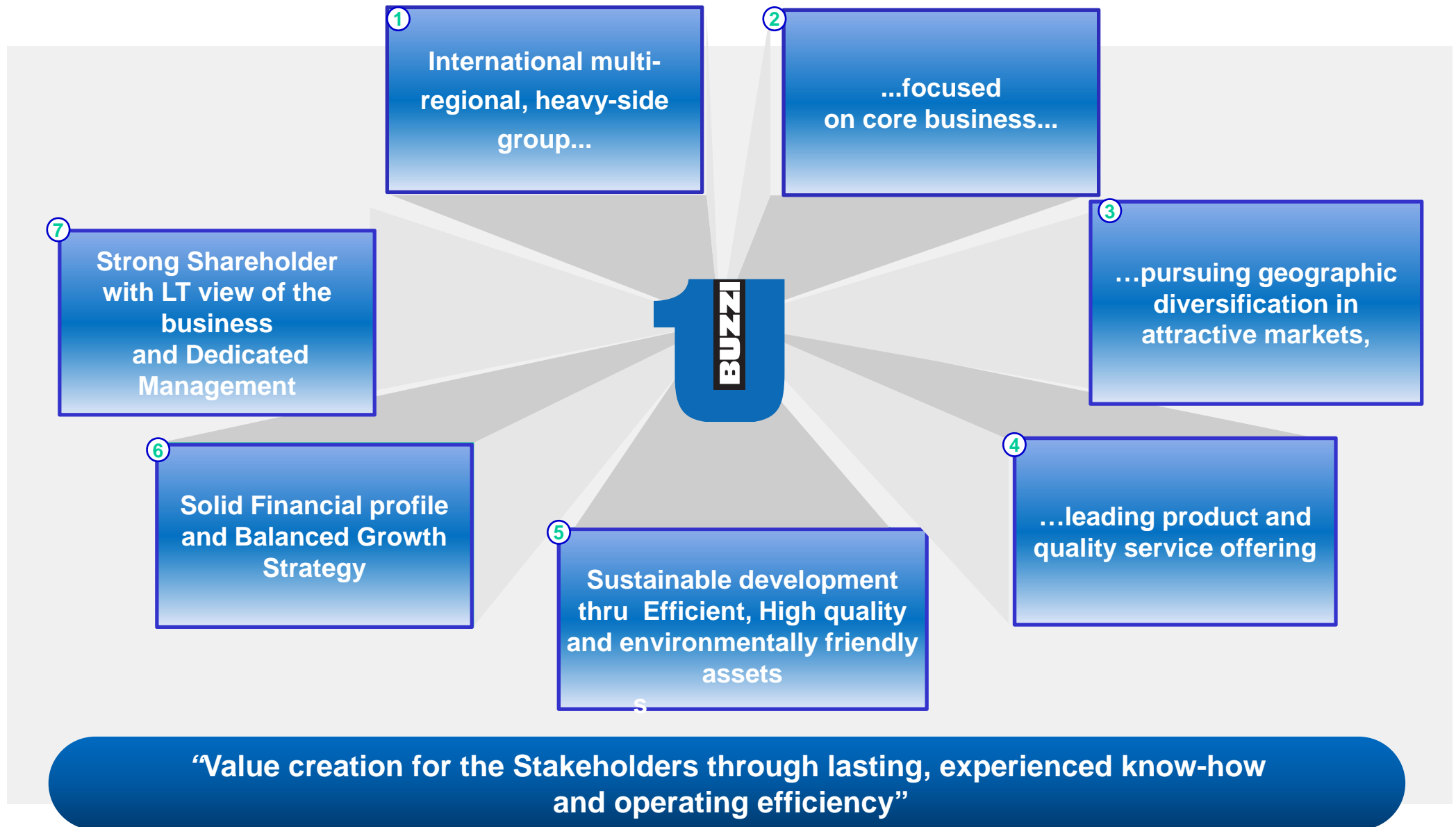
## Brief Presentation

Torino  
May 30, 2013

# Index

- **Buzzi Unicem Group at a Glance: our Vision**
- **Financial highlights, Size and internationalisation**
- **History and milestones**
- **Focus on Mexico**

## Buzzi Unicem at a Glance.....our Vision

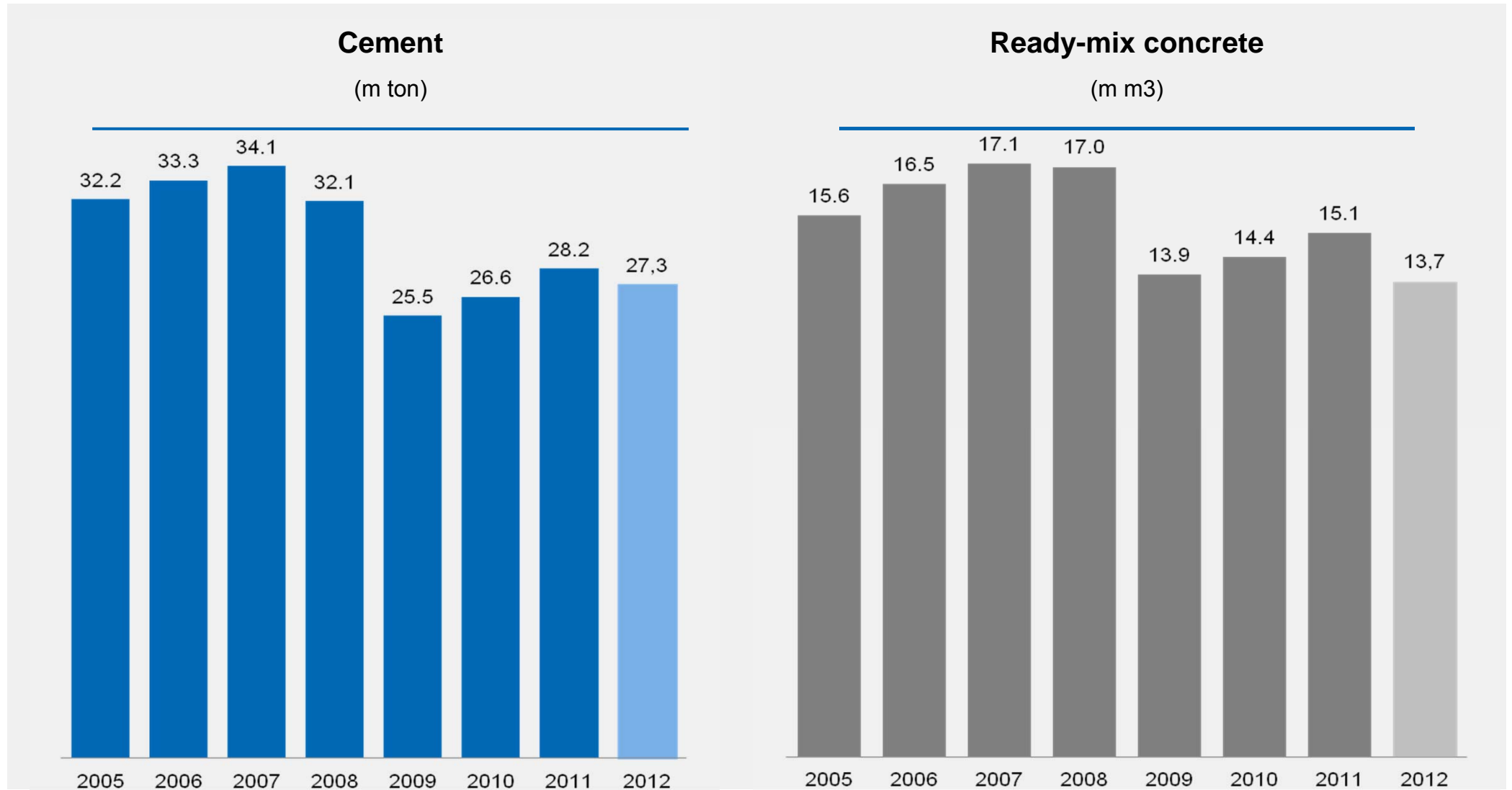


# Index

- **Buzzi Unicem Group at a Glance: our Vision**
- **Financial highlights, Size and internationalisation**
- **History and milestones**
- **Focus on Mexico**



## Volumes increasing again since 2009 trough

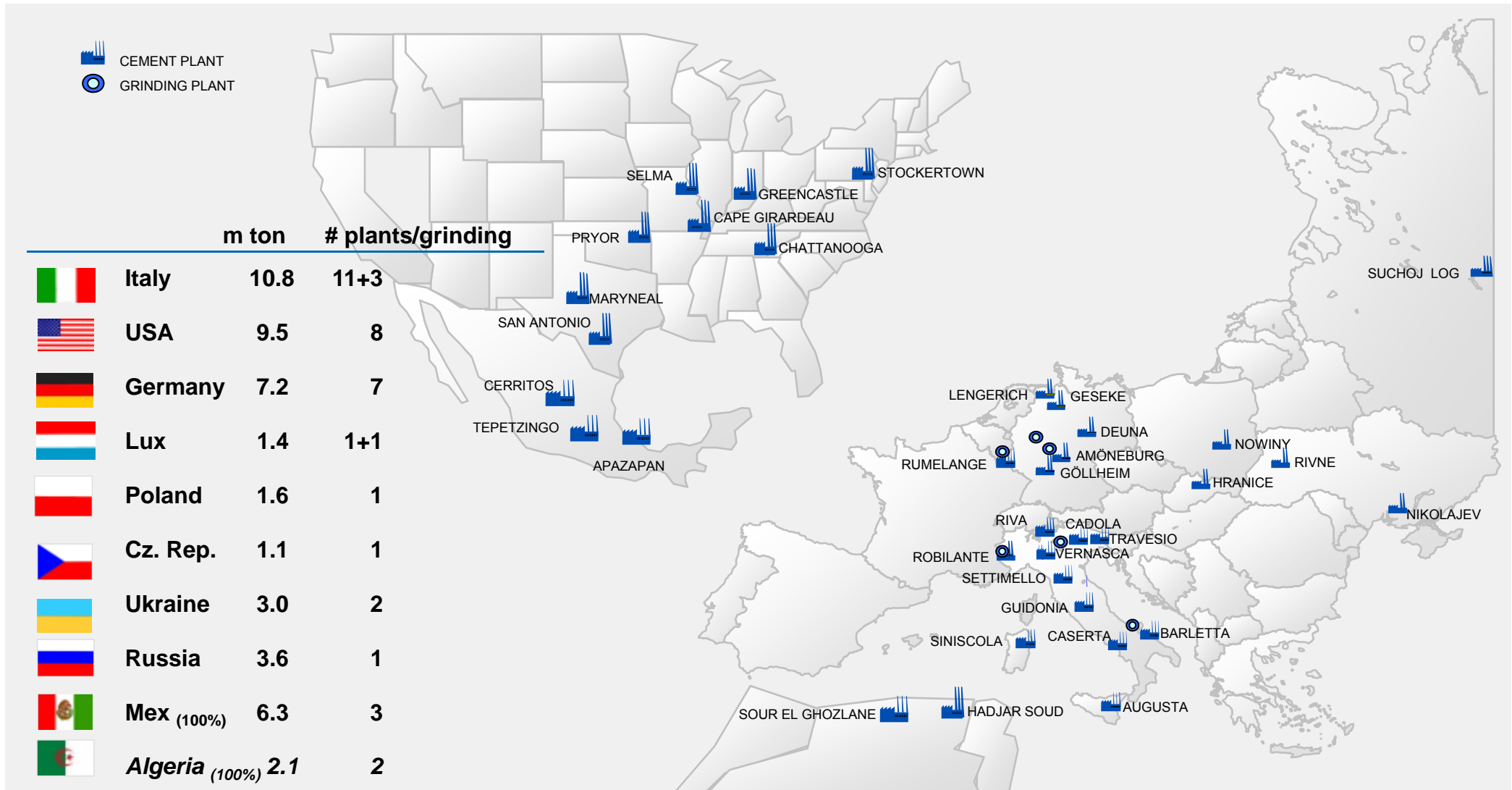


# Consolidated Income Statement

EURm	2012	2011	Δ abs	Δ %
<b>Net Sales</b>	<b>2,813.4</b>	<b>2,787.4</b>	<b>26.1</b>	<b>+0.9</b>
of which, Mexico (50%)	<b>269.2</b>	<b>237.9</b>	<b>31.2</b>	<b>+13.1</b>
<b>Operating cash flow (EBITDA)</b>	<b>455.1</b>	<b>434.3</b>	<b>20.8</b>	<b>+4.8</b>
of which, non recurring	7.8	7.1		
% of sales (recurring)	15.9%	15.3%		
of which Mexico	<b>97.5</b>	<b>82.6</b>	<b>14.9</b>	<b>+18.0</b>
<b>Operating profit (EBIT)</b>	<b>197.0</b>	<b>190.8</b>	<b>6.3</b>	<b>+3.3</b>
% of sales	7.0%	6.8%		
<b>Net profit</b>	<b>2.0</b>	<b>54.8</b>	<b>(52.9)</b>	<b>-96.4</b>
Minorities	(30.3)	(27.8)	(2.5)	
<b>Consolidated net profit</b>	<b>(28.3)</b>	<b>27.1</b>	<b>(55.4)</b>	<b>&gt;100</b>
<b>Net financial position (e.o.p)</b>	<b>(1,124,9)</b>	<b>(1,143,1)</b>	<b>18,1</b>	

(1) Net Profit + amortization & depreciation

# Size and internationalization.....Locations and capacity



# Index

- **Buzzi Unicem Group at a Glance: our Vision**
- **Financial highlights, Size and internationalisation**
- **History and milestones**
- **Focus on Mexico**

# Company History and Milestones

1907

1970-79

1980-89

1990-99

2000-04

2005- 13



**Established 1907**  
**Leading Italian regional operator**

- 1965: Enters ready-mix market in Italy
- 1979: Enters US market
- **1982: Enters Mexican market**
- 1997: Acquisition of 21% of Unicem, followed by tender offer (**1998**)



**Established 1872**  
**No. 2 Italian cement producer**

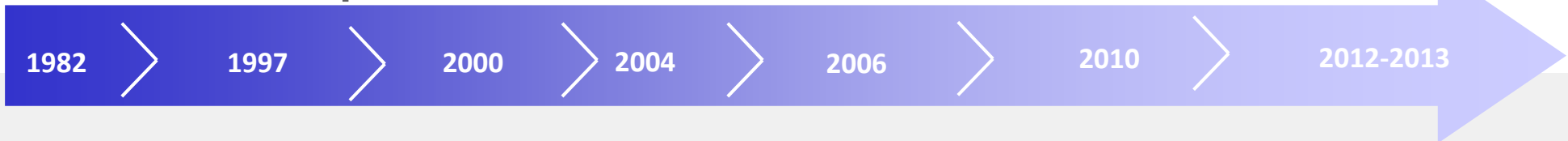
- 1973: Listing on Italian Stock Exchange
- 1979: Enters US market
- 1987: Enters ready-mix market in Italy



**Buzzi Unicem**

- 1999: Buzzi - Unicem merger; listing on Italian Stock Exchange
- 2001: Establishment of Dyckerhoff (DY) alliance
- 2004: First time consolidation of DY (#2 German player)
- 2007: Company 100° anniversary
- **2011: Completion** of expansion projects in **Mexico**, Russia and Ukraine
- 2013: Announced squeeze out on DY's minorities

## Mexican development



- **1982:** Buzzi Group acquires an equity interest in Corporacion Moctezuma, with HQ in MexicoCity, which produces 200,000t of cement in Cuernavaca (100km south of MexicoCity).
- **1997:** the new cement plant at Tepetzingo (Cuernavaca, Morelos State) comes into stream, with 1.3 mt production capacity .
- **2000:** the plant is doubled and the production capacity increases to 2.5 mt.
- **2004:** a 2nd plant at Cerritos (San Luis Potosi State) is inaugurated, featuring a production line of 1.3 mt capacity.
- **2006:** Cerritos plant is doubled and production capacity at Cerritos reaches 2.6 mt.
- **2010:** the 3rd plant, at Apazapan, (Veracruz State) is inaugurated, featuring a 1.3 mt capacity.
- **Today:** BU Group, jointly with the Spanish partner Cementos Molins, holds 66% of the share capital of Corp.Moc. (listed on MexicoCity Stock Exchange)
- From 1986 to date production capacity has increased from 200,000 t to 6.4 mt, with the share in the Mexican cement market going up from 1% to c.14%.
- Besides cement , the company produces rmx concrete which distributes all over the country by means of 50 batching plants and 400 truck mixers.
- In **2012** the company reported a turnover of 9,100 m MXN (c.540 m EUR) with an Ebitda to sales margin of 36% and a headcount of 1,200 people.

# Index

- **Buzzi Unicem Group at a Glance: our Vision**
- **Financial highlights, Size and internationalisation**
- **History and milestones**
- **Focus on Mexico**



# Corporacion Moctezuma

## History and Perspective

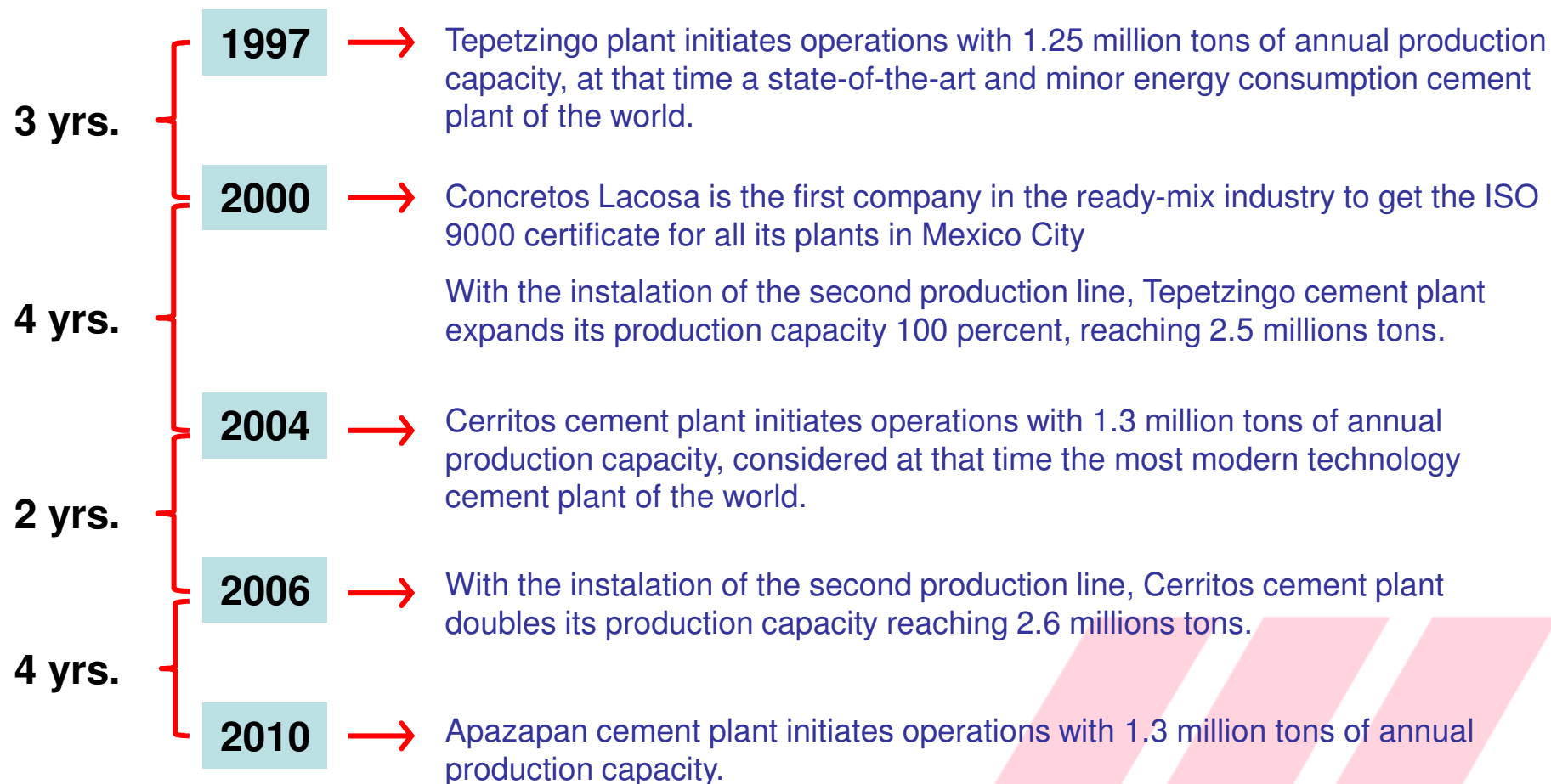
*December 2012*





# 1997 - 2010

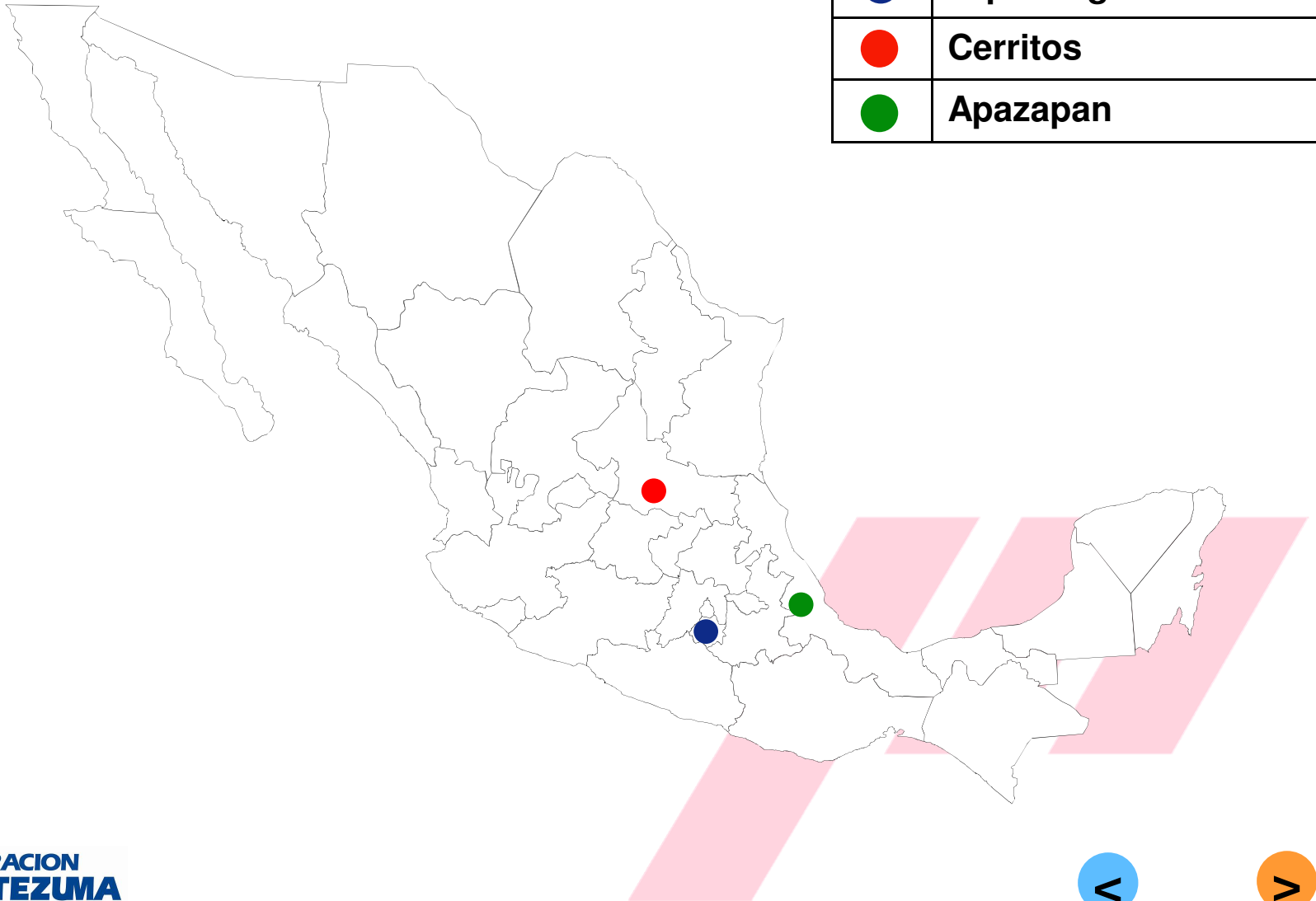
## Our History



2013 total annual production capacity = 6.4 Million tons

# Moctezuma Cement Plants Location

●	Tepetzingo
●	Cerritos
●	Apazapan



# Cementos Moctezuma Plants

## Tepetzingo, Morelos



**Began operations:**

1997

**Installed production capacity:**

2.5 million tons

**Raw materials reserves:**

More than 100 years

**Total land extention:**

300 has.

**Products:**

Cement

CPC 30R RS

CPC 40 RS

CPO 40 RS

Mortar



# Cementos Moctezuma Plants

## Tepetzingo, Morelos





# Cementos Moctezuma Plants

## Tepetzingo, Morelos



# Cementos Moctezuma Plants

## Cerritos, San Luis Potosí



**Began operations:**

2004

**Installed production capacity:**

2.6 million tons

**Raw materials reserves:**

40 years

**Total land extention:**

100 has

**Products:**

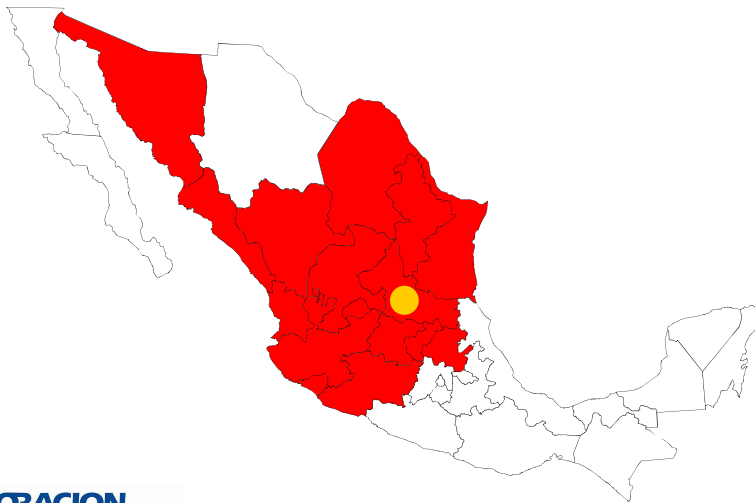
Cement

CPC 30R

CPC 40

CPO 40

Mortar





# Cementos Moctezuma Plants

## Cerritos, San Luis Potosí



# Cementos Moctezuma Plants

## Cerritos, San Luis Potosí





# Cementos Moctezuma Plants

## Apazapan, Veracruz



**Began operations:**

2011

**Installed production capacity:**

1.3 million tons

**Raw materials reserves:**

45 years

**Total land extention:**

140 has

**Products:**

Cement

CPC 30R

CPC 40

Mortar



# Cementos Moctezuma Plants

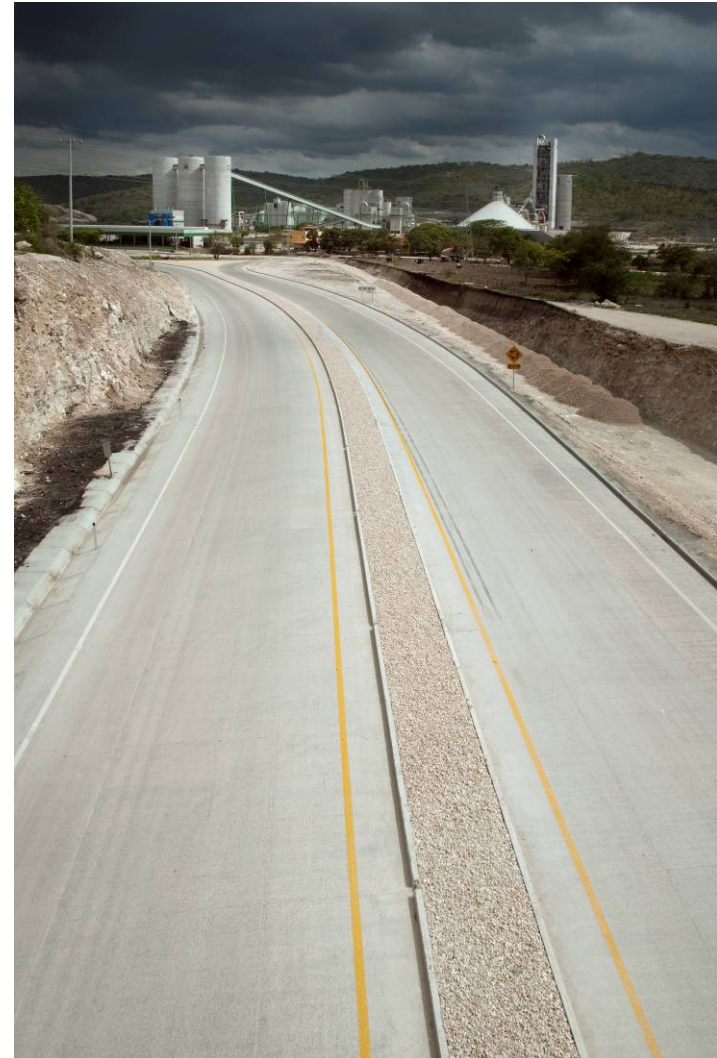
## Apazapan, Veracruz





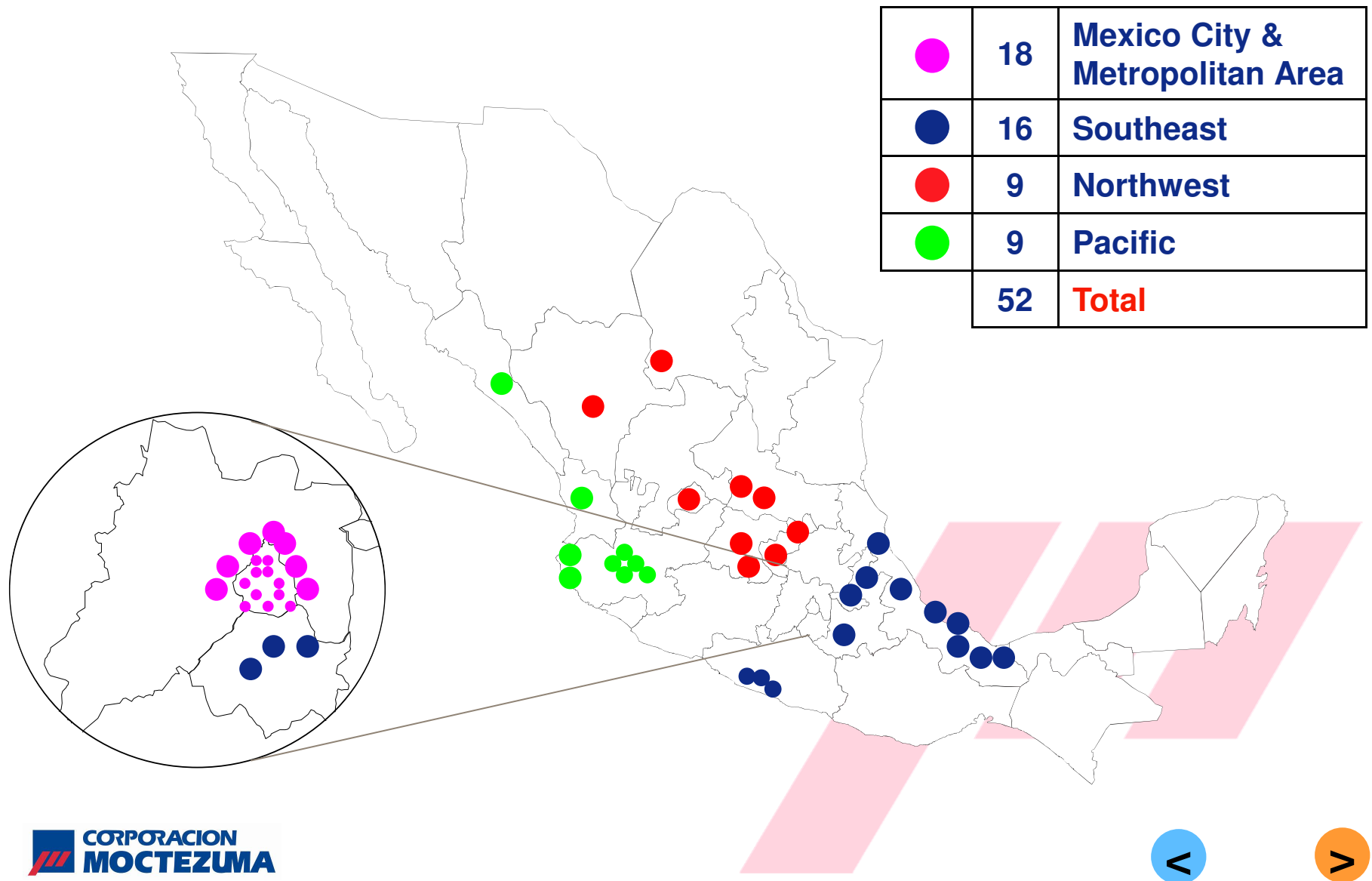
# Cementos Moctezuma Plants

## Apazapan, Veracruz



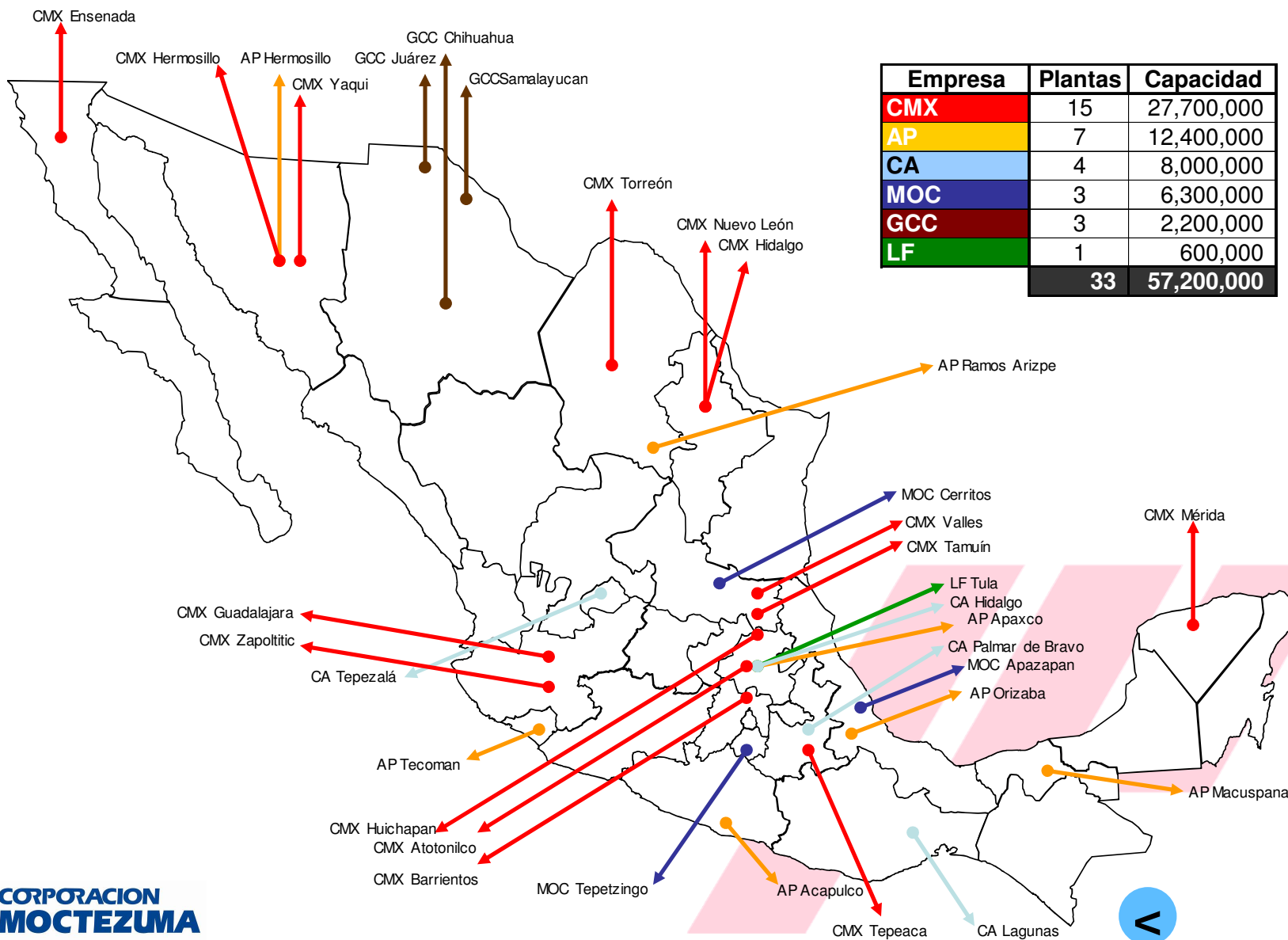
# Concretos Moctezuma

## Ready-Mix Plants Location



# Mexico Cement Production

## Total Installed Capacity



# Mexico

## Political and Economic Outlook

- Mexico's economy highly depends on US economy, therefore as US slows, Mexico face more challenges to reach a economic stability
- International Monetary Fund forecast the world economy to grow about a 3.0 % in 2013 and 4.0% in 2014. Mexico is expected to grow about a 3.4% in both years with domestic demand underpinned by sustained business and consumer confidence and resilient exports.

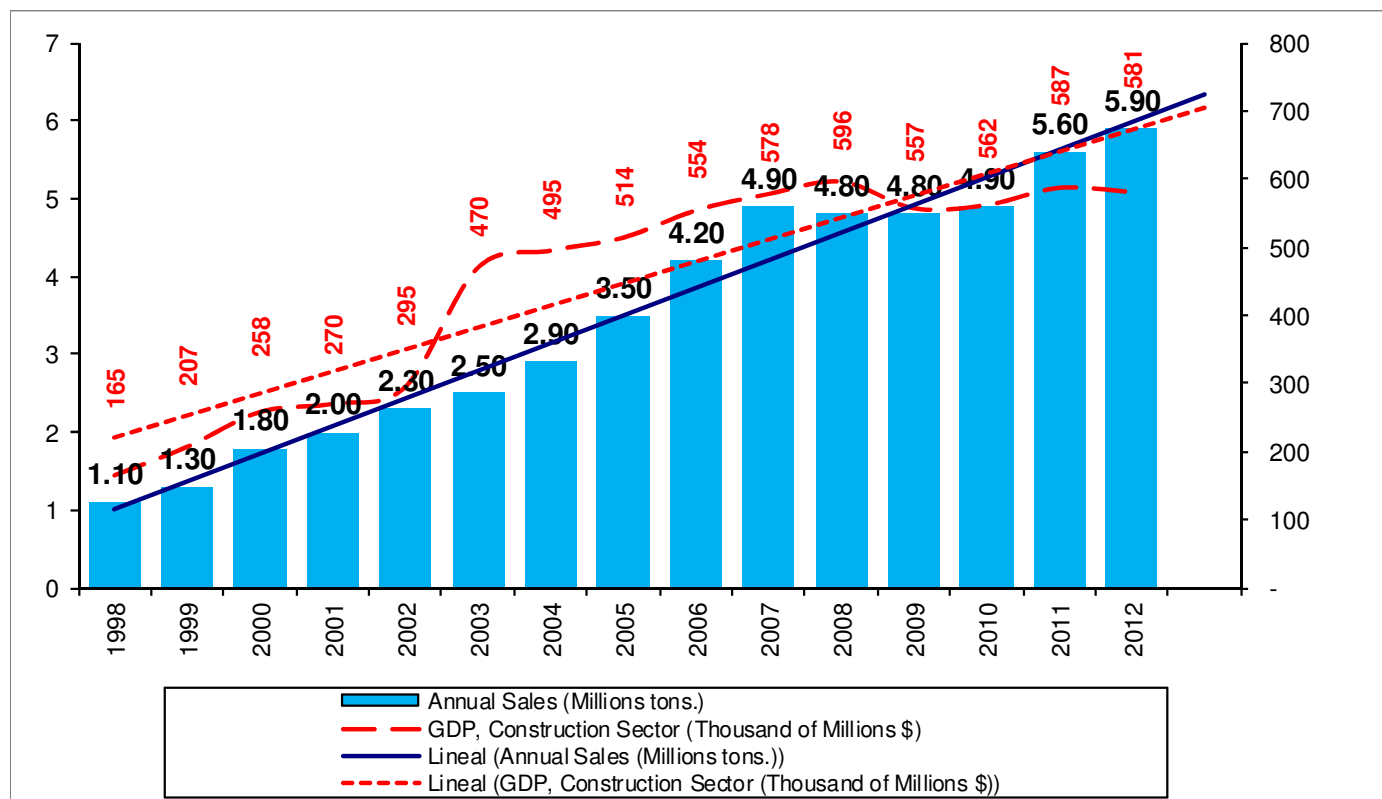
High capacity utilization suggests that the recovery in investment will continue, and sustained employment growth and favorable credit conditions should support consumption.

- Construction sector is dependent to government projects. If areas such as housing and infrastructure are given priority and resources, the construction industry and its suppliers will benefit from a larger number of projects stimulating demand for materials, equipment and services. As it is too early to foresee how strongly the new government will support construction, the CMIC is projecting annual growth rates through 2016 in the range of 3.8%, with the possibility that these could rise to 5-6% if the Peña government prioritizes infrastructure projects.

It's expected that construction sector shows a recovery until 2013 last quarter as consequence of the poor government projects released in the first quarter and the expectations for the second quarter. The overcome will take place when the government, the major investor in infrastructure launches more public works, noticing that construction sector represents around 6.5% of the GDP-

# Cementos Moctezuma

## Country Coverage



\*Local Currency

### Installed production capacity

Tepetzingo 2.5 million tons.

Cerritos 2.6 million tons.

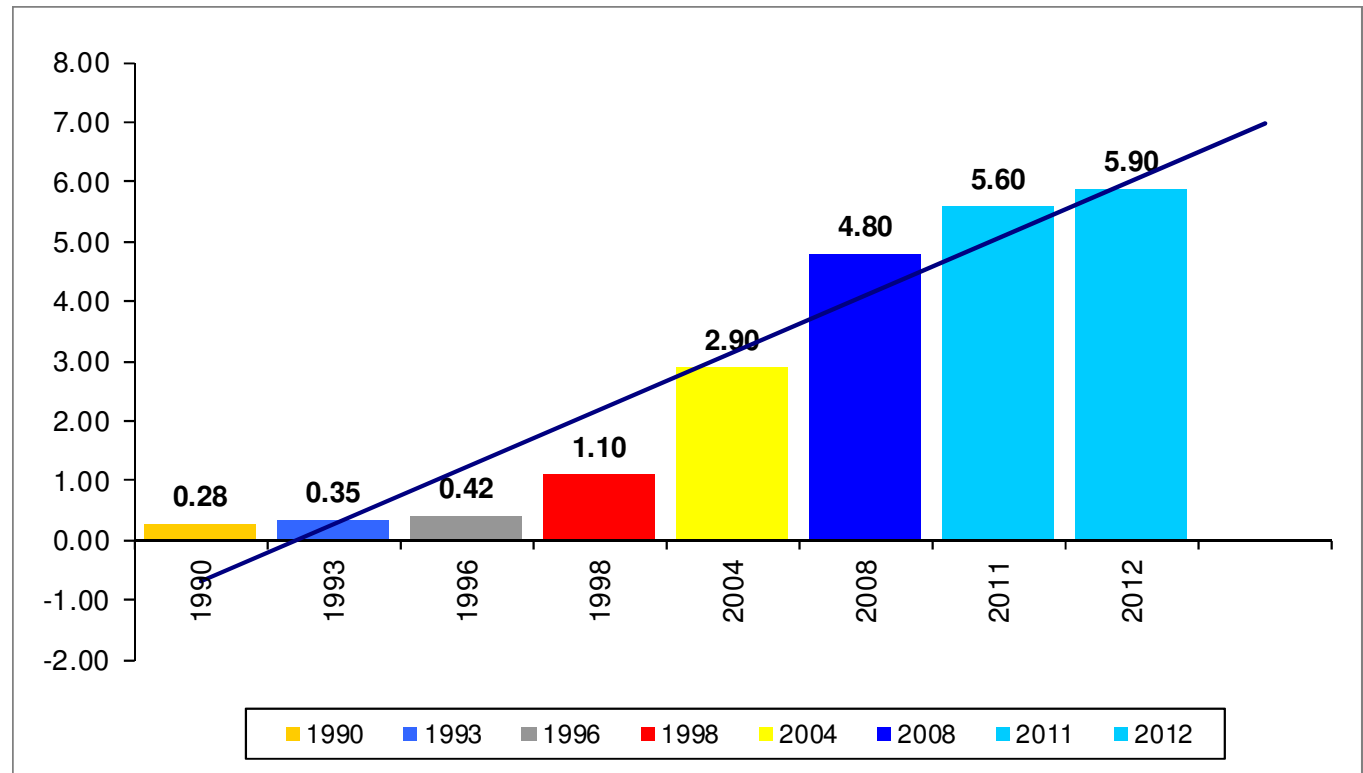
Apazapan 1.3 million tons.

Total capacity 6.4 million tons.



# Cementos Moctezuma

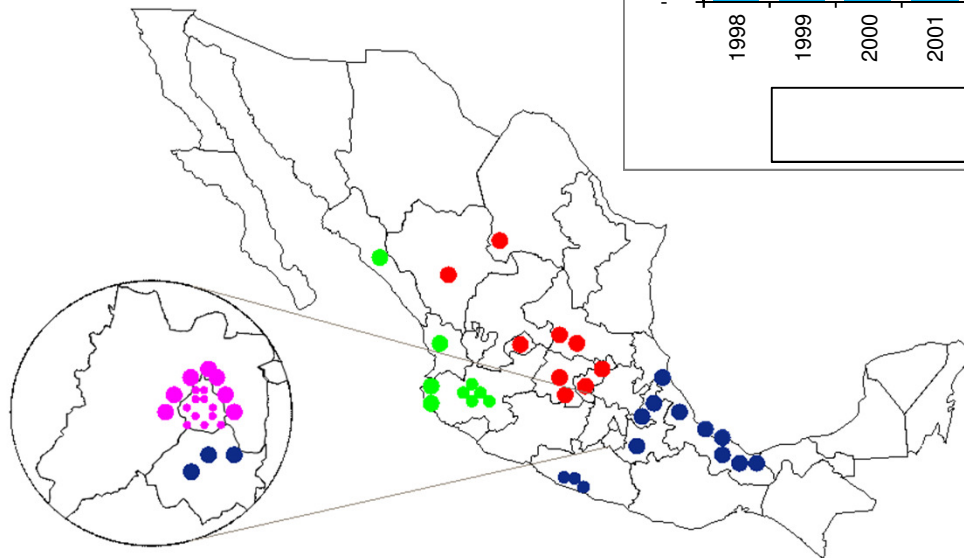
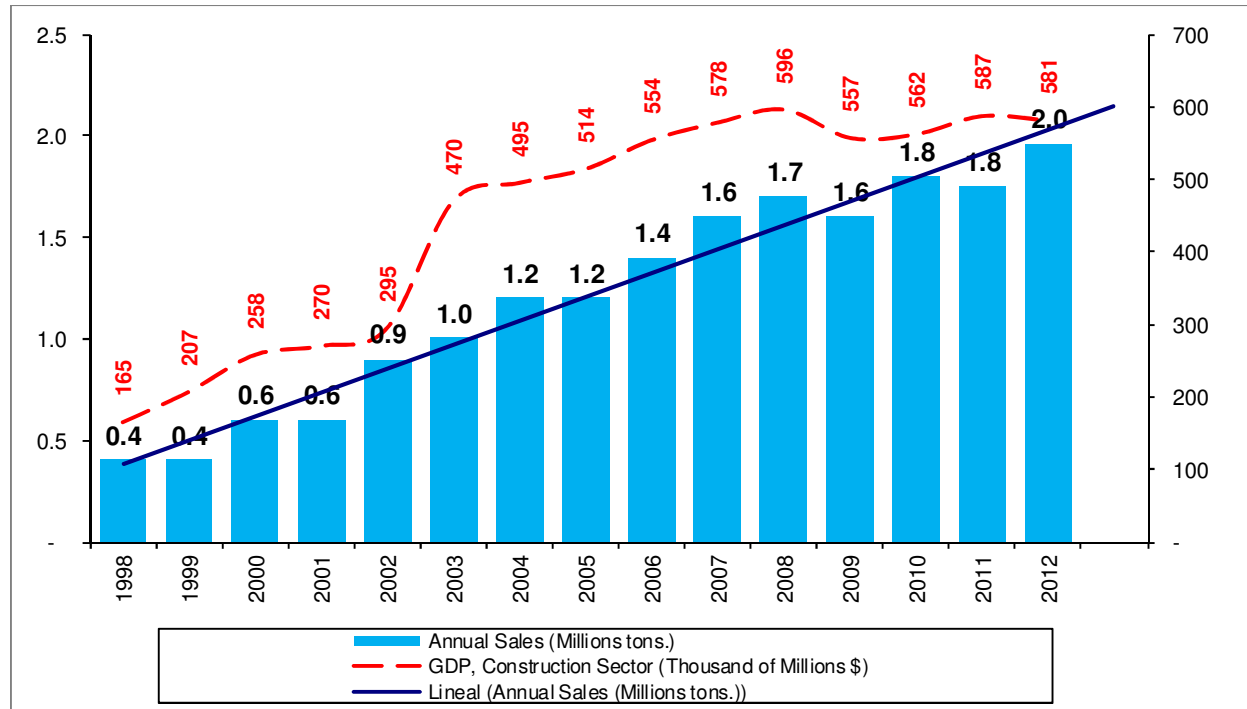
## Volume and Coverage Evolution





# Concretos Moctezuma

## Presence in Mexico



**Total Active Mixer-Truck  
Units: 323**

**Total Ready-Mix Bombing  
Units: 48**



# Concretos Moctezuma Ready-mix Trucks Branding

Designs based on typical Mexican handcraft and culture



^ Southern Handcrafts (Alebrijes)



^ Monarch Butterfly



^ Northwest paintings (Huicholes)



^ Southern Handcrafts (Alebrijes)

# Cement Market 2012

## Italy & Mexico

### Italy

<b>Market</b>	25.5 Millions Tons.
<b>Population</b>	61 Millions of people
<b>Per Capita Consumption</b>	418 Kg per capita
<b>Installed Capacity</b>	Millions Tons.
<b>GDP Per Capita</b>	33.1 Thousand USD

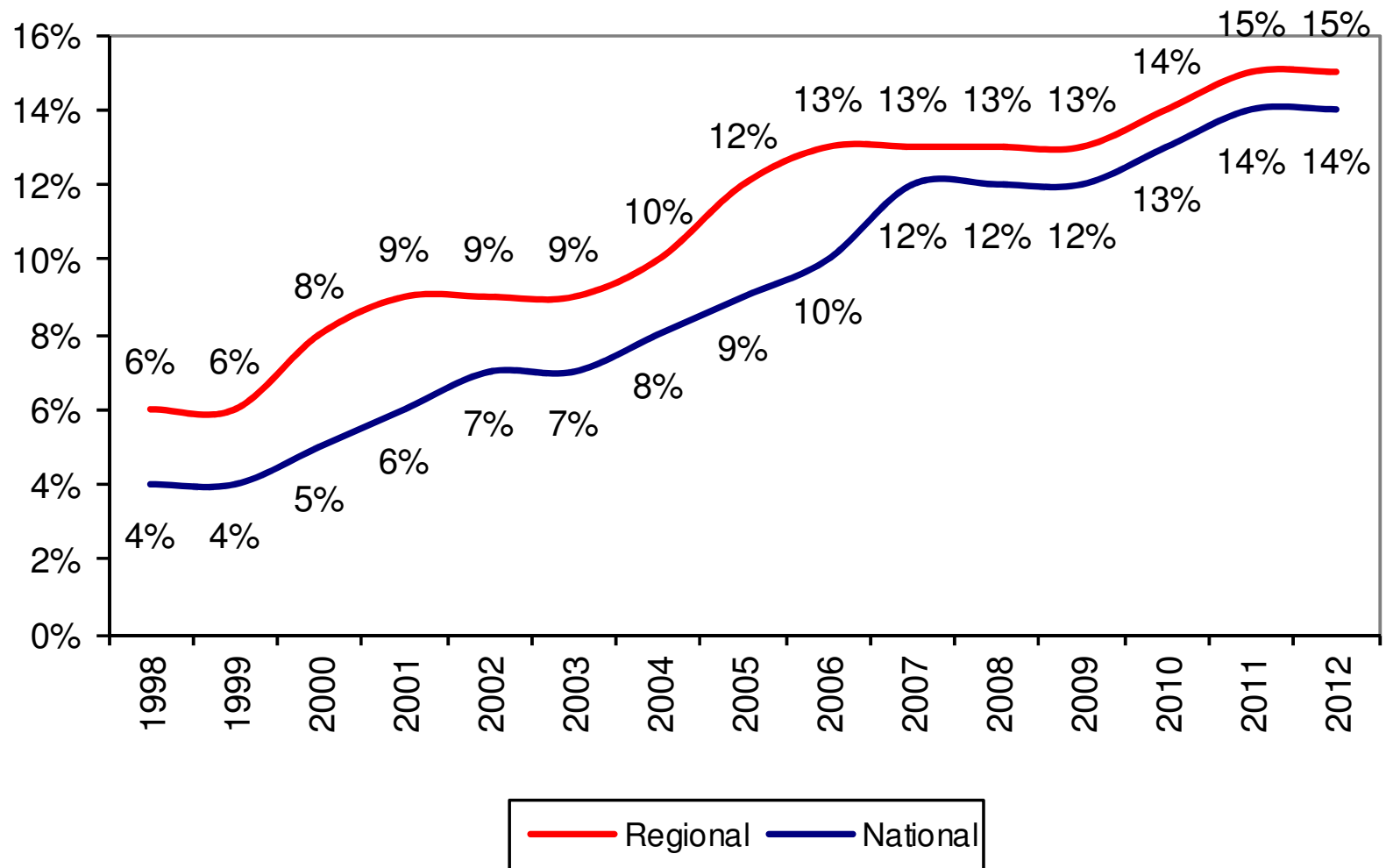


### Mexico

<b>Market</b>	37.7 Millions Tons.
<b>Population</b>	115.3 Millions of people
<b>Per Capita Consumption</b>	327 Kg per capita
<b>Installed Capacity</b>	52.7 Millions Tons.
<b>GDP Per Capita</b>	10.25 Thousand USD

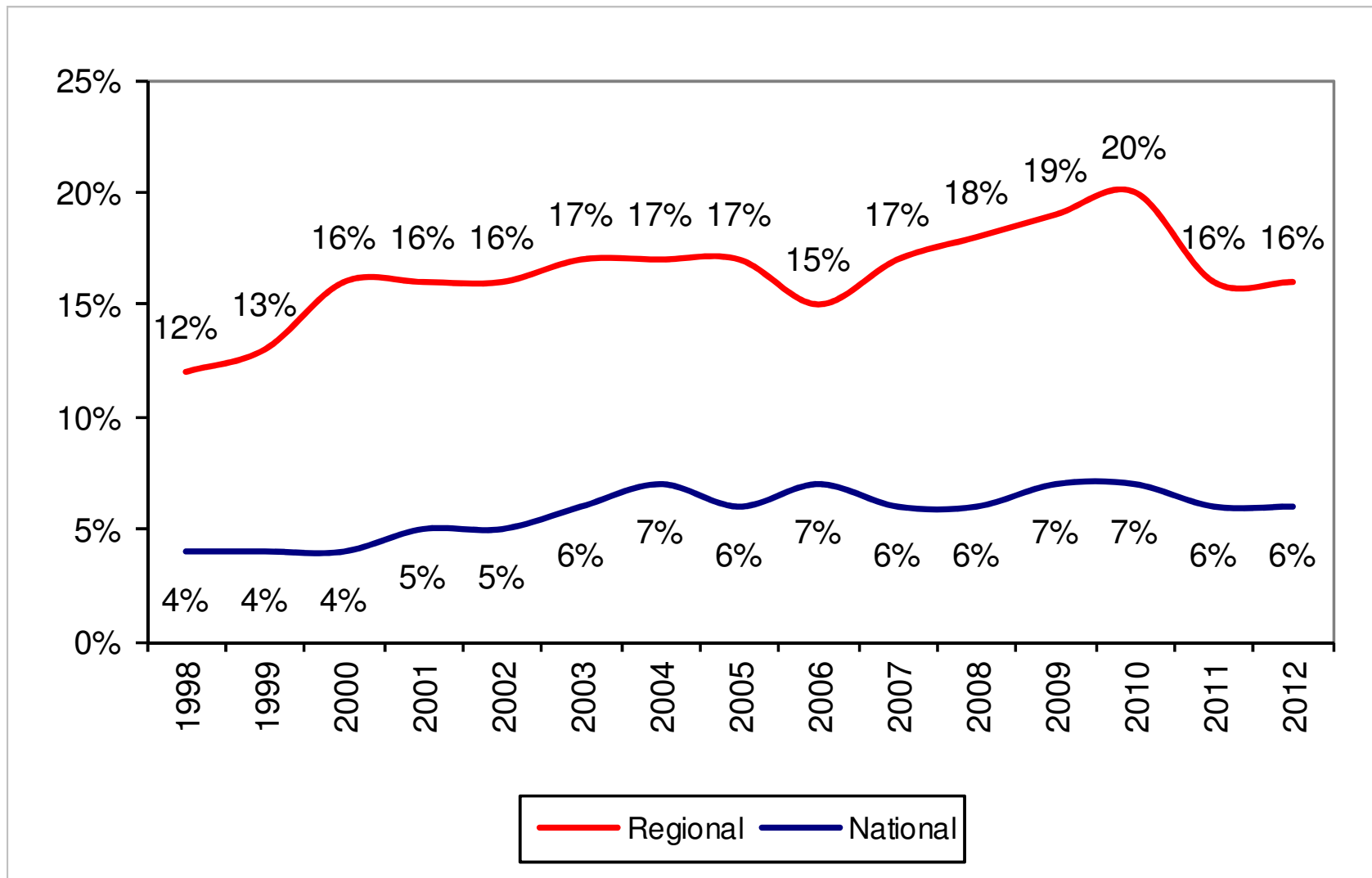


# Market Share Cement



# Market Share

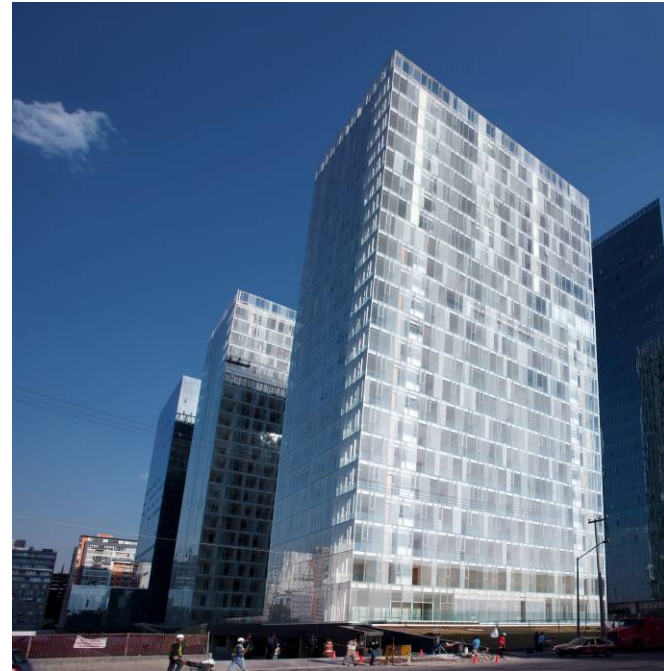
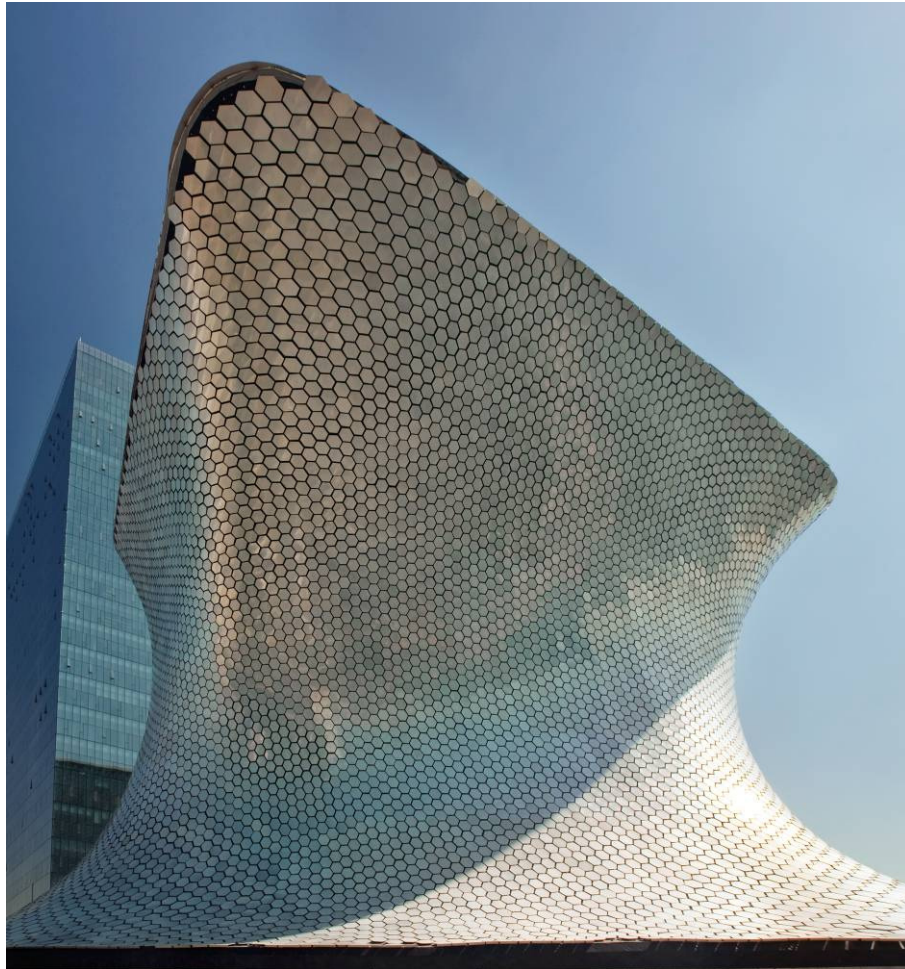
## Concrete





# Recent works

## Cement and Ready-mix



Development:

**Plaza Carso and  
Soumaya Museum**

Sales Volume:

**155,538 m<sup>3</sup> (RM)**

Started:

**2008**

Finished:

**2011**



# Recent works

## Cement and Ready-mix



**Development:** **Memorie and Tolerance Museum**

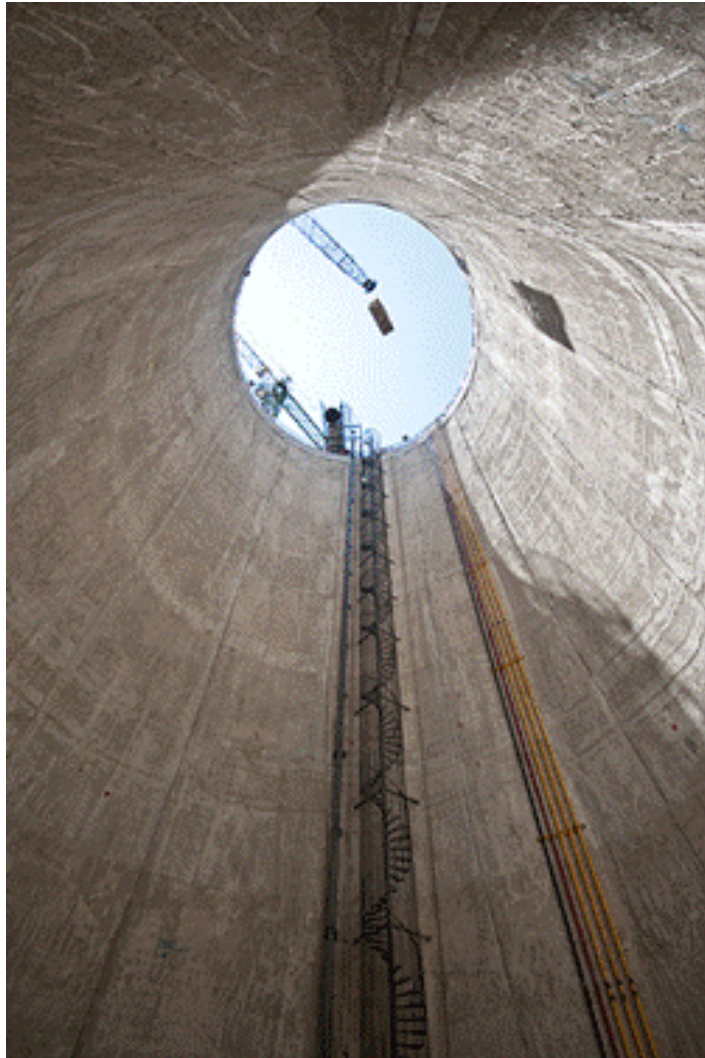
**Sales Volume:** **1,800 m<sup>3</sup> (RM)**  
**Finished:** **2006**





# Recent works

## Cement and Ready-mix



**Development:** Mexico City Deep Drainage

**Sales Volume:** 100,000 Tons. (up to date),  
250,000 Tons. (total cement contract)  
45,000 m<sup>3</sup> ( Total ready-mix contract)

**Started:** 2009

**Finished:** 2013 (estimated)



# SICMAS

## Social responsibility



Young people  
scholarships

Adhesion to UN  
Worldwide treaty/2005



Education excelency

Sustentability  
Annual Report



Moctezuma's  
Behavior Code

Moctezuma  
Social  
Responsibility



Soccer team

Support Society  
Programs



Health fair



Young people  
conferences



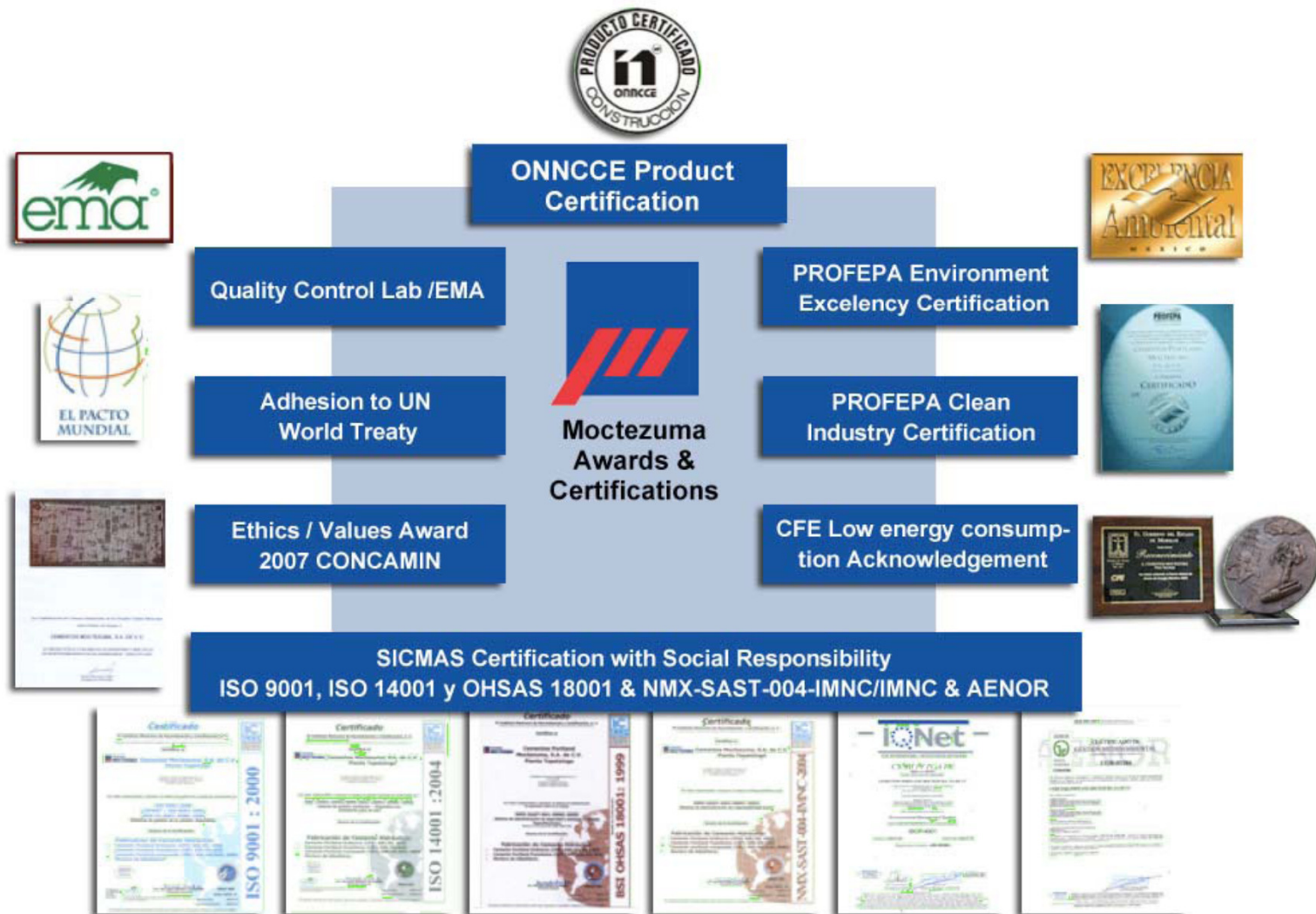
Society/Authority



Community support

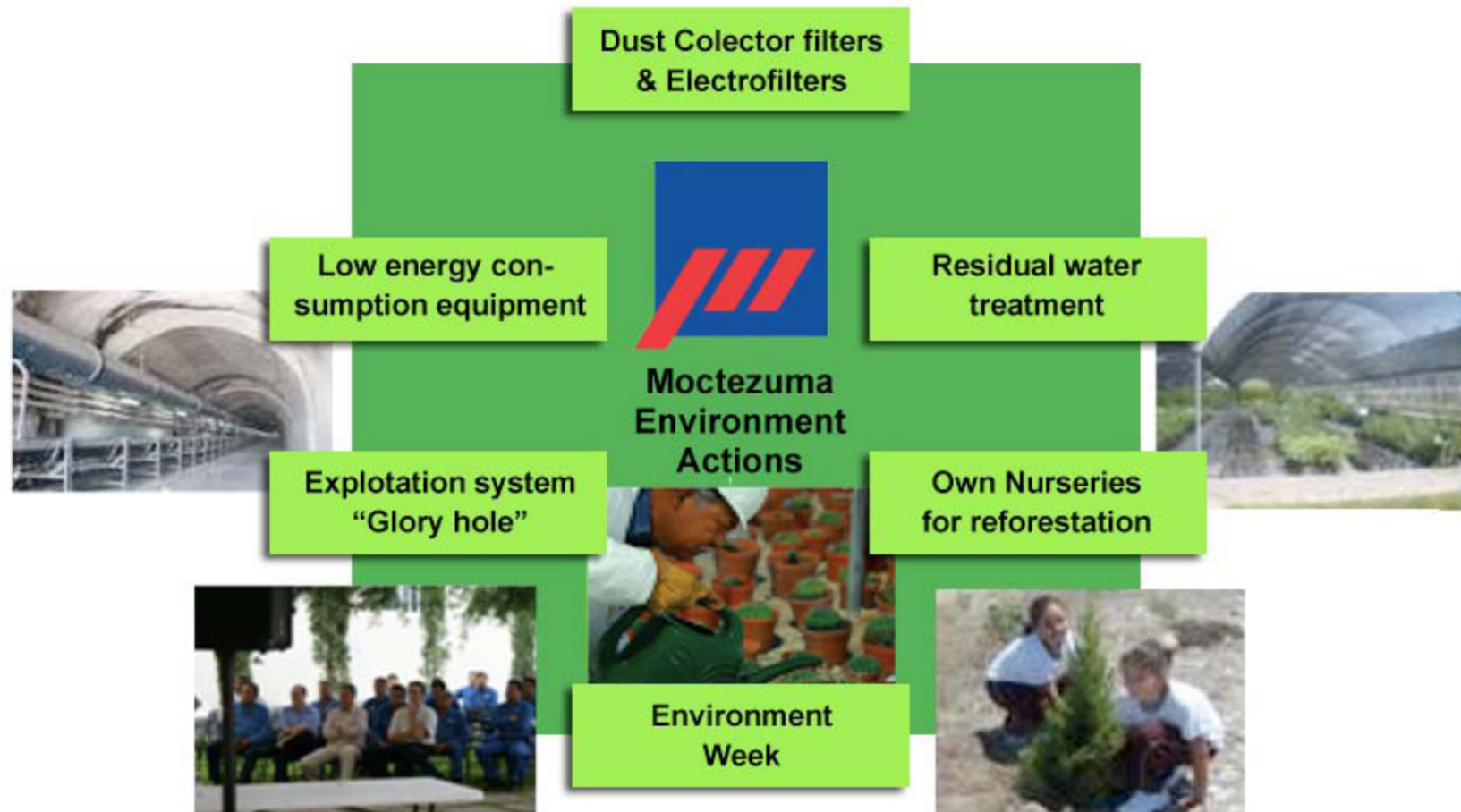
# Awards & Certifications

## Cement & Concrete



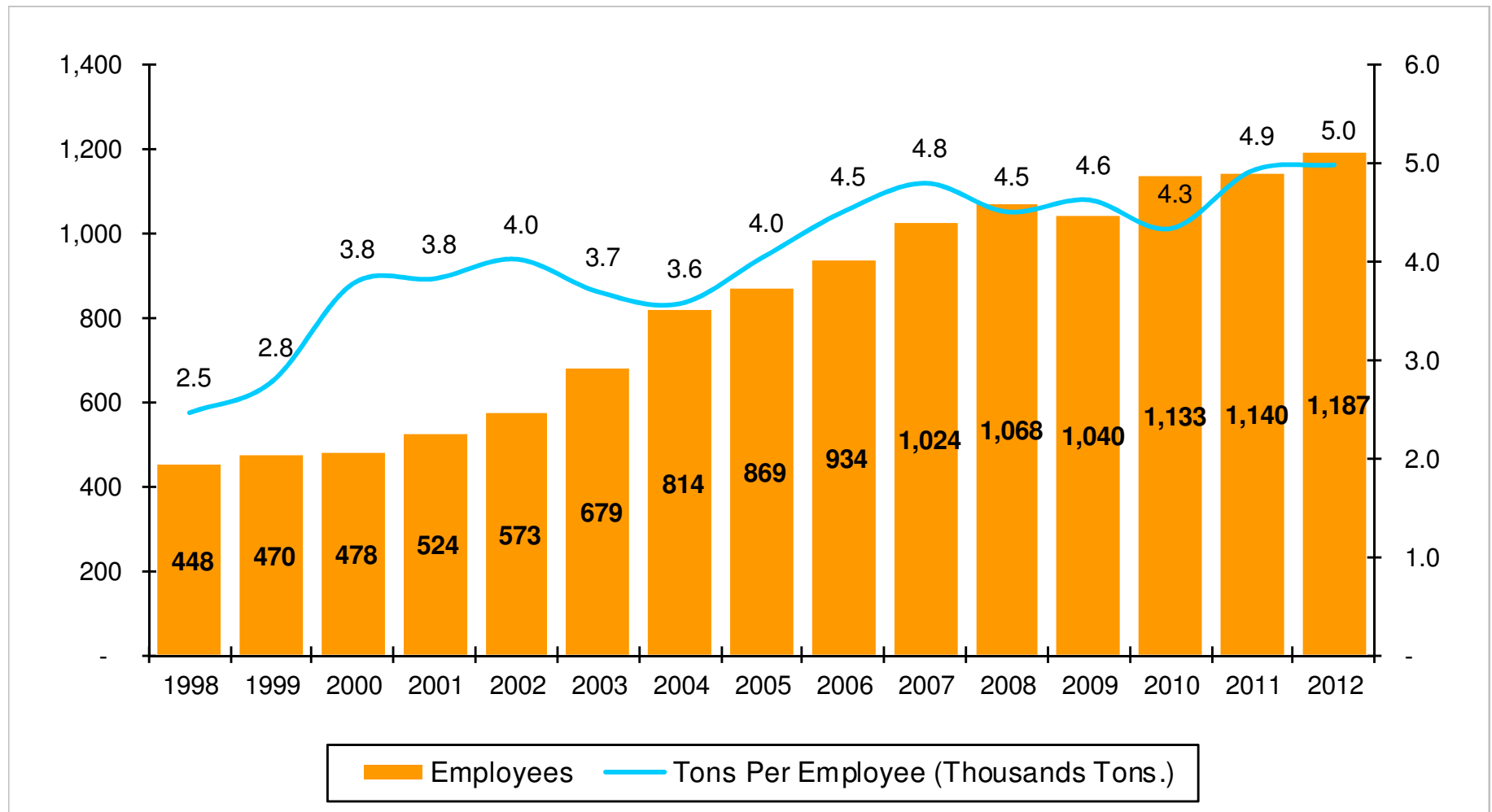
# Environment Responsibility

## Cement & Concrete



# Administration

## Human Resources



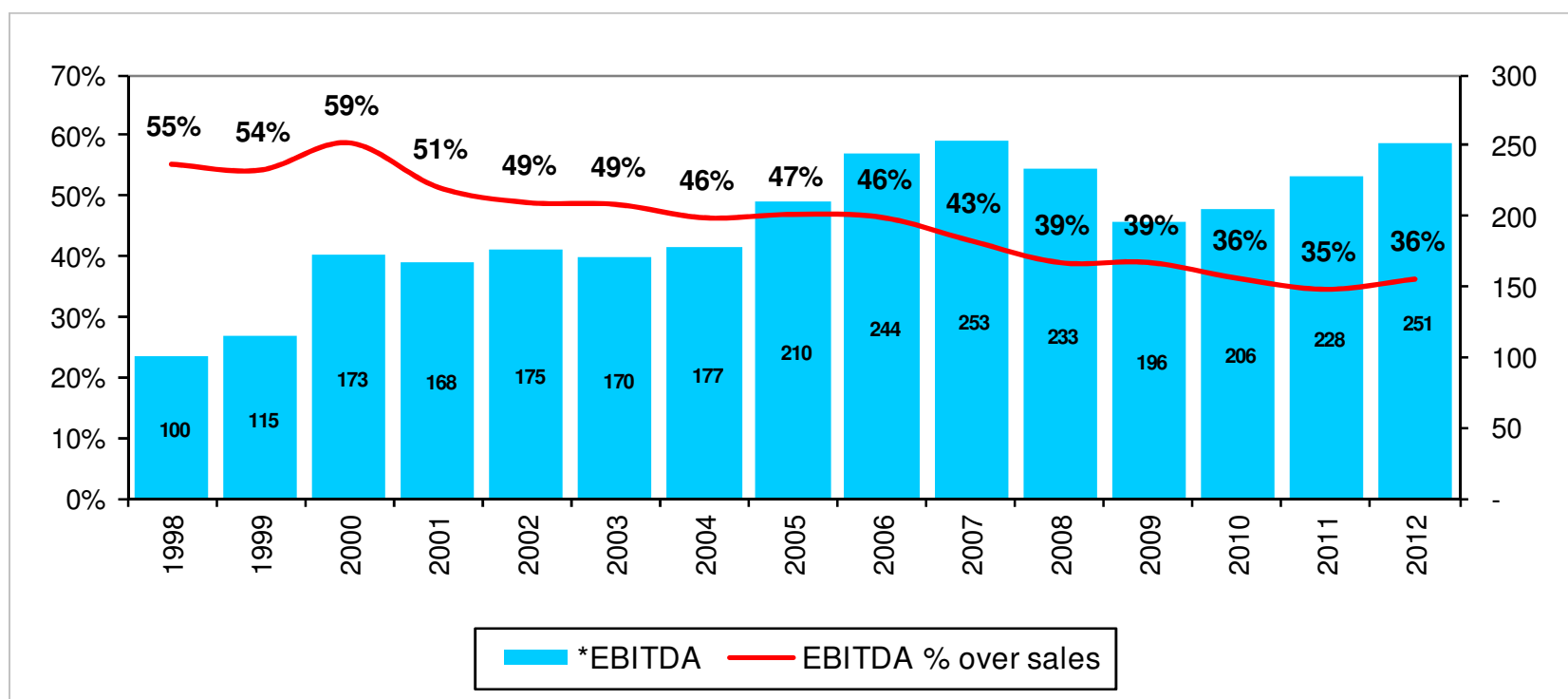


# Administration

## EBITDA Results USD

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
*Sales	181	211	294	326	359	350	383	447	526	593	599	502	566	660	692
*EBITDA	100	115	173	168	175	170	177	210	244	253	233	196	206	228	251
EBITDA % over sales	55%	54%	59%	51%	49%	49%	46%	47%	46%	43%	39%	39%	36%	35%	36%
*Net Profit	75	74	101	96	121	119	117	112	154	159	184	124	113	131	156

\*Millions of USD



# Mexican Cement Market

## Consolidation 1987 - 2011

Año	1987	1990	2012
Cemex	33%	66%	44%
Tolteca	22%	Cemex	Cemex
Anahuac	15%	Cemex	Cemex
Holcim	13%	17%	18%
Cruz Azul	11%	13%	20%
<b>Moctezuma</b>	<b>1%</b>	<b>1%</b>	<b>14%</b>
Acapulco	1%	Holcim	Holcim
Lafarge	0%	0%	2%
Chihuahua	4%	3%	2%

High competence level.  
Prices fluctuating **between**  
**50/55 USD LAB**

Market consolidation.  
Prices over  
**110 USD LAB**

Market fragmentation,  
situation behavior as  
1987.  
Undercut Prices Pressure  
**80 USD LAB**

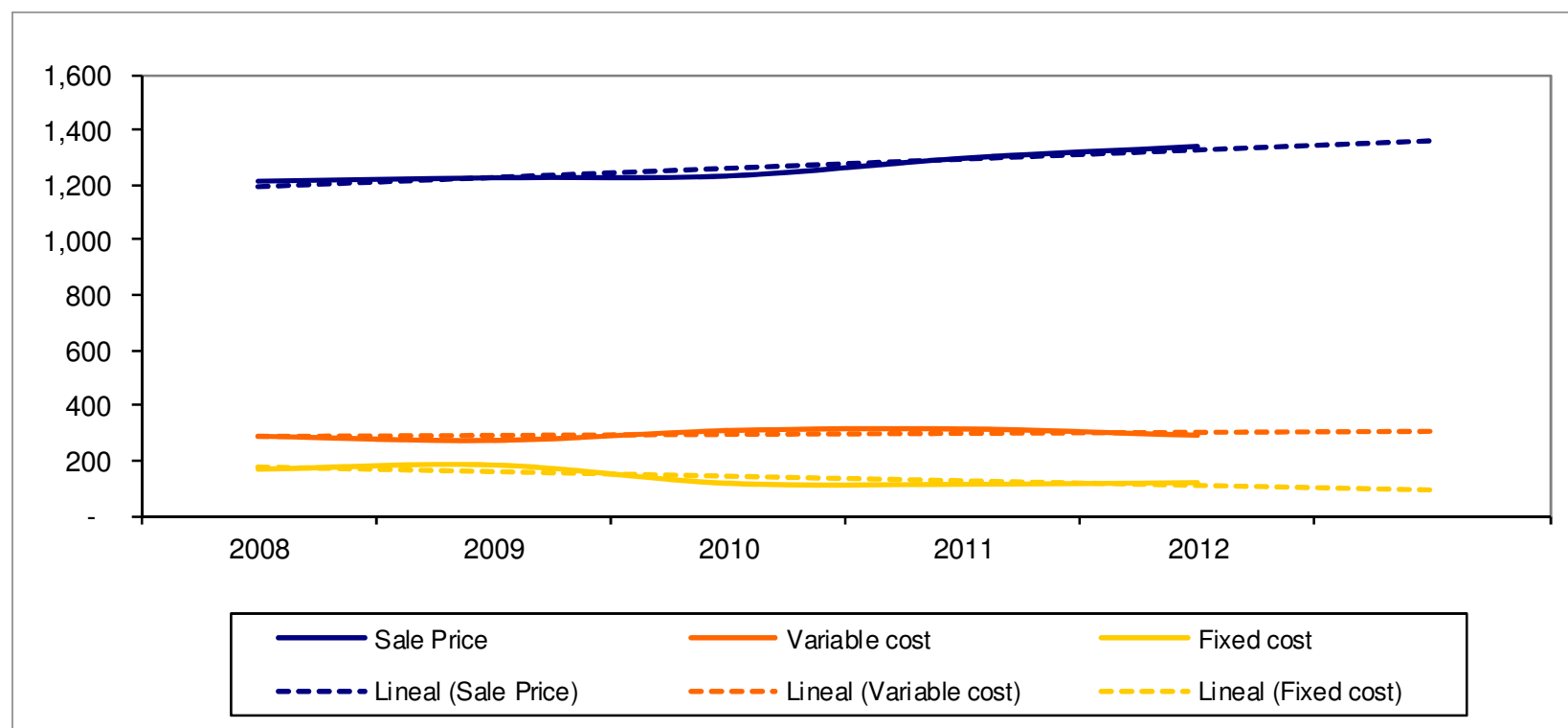
The integration of a new cement plant is pressuring prices down just like the 80's market, this as a consequence of the high price competitiveness of Holcim combined with Cruz Azul price disorder in the Mexican market added to the lack of strength of Cemex to lead the price as he used to in the past.

# Cement Prices vs Costs

## 2008 – 2012 / Evolution

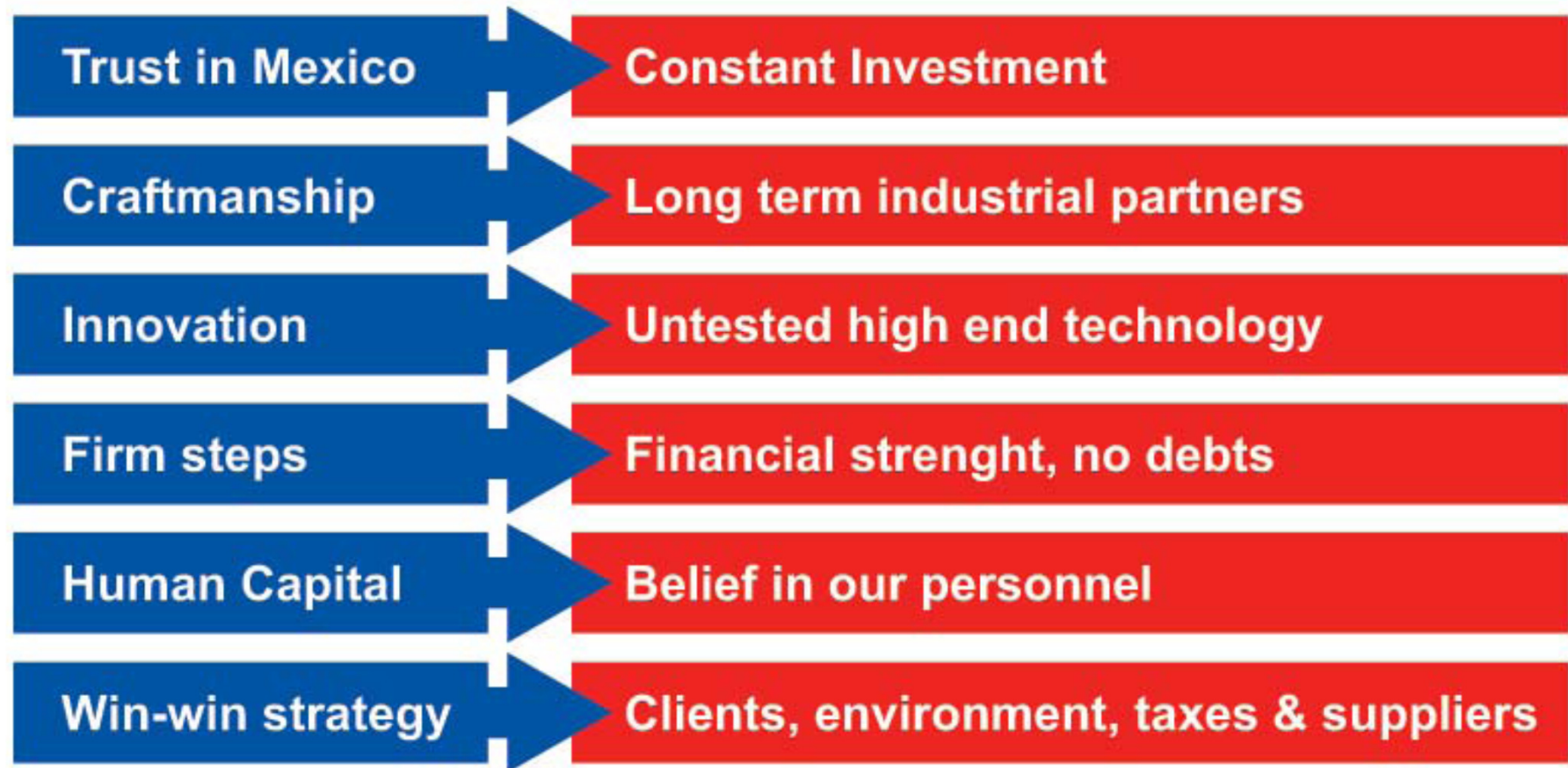
	2008	2009	2010	2011	2012
<b>Sale Price</b>	1,213	1,225	1,232	1,296	1,339
<b>Variable cost</b>	287	272	308	314	291
<b>Fixed cost</b>	168	183	117	113	119

Local Currency

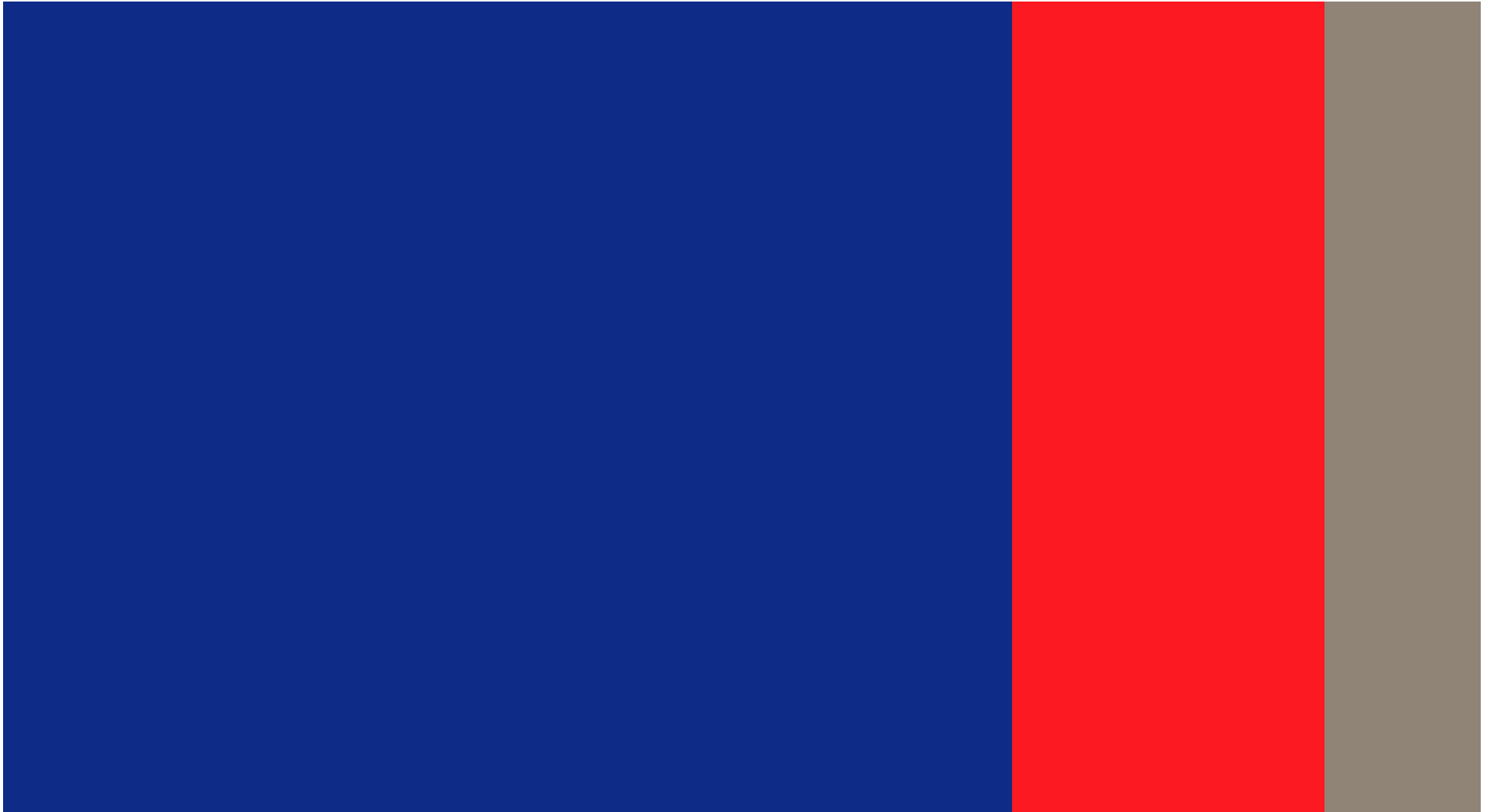


# Succesfull Group

## Reasons why...







# Buzzi Unicem Group and Cementos Moctezuma

## Brief Presentation

Torino  
May 30, 2013