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09 February 2022

Financial year 2021 preliminary results - Start of buyback program**Cement volumes at 31.2 million tons (+6.7%), ready-mix concrete at 12.1 million cubic meters (+3.4%)****Consolidated net sales equal to €3,445.6 million, improving compared to 2020 (€3,222.4 million), more clearly on a like-for-like basis (+8.9%)**

Consolidated data		2021	2020	% 21/20
Cement sales	t/000	31,202	29,250	+6.7%
Ready-mix sales	m ³ /000	12,141	11,743	+3.4%
Net sales	€/m	3,446	3,222	+6.9%
		Dec 21	Dec 20	Change
Net financial position	€/m	231	(242)	473

The Board of Directors of Buzzi Unicem SpA met today to examine the preliminary figures for the financial year just ended.

During 2021, the sales volumes achieved by the group exceeded the level reached in the previous year, thanks to the progress recorded in Italy, the United States and Eastern Europe, favored by the soundness of domestic demand and construction investments, as well as by the overall favorable weather conditions. These trends definitely offset the weakness registered in Germany, which was affected by the unfavorable climate, especially in the summer period.

After a marked recovery in the first half of the year, thanks to the improvement in the epidemiological situation and the following easing of restrictions, the world economy slowed down its pace of expansion during the third quarter, due to the increase in infections caused by the spread of the Delta variant and tensions in global supply chains, especially raw materials and semiconductors. These dynamics affected both the major advanced economies, excluding the euro zone, and emerging countries. Starting from November, the spread of the Omicron variant, mainly in Europe and the United States, led to a rapid growth in infections again but, thanks to the contribution of vaccination campaigns, the number of hospitalized patients remained under control. As regards the fourth quarter, the most recent indicators show widespread signs of recovery in advanced economies, both in the manufacturing and service sector, while in emerging countries the recovery appears weaker, especially in manufacturing. In this context, GDP is expected to grow by 5.9% in 2021, while trade is expected to increase by 9.3%.

In the United States of America, economy grew at a rapid pace during the first half of the year, thanks to the progress of the vaccination campaign and the support of the fiscal measures launched by the government. However, the economic situation cooled during the summer months due to the new surge in infections and bottlenecks in the production chains, which weighed on manufacturing, especially on the automotive sector. At the same time, inflation began to rise again, reaching its highest level since the 1980s in December, driven by energy and rent increases.

In the Eurozone, after two quarters of robust expansion, economic activity significantly slowed down in the latter part of 2021, due to the increase in infections following the spread of the Omicron variant, and the consequent reintroduction of gradually more stringent restrictions, in addition to the persistent bottlenecks on the supply side that held

back manufacturing production. In this context, GDP is expected to grow by 5.2% in 2021, still below pre-pandemic levels. The inflation rate, in December, reached its highest value since the start of the European Monetary Union (+5.0%), driven mainly by the energy component.

English ▾ 🔍

In Italy, GDP expansion was confirmed robust also in the summer

quarter (+2.6%), supported mainly by domestic consumption. In the last quarter, however, with the resurgence of the pandemic, in addition to the supply chain of businesses, economic activity slowed down, both in manufacturing and services. Industrial production was also affected by the shortage of raw materials and intermediate inputs, attenuating its growth rate.

As for the main emerging economies, in China the economic growth of the third quarter lagged behind, penalized by the downturn in the real estate sector and by the resurgence of further Covid-19 outbreaks that caused new disruptions in the global supply chains. In Brazil and Russia, a strong international demand for raw materials and hydrocarbons supported the expansion of GDP.

At the end of the year, oil prices, having overcome the downward pressure following the discovery of the Omicron variant, showed strong signs of recovery, reaching 80 dollar a barrel. The price of natural gas remained very high in Europe, driven by the tensions with Russia and the strong demand for electricity generation.

In November, the Federal Reserve, taking into account its inflation and employment targets, launched the tapering program, while the ECB, considering the high uncertainty, reiterated the need to maintain an accommodative but flexible stance and to carefully follow the evolution of the macroeconomic situation. On the other hand, the sharp rise in price dynamics led the central banks of Brazil, Mexico and Russia to raise interest rates.

Cement sales of the group amounted to 31.2 million tons, clearly increasing (+6.7%) compared to 2020. Ready-mix concrete output, which stood at 12.1 million cubic meters, was also up compared to the volumes of last year (+3.4%). Consolidated net sales for the financial year increased from €3,222.4 to €3,445.6 million. There were no changes in scope, while exchange rates variances, mainly due to the depreciation of the ruble, the Ukrainian hryvnia and the dollar, had an overall unfavorable impact of €62.7 million. Therefore, like-for-like net sales would have been up 8.9%.

The net financial position at the end of 2021, including long-term financial assets, is positive and amounts to €231.1 million (it was negative for €241.6 million at year-end 2020).

Italy

After the recovery achieved in the first six months of the year, the development of economic activity continued also during the third quarter (+2.6%), mainly supported by the expansion of household consumption and, to a lesser extent, by the strengthening of industrial production. The improvement of the epidemiological picture and the progress of the vaccination campaign allowed the relaxation of most of the restrictions and therefore a rebound also in the service sector, in particular retail trade and tourism. Exports, benefiting from the solidity of international trade, continued to grow during the third quarter. Based on the most recent estimates, however, in the last months of 2021 GDP would have decelerated, both in manufacturing and services, due to the impact on consumption of the resurgence of infections, brought about by the spread of the Omicron variant, in addition to supply difficulties of raw materials and intermediate products. For the entire year 2021, GDP is expected to expand by 6.5% while the inflation rate, pushed upwards by the rise in energy prices, should be +1.9%.

In 2021, construction investments grew at a rapid pace, thanks to important measures implemented by the Government, such as the so-called Superbonus 110%, and to the prospective opportunities offered by the PNRR, the National Recovery and Resilience Plan. The increase in investments (+17.6% compared to 2020) was driven by the residential renovation sector and by the positive contribution of new public works. However, the recovery was significantly impacted by shortages and the sharp rise in the price of raw materials.

Our hydraulic binders and clinker volumes, clearly progressing in the first six months of the year, maintained a positive trend also in the second half, thanks to the soundness of domestic demand and the mild climate. Average selling prices, for the whole of the year, showed a positive trend. The ready-mix concrete sector closed the year markedly progressing, with prices also increasing.

Overall net sales in Italy stood at €604.7 million, up 20.7% versus 2020.

Central Europe

Germany, even during the summer months, continued its positive but less brilliant economic trend than its main EU partners. The new increase in infections starting from October and the following imposition of greater restrictions slowed down the recovery of

domestic consumption in the last quarter. Although orders reached high levels, driven by the strength of global demand, industrial production, particularly in the automotive sector, is expected to decline slightly in 2021, penalized by the shortage of raw materials and semiconductors. In a context characterized by a slowdown in business investments, a direct consequence of the weakness of industrial production, construction investments showed a stable trend, supported by a good level of activity in the residential sector. The most recent forecasts indicate GDP progress of 2.7% for the entire year. Inflation, on the other hand, is estimated at 2.9% due to the increase in energy costs.

Our shipments of hydraulic binders, after a slight decline in the first part of 2021, confirmed the weak trend also during the second half, penalized by the unfavorable climate and uncertainties related to the trend of infections in the last quarter. Average selling prices, on the other hand, showed a favorable variance. In this context, the ready-mix concrete sector also closed with a decline in production compared to 2020 and prices slightly strengthening.

At year-end 2021, overall net sales thus came in at €708.1 million, down 1.2%, compared to €717.0 million in 2020.

In **Luxembourg** and the **Netherlands**, our cement deliveries, after a robust first half, showed a slight slowdown during the second half of the year, closing 2021 well progressing, with selling prices increasing. The ready-mix concrete sector, despite a recovering fourth quarter, recorded a slightly negative trend, associated with improving selling prices.

Overall net sales of 2021 amounted to €201.1 million, up 4.9% compared to €191.7 million of the previous year.

Eastern Europe

In **Poland**, despite a still uncertain epidemiological picture, economic activity recorded a positive trend during the first half of the year, followed by a growing summer quarter, thanks to the recovery in domestic demand, favored in turn by the improvement in consumer confidence and by the easing of restrictions. In addition to the recovery in consumption, industrial production also progressed, despite the slowdown in supply chains. Rising energy prices and supply bottlenecks pushed inflation upwards. In this context, according to the most recent estimates, economic expansion should record a sustained pace in 2021 (+5.1%). The construction sector maintained some stability over the year as a whole, thanks to the solidity of residential demand and infrastructure investments, while the commercial remained weak. These dynamics were reflected in our cement volumes which, after a weak first half, showed good results in the second half of 2021, closing the year progressing. The average level of selling prices, in local currency, was also improving. Ready-mixed concrete output recorded even more evident progress, but with somewhat weaker prices, in local currency.

Following these market trends, net sales came in at €126.4 million, up 7.3% compared to €117.8 million in 2020. It should be remembered that the weakening of the zloty (-2.8%) led to a negative exchange rate effect: at constant exchange rate, net sales would have been up 10.3%.

In the **Czech Republic**, the improvement of the epidemiological picture during the second quarter allowed the relaxation of the restrictive measures, relaunching economic activity, particularly in the service sector. However, the new and rapid increase in infections in November made it necessary to impose new restrictions mainly aimed at the hospitality business. Despite strong global demand, industrial production and exports, particularly in the automotive sector, slowed down due to the continuing shortage of semiconductors. Based on these dynamics, GDP for the year 2021 is estimated to increase by 3.8%, with inflation forecast at 2.7%. Construction investments showed some stability: the positive performance of the residential sector was offset by the weakness of the non-residential one, while no significant changes are expected for infrastructures.

Cement sales, after a progressing first semester, confirmed the positive trend also in the second half of the year, closing 2021 clearly improving compared to 2020. Average selling prices in local currency increased. The ready-mix concrete sector, which includes **Slovakia**, recorded slightly progressing production levels. The price effect was favorable, too.

Consolidated net sales, on which the appreciation of the Czech koruna

had a positive impact (+3.1%), amounted to €177.5 million, up 11.3% compared to 2020. At constant exchange rate the turnover would have been up 8.3%.

 Our group English ▾ 

In **Ukraine**, economic activity grew at a slower pace during the third quarter, in a context of general slowdown: the evolution of domestic consumption, investments and exports lost strength, while public spending contracted. In the fourth quarter, in an evidently uncertain context, largely due to the tensions at the border with Russia and the delays in the vaccination campaign, consumer confidence worsened, negatively affecting domestic consumption, while industrial production was weak in October and November. For the whole of 2021, GDP should grow by 3.5% and inflation, fueled both by the dynamics of global trade and by the recovery of domestic demand, is expected to reach a high level (+9.5%).

The recovery in the construction sector, helped by government stimuli, and the imposition of tariffs on imports from Turkey, pushed our cement sales upwards for the whole of 2021. Selling prices, in local currency, which were negative in the first six months of the year, grew during the second half, driven by inflation. Ready-mix concrete output showed even more evident growth, with selling prices also increasing. Net sales stood at €127.0 million, up compared to €116.1 million recorded in 2020 (+9.4%). The depreciation of the local currency (-4.6%) had a negative impact on the translation of the turnover into euro. At constant exchange rate net sales would have been up 14.4%.

In **Russia**, thanks to the strengthening of domestic demand, the upswing of the economy continued in the second half, net of some signs of slowdown recorded in the third quarter and a still very uncertain epidemiological picture, due to the low vaccination rate. The recovery of economic activity on a global scale, in addition to the increase in the prices of hydrocarbons and raw materials, had a positive impact on exports. However, the increase in demand and higher energy prices pushed inflation upwards, leading to a tightening of monetary policy by the Central Bank. For the entire year 2021, GDP is expected to grow by 4.5%, while inflation should reach 5.9%. In this context, the government fiscal stimulus aimed at financing the modernization of infrastructures supported activity in the construction sector. Cement sales, after a first half clearly progressing, continued somehow steadily in the second half of the year, thanks to the soundness of demand and still favorable weather conditions, closing 2021 clearly improving over the previous year. Unit selling prices, in local currency, showed a positive change. The growing demand for hydrocarbons on a global scale had a favorable impact on the production of oil-well special cements, which significantly exceeded the level reached at the end of 2020.

In 2021 net sales stood at €207.4 million, up compared to €195.8 million of last year (+5.9%). The weakening of the ruble (-5.4%) negatively impacted the translation of turnover into euro. At constant exchange rates, net sales would have been up 11.6%.

United States of America

The growth in economic activity recorded in the first half of the year, thanks to the positive dynamics of consumption and the contribution of the American Rescue Plan, was followed by a slowdown in the third quarter, due to the worsening of the epidemiological situation and the interruption of supply chains. In the last quarter, however, activity should have accelerated again, thanks to the recovery in consumption and industrial production. Due to the increases in energy factors and items related to cars and household rents, inflation increased significantly in the second half of 2021, reaching its maximum value since the 1980s. The most recent estimates indicate that GDP growth will be 5.6% in 2021, while inflation is expected to reach 4.3%.

Construction investments are expected to increase over the previous year, thanks to the solidity of the residential sector, net of the negative contribution of infrastructures and the commercial portion.

Our sales of hydraulic binders, thanks to the solidity of demand and to generally favorable weather conditions, especially during the fourth quarter, confirmed the progress already recorded in the first half, closing 2021 at satisfactory level. Ready-mix concrete output, mainly located in Texas, despite a partial recovery during the third quarter, showed some weakness closing below the level reached the previous year. Selling prices, in local currency, increased well in the cement business, while in the concrete one the increase was less evident.

Overall net sales amounted to €1,329.6 million, up 5.5% compared to €1,260.6 million in 2020. The depreciation of the dollar (-3.5%), which was more evident in the first part of the year, had a negative impact on the translation of the results into euro. At constant exchange rates net sales would have been up 9.2%.

Mexico (valued by the equity method)

Economic activity, after having strengthened during the first half of the year, slowed down its pace of expansion in the third quarter, influenced by the still uncertain epidemiological situation, by the sluggish vaccination campaign and by the disruptions of global supply chains, which affected industrial production. However, thanks to the soundness of the US economy and the continuous flow of remittances sent by migrants, exports and domestic consumption showed a clear recovery. In 2021, the economy grew in both the agricultural and manufacturing sectors, while the recovery was partial in the services sector. For example, tourism, the primary source of income in many states, is still heavily penalized compared to pre-pandemic levels. Inflation significantly increased since the third quarter, due to delays in the supply chains and upward pressure from energy factors. After reducing interest rates in 2020 and providing ample liquidity in order to support the economic recovery, starting from August 2021 the Central Bank gradually increased interest rates, with the aim of curbing inflationary pressures. In this context, GDP growth in 2021 is expected at +5.3%, while inflation at 5.4%.

Sales by the associate Corporación Moctezuma, after a particularly solid first half, showed marginal weakness in the second half of the year, due to a slowdown in activity in the construction sector, closing the year markedly progressing compared to 2020. Prices, in local currency, also confirmed a positive stance. Ready-mix concrete volumes showed a favorable trend, with stable prices (in local currency).

With reference to 100% of the associate, in 2021 net sales came in at €661.6 million, up 15.3% on the previous year, with an appreciation of the Mexican peso (+2.2%) that favorably impacted the translation of the results into euro: at constant exchange rate net sales would have been up 12.8%.

Brazil (valued by the equity method)

Starting from the third quarter, thanks to the improvement in the health situation, with the lifting of restrictions and the significant acceleration of the vaccination campaign, the economy showed signs of comeback. The fiscal stimulus package approved by Congress in March, aimed at supporting healthcare spending, households and employment, pushed the recovery of domestic consumption and private investment. The progress of the global demand for raw materials, agricultural and mining in particular, favored exports. Nevertheless, during the last quarter, the supply-side bottlenecks, the lower purchasing power, due to growing inflationary pressures, as well as political uncertainties, slowed down the pace of the economic upturn. In this context, GDP is still expected to grow by 4.7% in 2021. The increase in inflation, particularly marked at the end of the year, led to a rate hike by the Central Bank.

The robust trend of cement shipments carried out by our joint venture in the first part of 2021 was also confirmed in the second half, closing the year markedly progressing compared to 2020. The additional contribution referred to the companies of the CRH group operating in Brazil, acquired in April, was significant. Selling prices, in local currency, also showed a marked improvement.

With reference to 100% of the associate, net sales amounted to €253.4 million, strongly progressing (+82.2%) versus €139.1 million of the previous year. The translation of the results into euro was affected by a major devaluation of the Brazilian real (-8.2%): at constant exchange rate and scope of consolidation net sales would have been up 32.4%.

Outlook 2021

In the fourth quarter of 2021 the level of activity in the construction industry was generally lively, net of some slowdown due to galloping cost inflation. Indeed, the last period closed with higher sales than in 2020, attributable mainly to Italy, the United States, Poland and the Czech Republic. The favorable weather conditions and a widespread customer behavior to anticipate their supplies at lower prices than those negotiated for the following year, certainly had a positive impact. Already since the third quarter, in almost all the areas where we operate, the costs of electricity, fuels, raw materials and services grew concurrently, reaching unprecedented levels.

In the light of these developments, based on the preliminary information available, we expect the consolidated financial statements for the year 2021 to close with a recurring Ebitda of about €795 million.

Start of buyback program

Buzzi Unicem SpA announces the start of the share buyback program pursuant to the authorization passed at the Shareholders' Meeting on 7

May 2021. Under such program the company may repurchase up to 7 million ordinary shares for a maximum total amount of €150 million. The share buyback is aimed at giving the company an instrument for liquidity investment, as well as a stock of securities which may be useful for extraordinary transactions, like equity interest swaps, contributions, conversion of bonds of future issuance, or possible distribution, for a consideration or without consideration, to directors, employees and collaborators of the company or its subsidiaries as well as for any free assignment to shareholders.

The share buyback program will be accomplished within the terms resolved upon at the Shareholders' Meeting of 7 May 2021, disclosed to the market by the press release issued on the same day, for a period of 18 months starting from the aforementioned 7 May 2021.

The shares will be purchased in accordance with article 144-bis, paragraph 1 of CONSOB regulation no. 11971/1999. In particular the execution on the market will be carried out in accordance with the methods established by Borsa Italiana SpA, which do not permit the direct combination of offers to buy with predetermined offers to sell. In any case, the program will comply with the additional legal and regulatory provisions applicable to this type of transaction. Mediobanca has been entrusted with the execution of the buyback program.

As of today, the company owns 494,316 treasury shares, corresponding to 0.257% of the share capital.

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 practice.

Pursuant to Consob Communication no. 92543/2015 and the guidelines ESMA/2015/1415 set out below is the definition of the measures which have been used in this disclosure.

Net financial position: it is a measure of the capital structure determined by the difference between financial liabilities and assets, both short and long term. Such items include all interest-bearing liabilities or assets and those connected to them, such as derivatives and accruals.

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.

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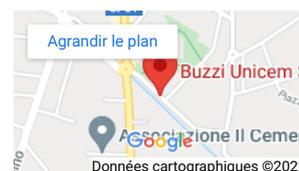
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