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CALTAGIRONE GROUP

# 2017-2019 Business Plan

Rome, March 3rd, 2017

# Four strategic priorities



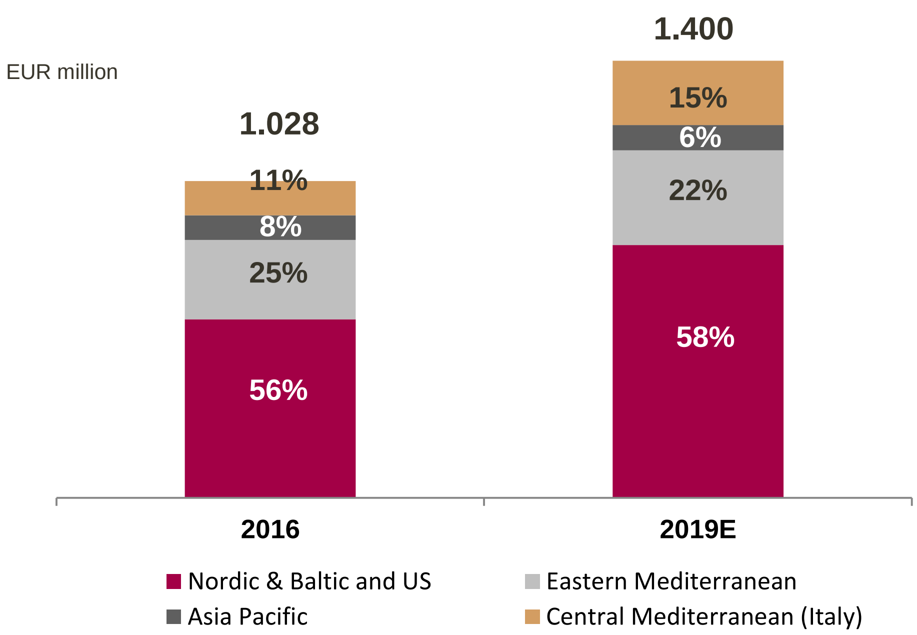
- Integration of Sacci e CCB and synergies development
- Greater profitability
- Strengthening the leadership in white cement
- Improve cash flows generation and net debt reduction

# Rebalance the geographical exposure

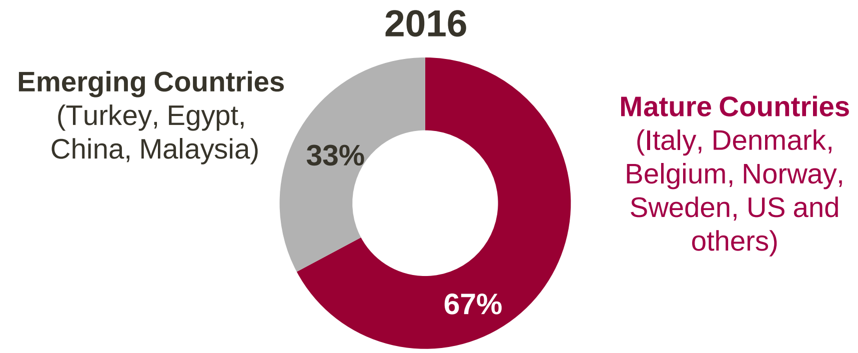
## Lower geographical exposure to the Turkish market and to other emerging countries

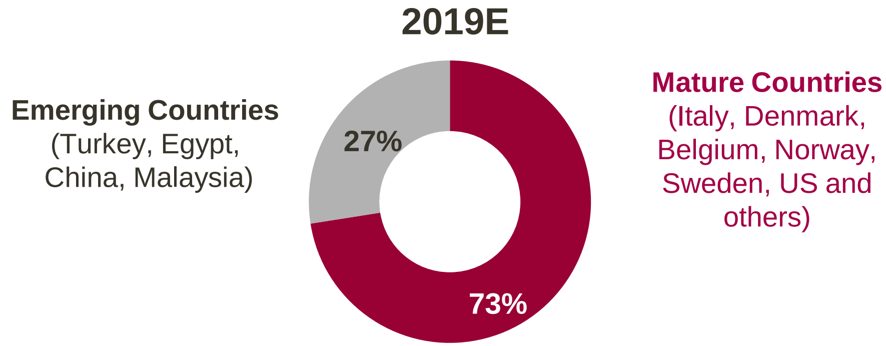
## Mature countries increase their contribution with recent acquisitions in Belgium and Italy

### Revenue by region




### Balance between Emerging/ mature countries



# Greater profitability



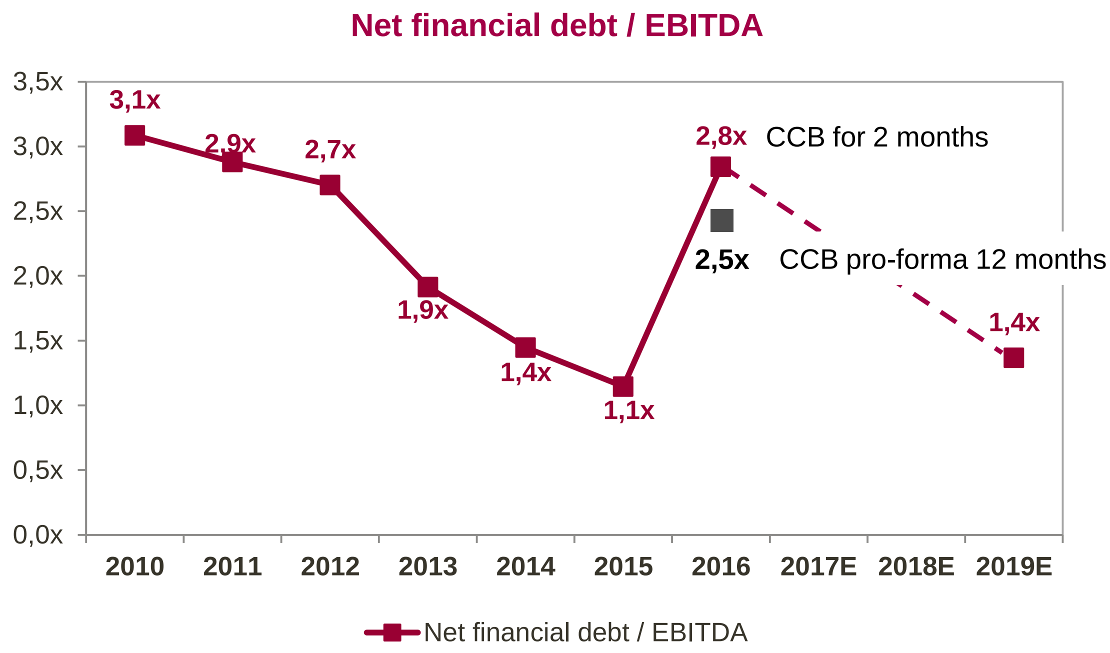
## Focus on several actions and initiatives to improve profitability and operating efficiency:

- ✓ **Process improvement for reducing fuel and electricity consumption**, also through continuous improvement projects, counterbalancing increases in fuel and freight costs
- ✓ Greater deployment of **alternative fuels**
  - in plants already used (Aalborg in Denmark, Izmir and Edirne in Turkey)
  - gradual introduction also in the Italian plants;
- ✓ **Logistics costs** optimization
  - targeted actions in the various geographical areas, following on from the creation of a specific function within the organization;
- ✓ **Processes rationalization and containment of costs**, while increasing volumes in all business areas and geographical areas;
- ✓ Rationalization of the **IT systems costs** through centralized projects for Group-wide standardization;
- ✓ Careful **control of overheads**

# Improve cash flows generation and net debt reduction

## Focus on cash generation

- Containment of **working capital** despite increasing volumes in all business areas and geographical areas
- Optimization of **investments** directed towards developing production capacity and maintaining plant efficiency,  keeping the Capex / Net Sales ratio below 7%
- Comply with the financial covenants of the financing contract



# Financial targets for 2019



| | 2016 | 2019 | |
|---|---|---|---|
| 1 **Revenue from sales** (EUR billion) | 1,03 | 1,40 | ➢ Increase in volumes of grey and white cement in all geographical areas; prices in line with the relevant markets<br>➢ Higher sales volumes of ready-mixed concrete<br>➢ Aggregate volumes stable excluding CCB contribution |
| 2 **EBITDA** (EUR million) | 198 | 260 | ➢ Profitability increase in all business and geographical areas<br>➢ Increase of both fuels price and freight costs<br>➢ Fixed costs stable also due to positive exchange rate effects |
| 3 **Annual Capex** (EUR million) | 71,8 | 90 | ➢ Optimization of investments for developing production capacity and maintaining plant efficiency<br>➢ Capex / Net sales ratio < 7% |
| 4 **Net financial debt** (EUR million) | 562 | 360 | ➢ Net financial debt reduction of around EUR 200 million<br>➢ Assumption of a dividend in line with 2016 (EUR 0,10 per share) for the three-year period |
| 5 **Net financial debt / EBITDA** | 2,8x | 1,4x | ➢ Compliance with financial covenants<br>➢ Excluding perimeter expansion |

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