2020 | 4Q Results

CEMENTOS MOLINS

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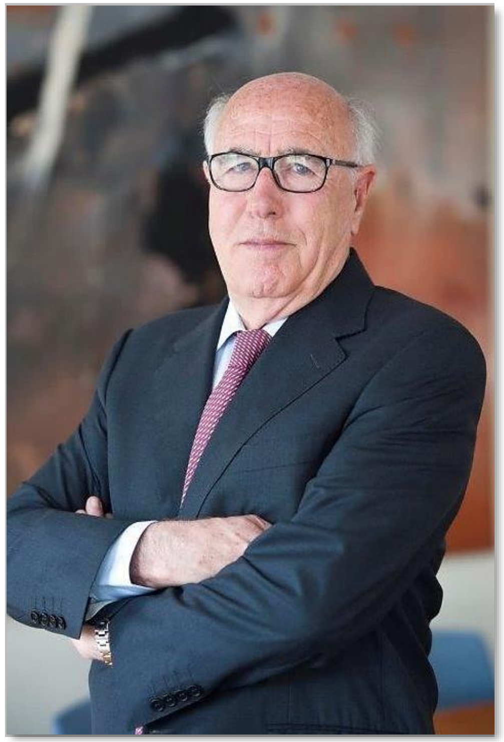


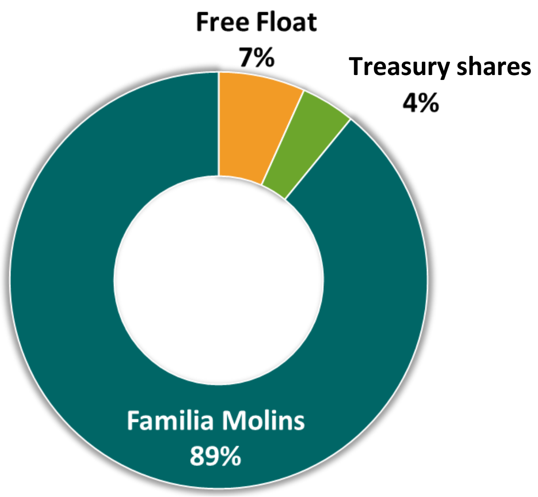
JUAN MOLINS
CHAIRMAN

JULIO RODRÍGUEZ
CEO

JORGE BONNIN
CFO

International company with familiar roots and listed in Spain

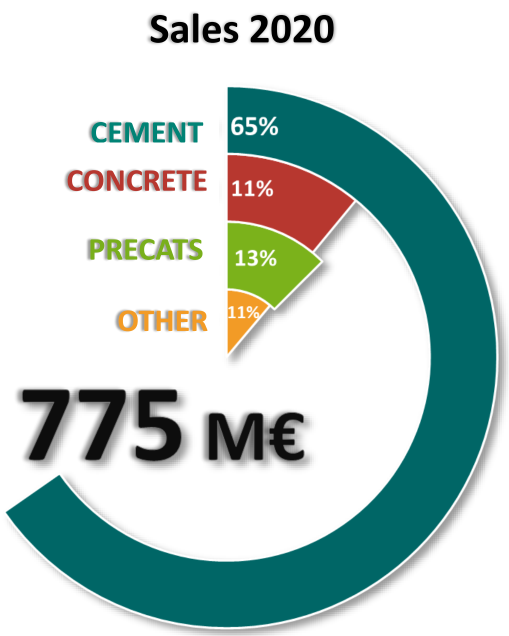
- Established in 1928, creating products and developing innovative and sustainable solutions for the construction sector for over 90 years.
- Stock listed since 1942 at Barcelona Stock Exchange (fixing market).
- Market cap of around EUR 925M (as of mid February 2021).
- An integrated business model comprising a wide range of grey cement, white cement, calcium aluminate cement, aggregates, ready mix concrete, mortars, precast solutions, clinker, and waste management.

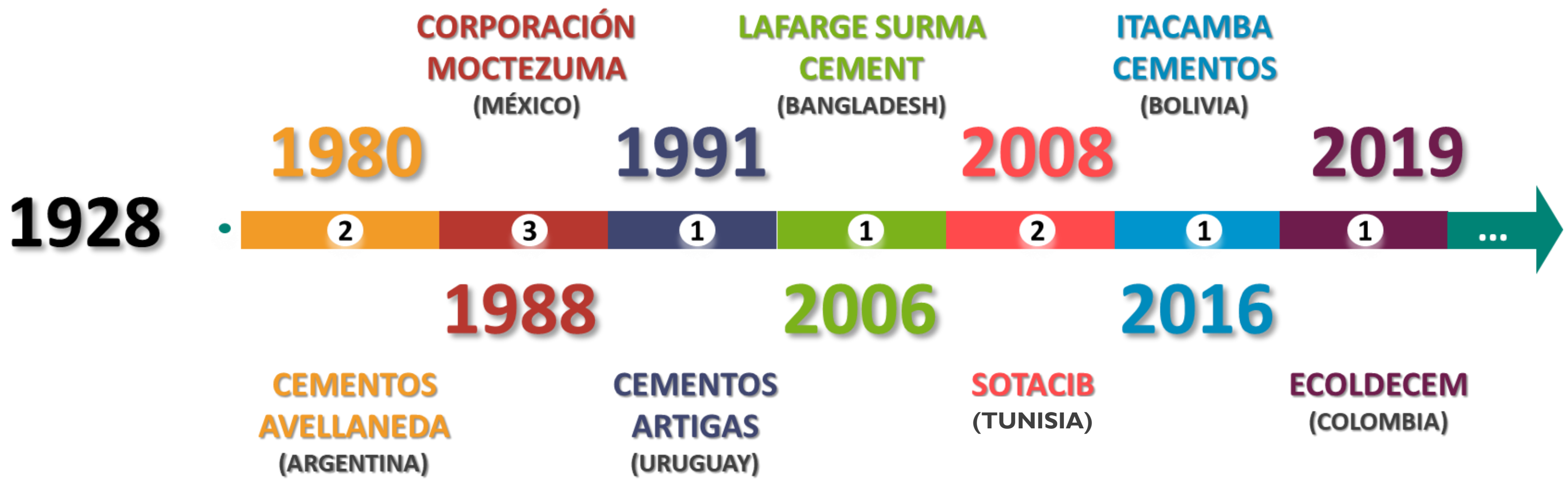


Shareholders agreement of 73%

Geographical diversitiy

- Sales of 775 M€[1], cement capacity of 9.9 Mtn[1]
- ≈ 5,000 employees
- 12 cement plants with 15 kilns of portland cement, 2 kilns of white cement and 2 kilns of calcium aluminate cement.
- 76 ready-mix concrete plants, 8 mortars plants, and 10 precast solutions plants.
- Operations in 8 countries: Spain, Mexico, Argentina, Uruguay, Bolivia, Colombia, Tunisia, and Bangladesh.

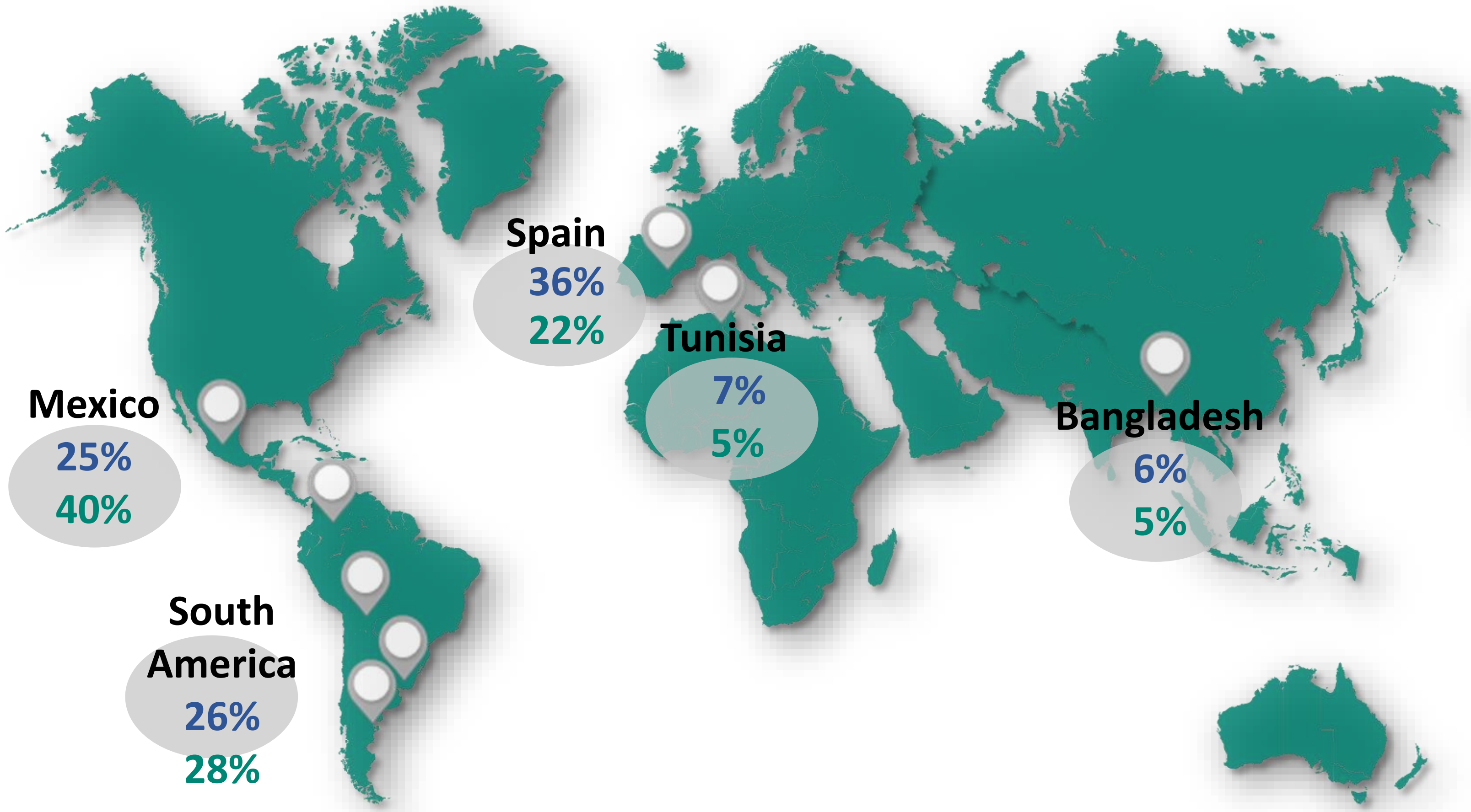




[1] Sales and capacity according to proportional criteria.

Geographical diversity

■ Sales ■ EBITDA



Capacity 2020[1]

[1] Proportional criteria.

Highlights 2020…

Proportional criteria

Markets in contraction, with the exception of Mexico and Uruguay.
Good activity recovery in 3Q and 4Q.
Limited visibility in 2021 due to impact of COVID-19 in the different countries.

Revenues achieved €775 M, -3% over 2019. The sharp market contraction in the second quarter was mitigated by the acceleration of activity in the second half of the year.

EBITDA reached €205 M, +7% over 2019 despite the pandemic and currency depreciation.
Positive impact of efficiency and costs savings plans and good sales price management.
EBITDA Margin improved by 250 bps.

Net profit achieved €93 M, +4% over 2019. Improvements in the contribution of Mexico and South America were negatively affected by depreciation of their currencies.

Significant cash flow generation. Net Financial Debt decreased by 59% compared to December 2019, with a **NFD/EBITDA ratio of 0.4x.**

Like-for-like: comparable without exchange rate effect and hyperinflation in Argentina.

2020 results on the rise thanks to the strong commitment of our team

Strong 4Q acceleration

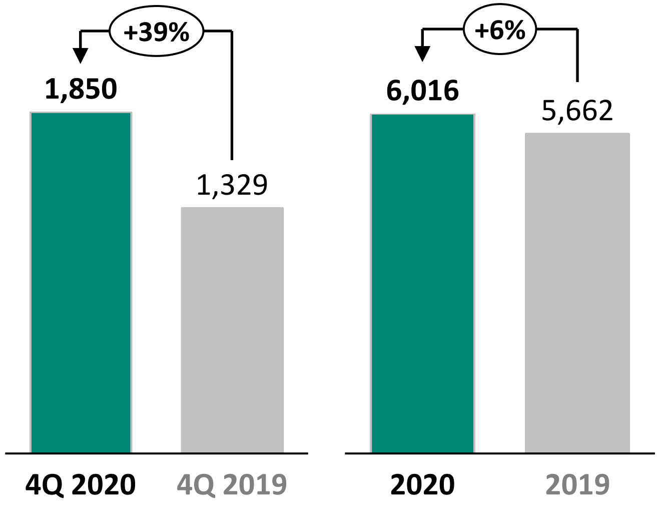
4Q 2020	4Q 2019	% var.	% LFL [1]	Proportional criterion in €M	2H 2020	2H 2019	% var.	% LFL [1]
228	203	+12%	+34%	Sales	775	797	-3%	+11%
62	49	+28%	+63%	EBITDA	205	192	+7%	+28%
27,2%	23,9%	+3,4	+5,1	EBITDA Margin	26,5%	24,0%	+2,5	+3,7
48	35	+36%	+75%	EBIT	148	140	+5%	+29%
32	19	+64%	+67%	Net Result	93	90	+4%	+27%
0,48	0,29	+64%		EPS (€)	1,41	1,35	+4%	
74	181	-59%	-56%	Net Financial Debt	74	181	-59%	-56%

[1] Like-for-like: comparable without exchange rate effect and hyperinflation in Argentina.

Strong acceleration of activity in 4Q

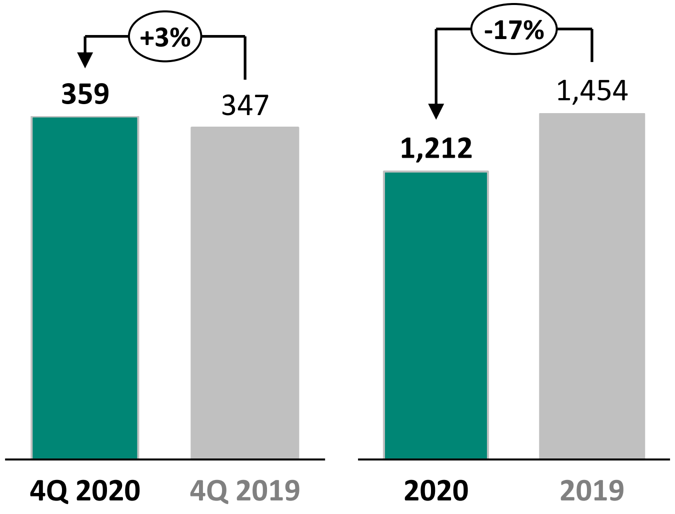
Proportional criteria

VOLUME PORTLAND CEMENT (Th. t)



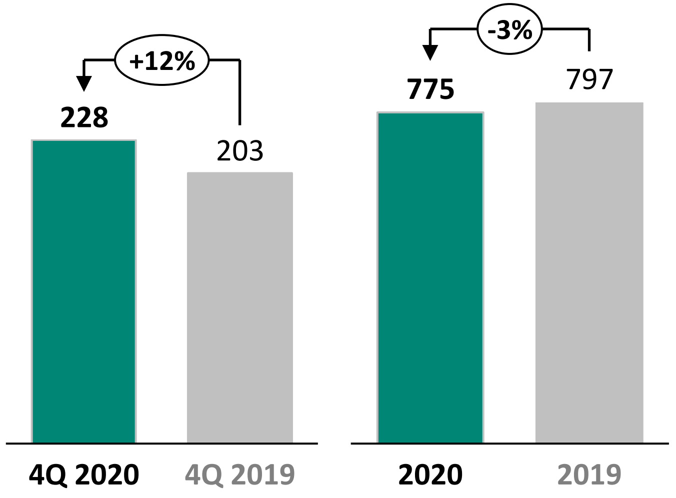
- Annual growth of 6% with strong acceleration in the second half (3Q +18% and 4Q +39%).
- Growth of bagged cement.
- Contribution first year of operations in Colombia.

VOLUME READY-MIX CONCRETE (Th. m³)



- Recovery in 4Q (+3%)... but -17% full year.
- Volume decline due to slowdown in construction activity and infrastructures, especially in Mexico and Argentina.

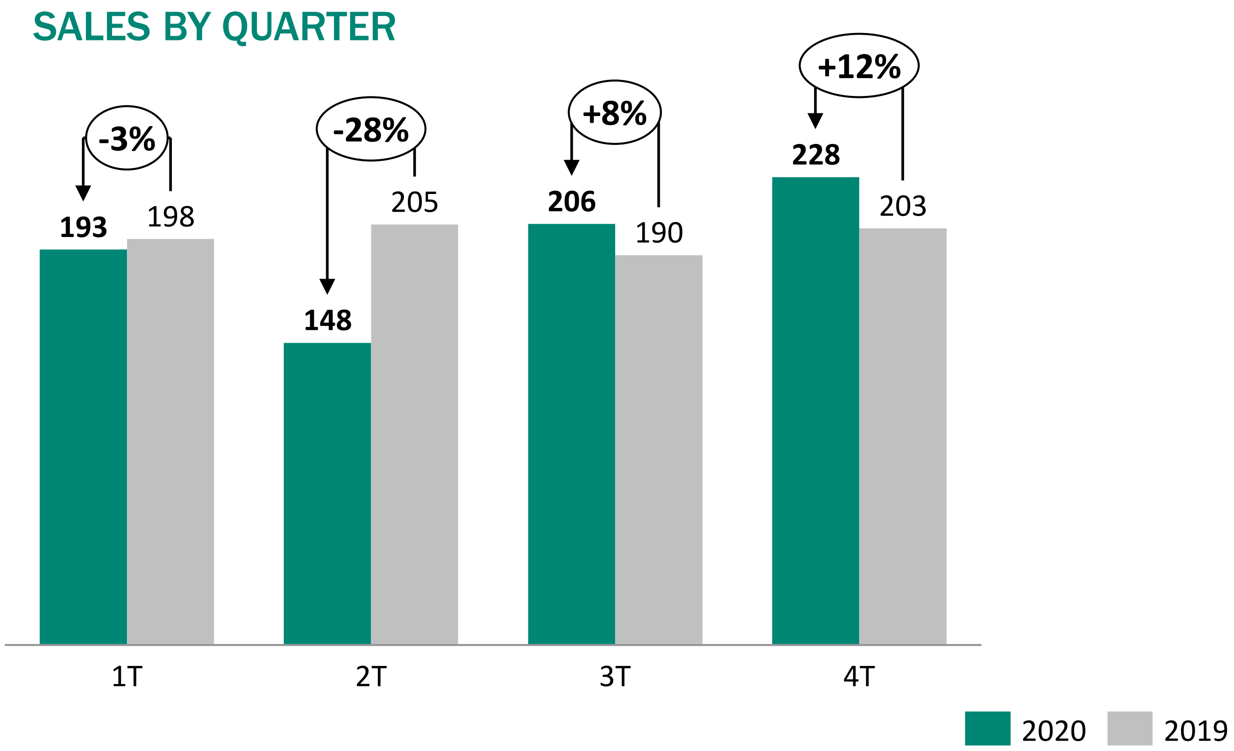
SALES (€M)

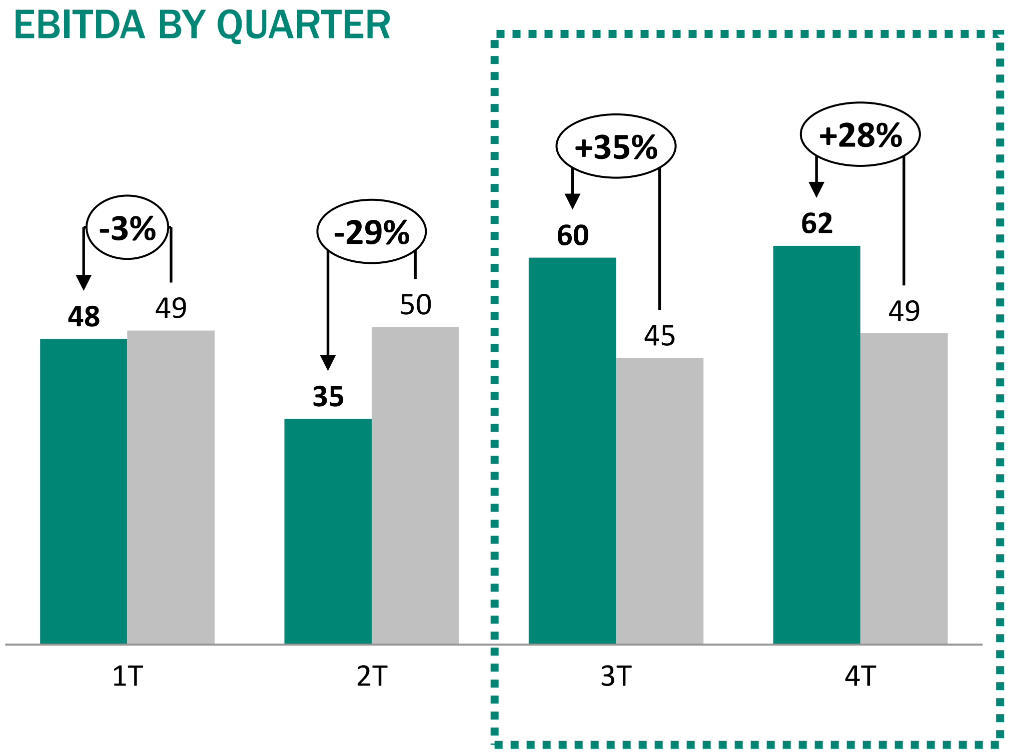


- Significant sales recovery during the second half of the year (3Q +8%, 4Q +12%).
- Yearly increase by 11% at constant currencies (depreciation of the Argentine and Mexican peso).

Sales acceleration in the fourth quarter with very good results

Proportional criteria
Figures in M€

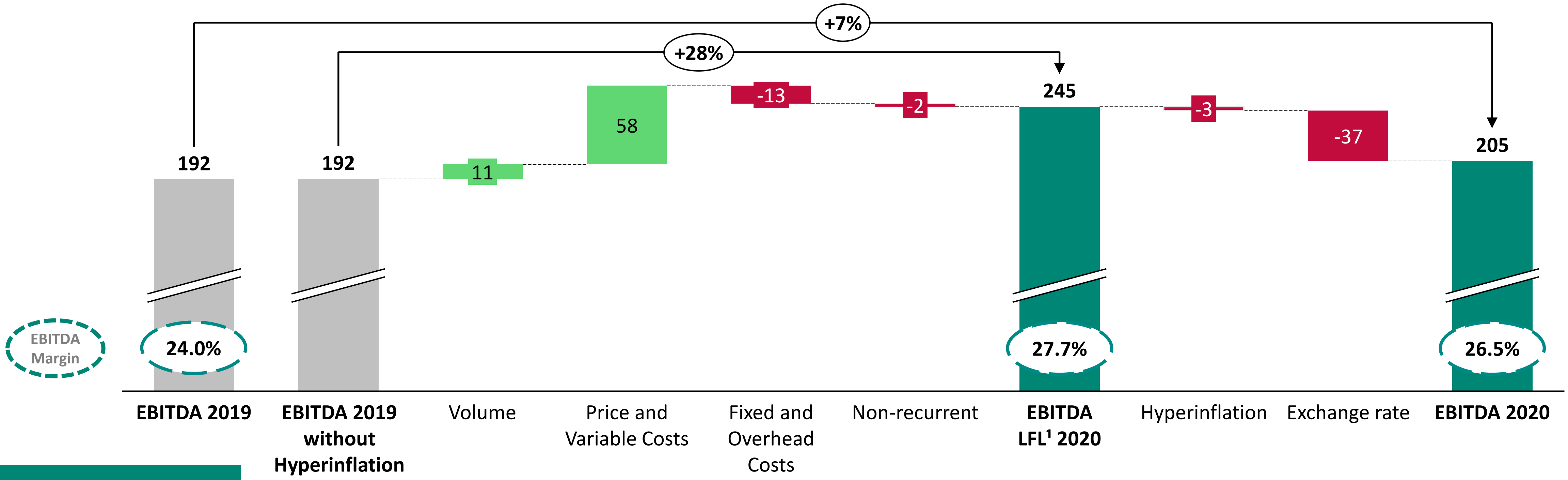




Yearly EBITDA up 7% despite pandemic and currency depreciation

Proportional criteria
Figures in M€

- EBITDA like-for-like[1] increased 28% due to the positive impact of efficiency improvements, costs savings plan, selling price management and the first year **contribution of the new plant in Colombia**.
- Decrease of operating costs, and slight increase in overheads below local inflation rates.
  Incremental impact of the first year of activity in Colombia.
- Negative impact due to currency depreciation, especially in Mexico and Argentina.
- Strong improvement of EBITDA margin, +250 bps to 26.5% (4Q: 27.2%).



[1] Like-for-like: constant currencies and without hyperinflation adjustment in Argentina.

Sales and EBITDA by country

Proportional criteria
Figures in M€

Revenues and EBITDA in 2020 increased by 11% and 28% respectively on a like-for-like basis (currency and hyperinflation) with a strong acceleration on 4Q.

- Sales like-for-like increase in Mexico and South America (increase in Argentina and Uruguay, and first year activity in Colombia).
- Strong improvement of EBITDA like-for-like in Mexico (+20%) and South America (+68%) offset by depreciation of their currencies.

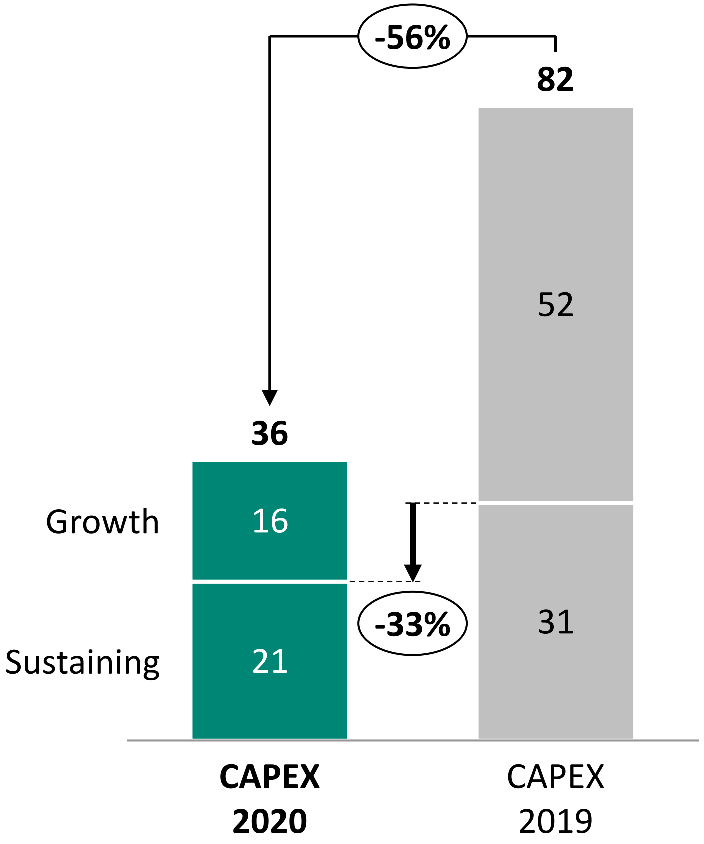
	SALES				EBITDA			
	2020	2019	% var.	% LFL [1]	2020	2019	% var.	% LFL [1]
Spain	**281**	**295**	**-5%**	**-5%**	**48**	**51**	**-5%**	**-5%**
Mexico	**191**	**198**	**-3%**	**10%**	**88**	**83**	**5%**	**20%**
Southamerica	**201**	**209**	**-4%**	**35%**	**62**	**53**	**17%**	**68%**
Argentina	111	145	-24%	22%	37	41	-9%	45%
Uruguay	38	35	8%	32%	11	9	35%	65%
Bolivia	20	26	-23%	-21%	3	4	-22%	-19%
Colombia	32	3	-		10	-1	-	-
Other countries	**102**	**95**	**7%**	**8%**	**23**	**19**	**19%**	**22%**
Bangladesh	49	56	-12%	-9%	12	13	-6%	-2%
Tunisia	53	40	32%	32%	11	7	66%	67%
Corporate and Others	**-**	**-**	**-**		**-15**	**-14**	**-**	**-**
Total	**775**	**797**	**-3%**	**11%**	**205**	**192**	**7%**	**28%**

[1] Like-for-like: constant currencies and without hyperinflation adjustment in Argentina.

Investment discipline by prioritising the essential ones

Proportional criteria
Figures in M€

INVESTMENTS (M€)



- Payments for sustaining investments amounted to €21 M (investments necessary to maintain the level of activity limited in the context of the pandemic to the essential ones).
- Growth capex payments amounted to €16 M (mainly remanent from the final phase of the new plant in Colombia and the expansion of San Luis in Argentina, acquisitions).
- New aggregates business in Bangladesh with good prospects.

ALION

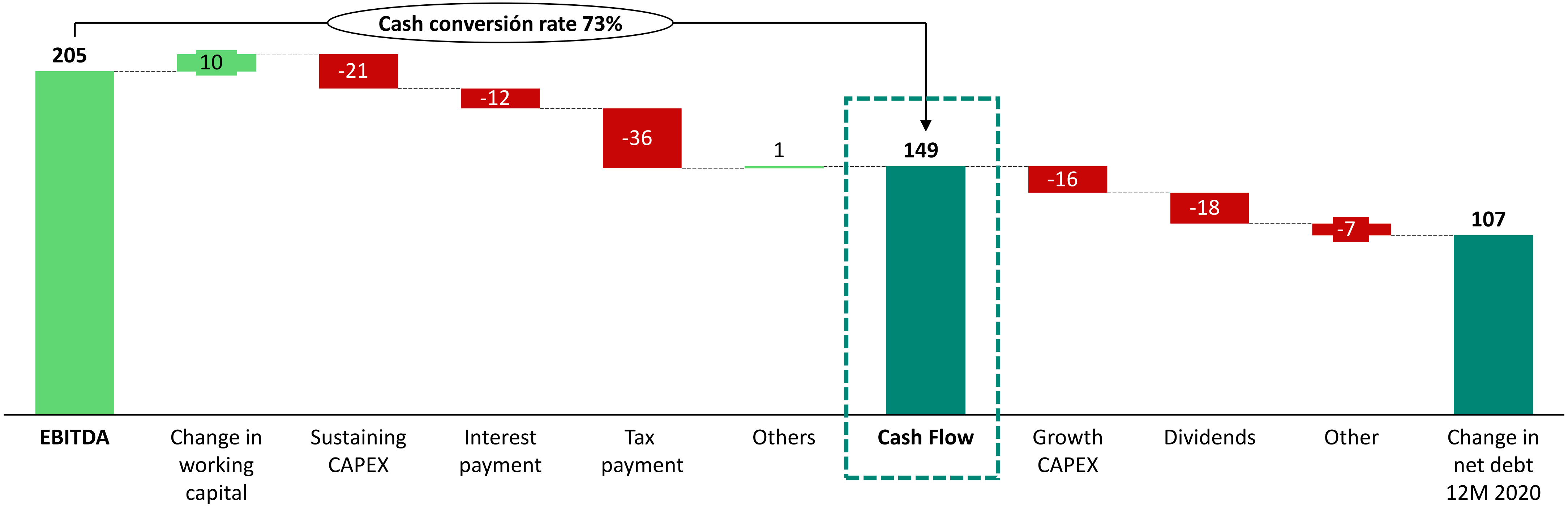
- Completed commissioning of the Rio Claro plant in Colombia following the project execution.
- First year of operations with fulfilment of the planned objectives.
- High customer satisfaction and high-quality perception of all our products.

Strong cash generation with a 73% cash conversion rate

Proportional criteria
Figures in M€

Fourth quarter with solid cash generation. Yearly cash flow of €149 M.

- Efficiency in operating working capital.
- Significant reduction of sustaining investments, limited to essentials.
- Reduction in financial expenses due to debt structure optimisation.

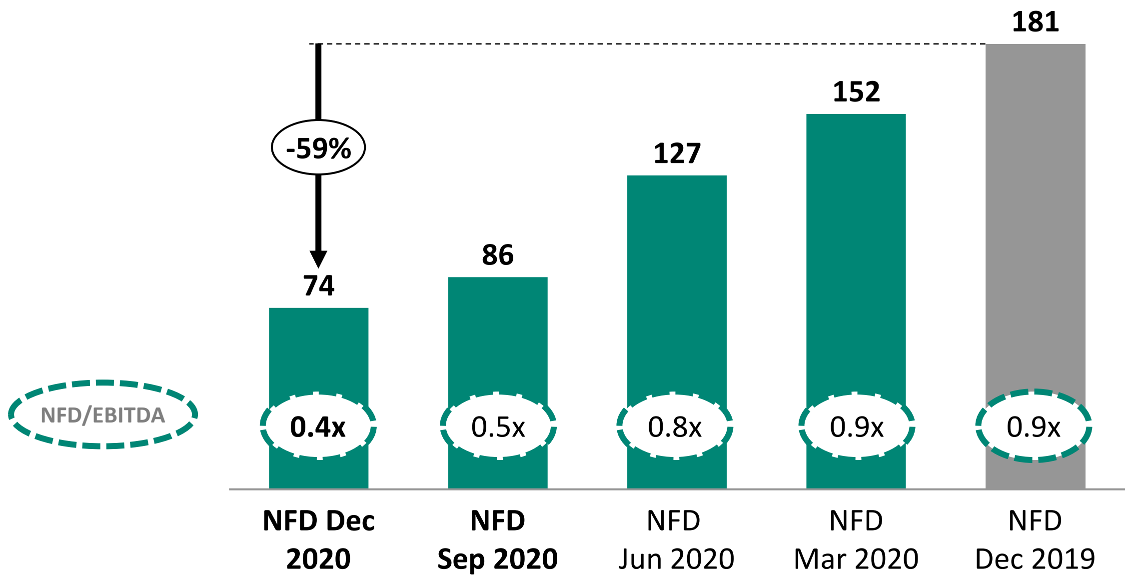


Solid financial position with lowest debt level and long-term maturities

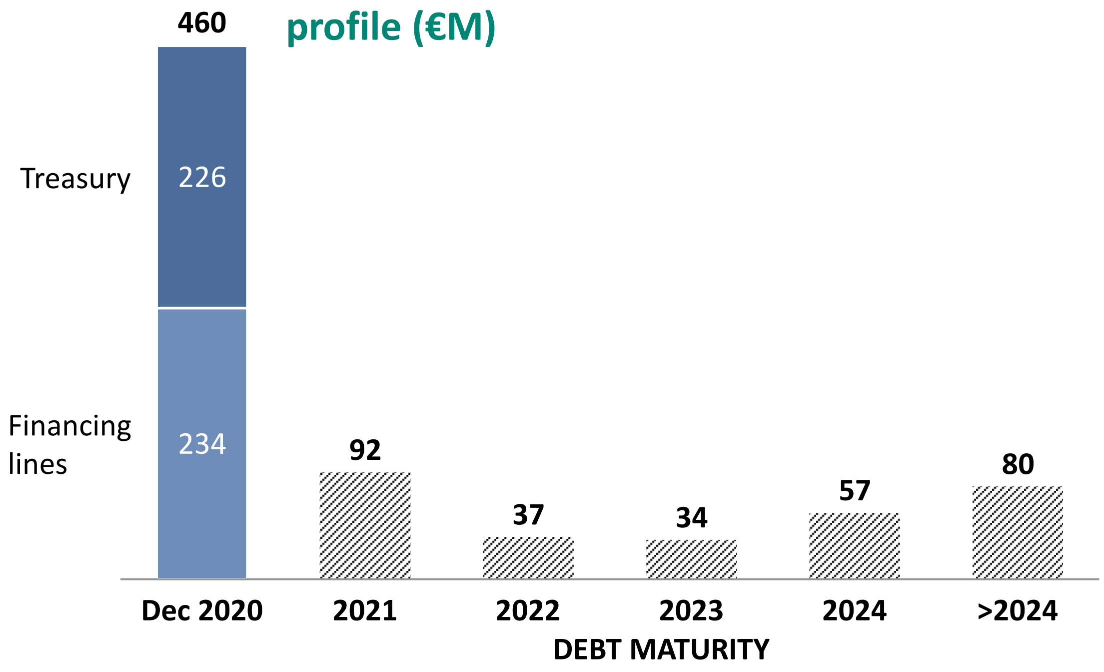
Proportional criteria

- Net Financial Debt decreased by 59% compared to December 2019.
- NFD/EBITDA multiple continues to decrease to 0.4x.
- 50% of debt denominated in EUR currency.
- Financing facilities amounting to €534 M (56% consumed). 57% with maturity after 2024.

NET FINANCIAL DEBT (M€)



Liquidity margin with balanced debt maturity profile (€M)



RESULTS BY REGION

Installation of concrete precast structures for the beltway to Murcia MU-30

Spain: Strong recovery in the second half of the year... but annual market in contraction

Proportional criteria

PROMSA connecta

LIGHTHOUSE SVH
DIGITAL CEMENT PLANT

€M	2020	2019	% var	L-f-L
Sales	**281**	**295**	**-5%**	**-5%**
EBITDA	**48**	**51**	**-5%**	**-5%**
EBITDA Margin	**17%**	**17%**	**0pp**	

- Drop in cement and ready-mix concrete sales aligned with market contraction; significant recovery of activity in the second half of the year.
- Sales increase of special mortars and exterior insulation systems (PROPAMSA).
- High precast activity in building construction, but negative impact on sales due to decline in railway (decrease of ADIF's projects awards and execution (PRECON).
- The positive impact of efficiency plans, costs savings plans and good selling price management enabled to keep the EBITDA Margin.
- New boost of alternative fuels consumption with 44% thermal substitution.
- Progress in digital transformation in all businesses.
- Launch of customers platform "PROMSA Connecta" .
- Agreement with IBM to develop artificial intelligence solutions in our plants.

Mexico: Higher results in a slightly growing market

Proportional criteria

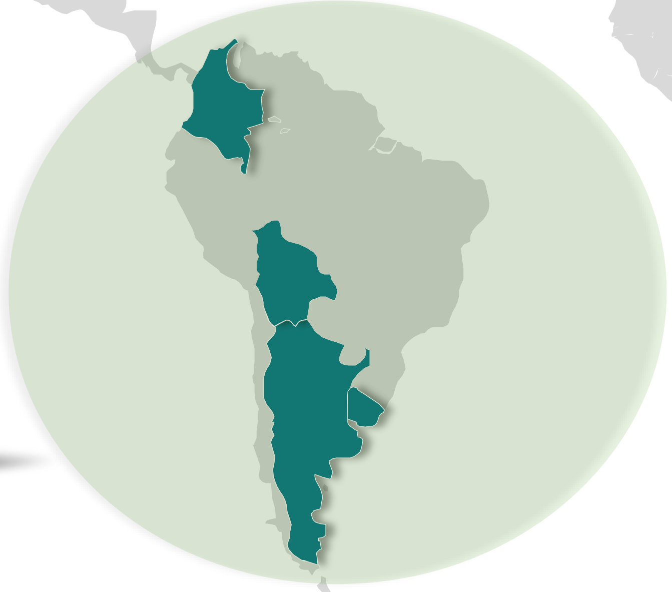
€M	2020	2019	% var	L-f-L
Sales	191	198	-3%	+10%
EBITDA	88	83	+5%	+20%
EBITDA Margin	46%	42%	+4pp	

- Discontinuous performance of construction.
  - Fall in construction works.
  - Boosting of large infrastructures and growth of self-construction.
- 15% depreciation of peso against euro.
- Despite the pandemic, annual increase in cement volume.
  - Growth of bagged cement driven by self-construction and maintenance/modernization works in family properties.
  - Decrease of ready-mix concrete business due to lower construction works.
- Excellent outcome of operating efficiency and cost reduction plans, which enabled to improve the EBITDA margin by 4 pp.
- Strong EBITDA growth in local currency, offset by the depreciation of the peso.

South America: Excellent results despite strong impact of COVID-19, inflation and currency depreciation.

Proportional criteria

€M	2020	2019	% var	L-f-L
Sales	201	209	-4%	+35%
EBITDA	62	53	+17%	+68%
EBITDA Margin	31%	25%	+6pp	



- Contraction in the markets... but strong acceleration of activity in the second half of the year.
  - Increase in bagged cement sales.
  - Contraction in the concrete market due to lack of construction works.
- Depreciation of currencies in the region, especially the Argentine peso (54% against the euro).
- Excellent results of the operating efficiency and cost reduction plans, which enabled to improve the region's overall EBITDA margin by 6 pp.
- First full year of new plant in Colombia; targets accomplished despite the impact of COVID-19.
- New project of a photovoltaic power plant and first year of operation of the new San Luis plant in Argentina.

Rest of the world: Performance improvement in Tunisia offsets lower activity in Bangladesh

Proportional criteria

BANGLADESH

- Slight decrease in the market despite the pandemic impact.
- Good contribution of the operational efficiency and cost reduction plans, enabling to improve the EBITDA margin.
- Launch of new aggregates business with good prospects.

TUNISIA

- Market contraction within an uncertainty environment and economic slowdown; recovery in the second half of the year.
- Increase of white cement exports, offsetting the decline in the domestic market.
- Good contribution of the operational efficiency and cost savings plans increasing the EBITDA margin.

€M	2020	2019	% var	L-f-L
Sales	102	95	+7%	+8%
EBITDA	23	19	+19%	+22%
EBITDA Margin	22%	20%	+2pp	

SOTACIB

SUSTAINABILITY

Concrete supply for the construction of a composting plant in Alcarràs (Lleida)

Sustainability Barometer

5 KEY INDICATORS

1. KW/h x Tonne
2. Mcal x Tonne
3. Kg CO2 x Tonne

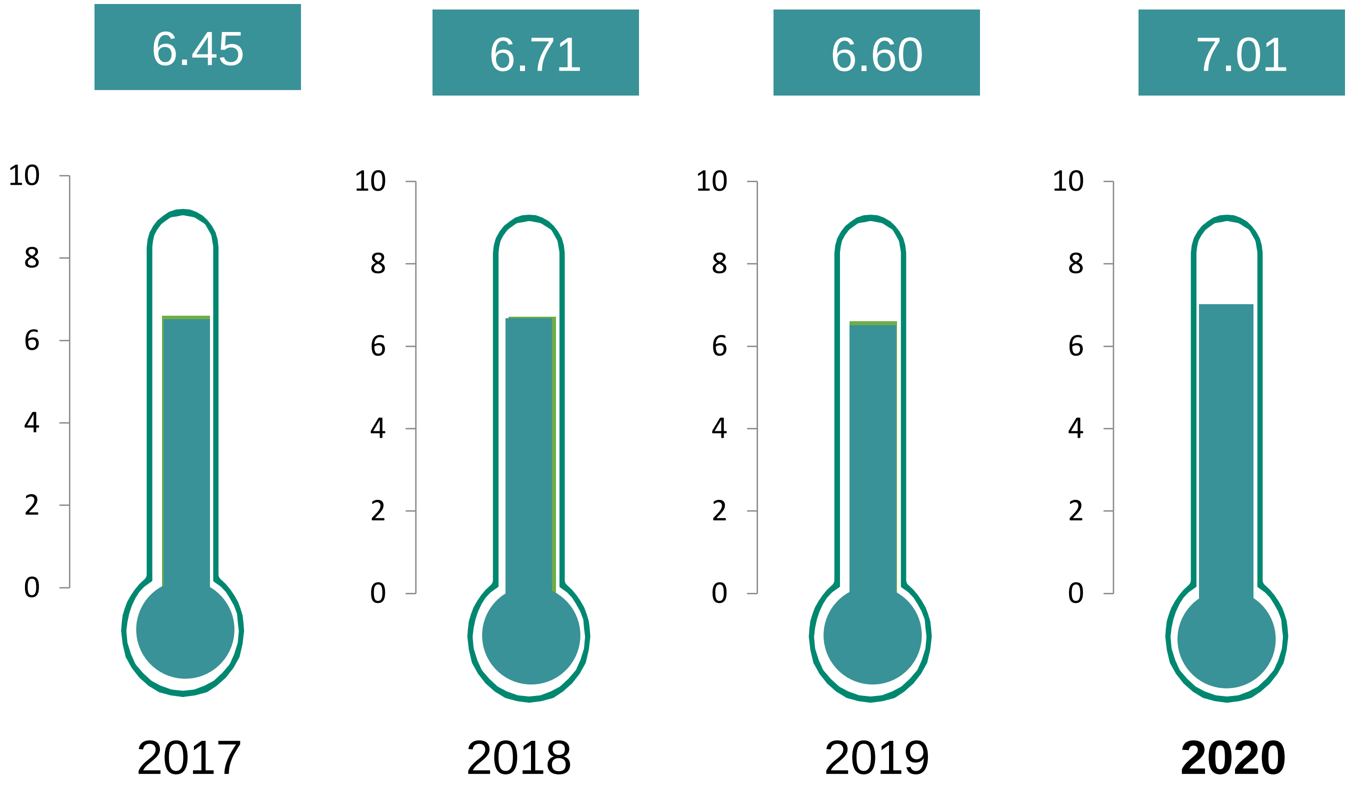
+

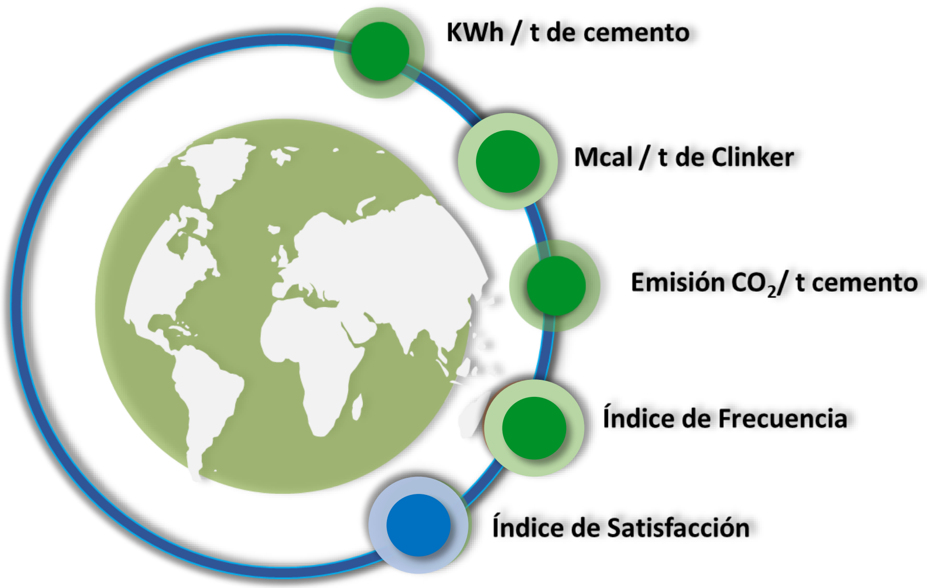
4. Accident frequency rate
5. Employee satisfaction rate

- For each of the 5 key indicators we define a best-in-class of the market as a value 10.
- Our managers have a significant part of their variable remuneration linked to the barometer.

Sustainability Barometer

In 2020, all barometer indicators have improved compared to 2019, especially in the Accident Frequency Rate.





Other highlights in 2020

CIRCULAR ECONOMY:

- Growth of alternative fuels consumption in all countries, especially in Spain, Uruguay and Argentina..
  - New projects in Bangladesh and Mexico.
- Recycling of 48,000 tonnes of waste resulting from the dismantling of the old kilns at Sant Vicenç dels Horts plant; it will be reused as raw material in the manufacture of cement.

RENEWABLE ENERGIES:

- Boosting the increase in electricity consumption from renewable sources (Spain, Colombia, Argentina, Mexico)
  - New 20 MW solar generation project at San Luis plant (Argentina).
  - Ongoing construction permits for a new 10 MW solar generation project for self-consumption at Cerritos plant (Mexico).

NEW TYPES OF CEMENT:

- Commercialisation in Spain of new CEM II/A-L42.5N product with a 4% reduction in CO_2 emissions compared to the previous one (expected savings in 2021 equivalent to the emissions of 5,200 vehicles).

SUSTAINABLE SOLUTIONS:

- Strengthening operations in Spain with two acquisitions:
  - Escofet 1886, focused on differentiation and added value through the development of urban setting solutions and architectural façades.
  - Acquisition to ÇIMSA of its white cement import business based in Alicante.

Escofet®

- Takeover of Escofet, a benchmark in architectural concrete and urban spaces.
- Consolidation of our historical stake from 37% to 76%.
- 2020 sales: €14 M
- This acquisition will enable us to accelerate growth, taking advantage of the great potential for commercial and industrial synergies.
- Commitment to differentiation through design and innovation.

New white cement business in Spain

(subject ot closing at end of March 2021)

- Acquisition of the ÇIMSA operation in Alicante.
- Unloading and dispatch terminal for white cement in the port of Alicante, with a storage capacity of 10,000 tonnes.
- Approximate volume of 50,000 tonnes
- Expansion of product range in Spain.
- Development of the export market of our subsidiary in Tunisia (Sotacib) with excellent synergies.

Rationalisation in Uruguay

- Industrial consolidation in a single, more efficient and sustainable production centre (Minas).
- New state-of-the-art vertical cement mill and new cement silos.
- Significant efficiency improvement due to lower electricity consumption in grinding (40%) and production costs reduction.
- Excellent step forward in sustainability thanks to the greater efficiency of the new facilities and the activity removal in the urban centre of Montevideo.
- Total investment : 40 MUSD


STRATEGY

A strategic plan with 5 pillars

Profitable and sustainable growth

1. Sustainability
2. Operational Efficiency
3. Business Development
4. Digitalisation
5. People

OUR 5 STRATEGIC PRIORITIES

1

SUSTAINABILITY

Agenda and Roadmap 2030-2050 GCCA

1. Accelerating the development of alternative fuels
2. Innovation: new products and processes

OUR 5 STRATEGIC PRIORITIES

2

EFFICIENCY

1. Clinker factor
2. Thermal consumption
3. Electricity consumption and renewables power
4. Purchases
5. Logistics

OUR 5 STRATEGIC PRIORITIES

3

BUSINESS DEVELOPMENT

1. GEOGRAPHY
   - ✓ Δ capacity in our markets
   - ✓ Inorganic development in new markets

2. VERTICAL INTEGRATION “core business”
   - ✓ Focus on 6 integrated businesses:

CEMENT

CONCRETE

MORTARS

AGGREGATES

PRECAST

CIRCULAR ECONOMY

OUR 5 STRATEGIC PRIORITIES

4

DIGITALISATION

1. Pilot plant project in Sant Vicenç dels Horts - scalability
2. Digital customers platform
3. Back office efficiency

OUR 5 STRATEGIC PRIORITIES

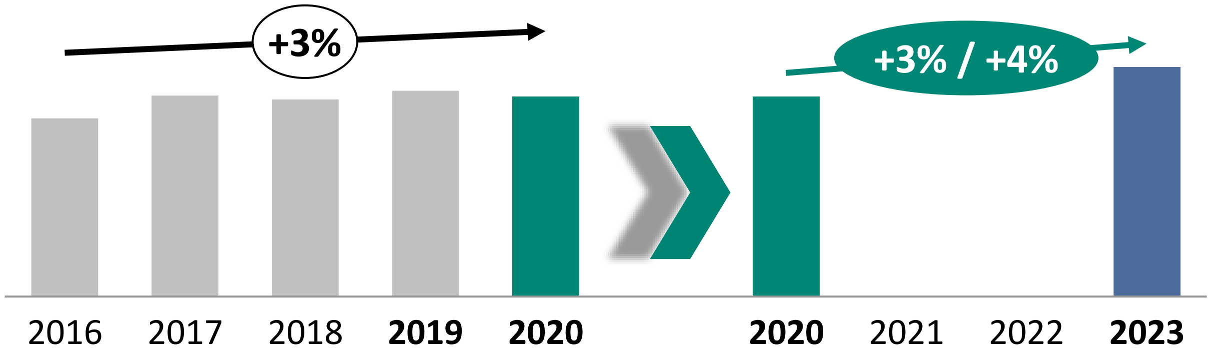
5

PEOPLE

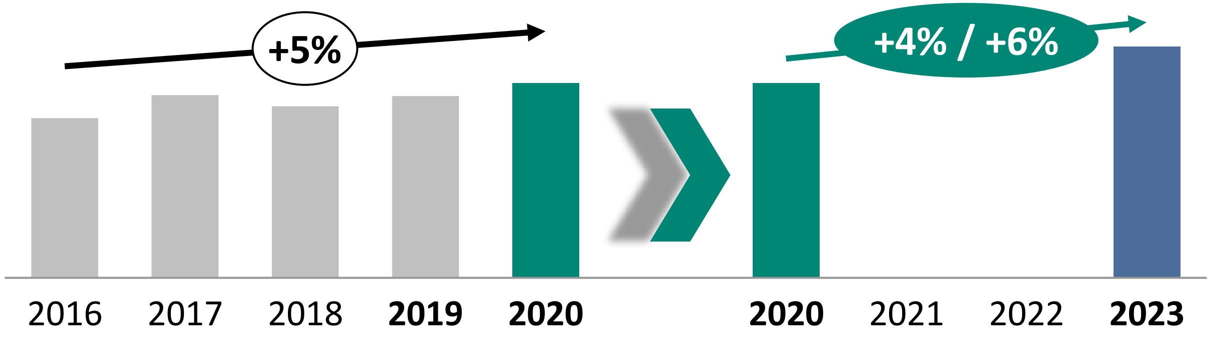
1. International talent development
2. Long-term key competencies
3. “Zero Accident” Plan

Strategic Plan Goals

Δ sales in average range of +3 to +4% p.a.



Δ EBITDA in a average range of +4% to +6% p.a.



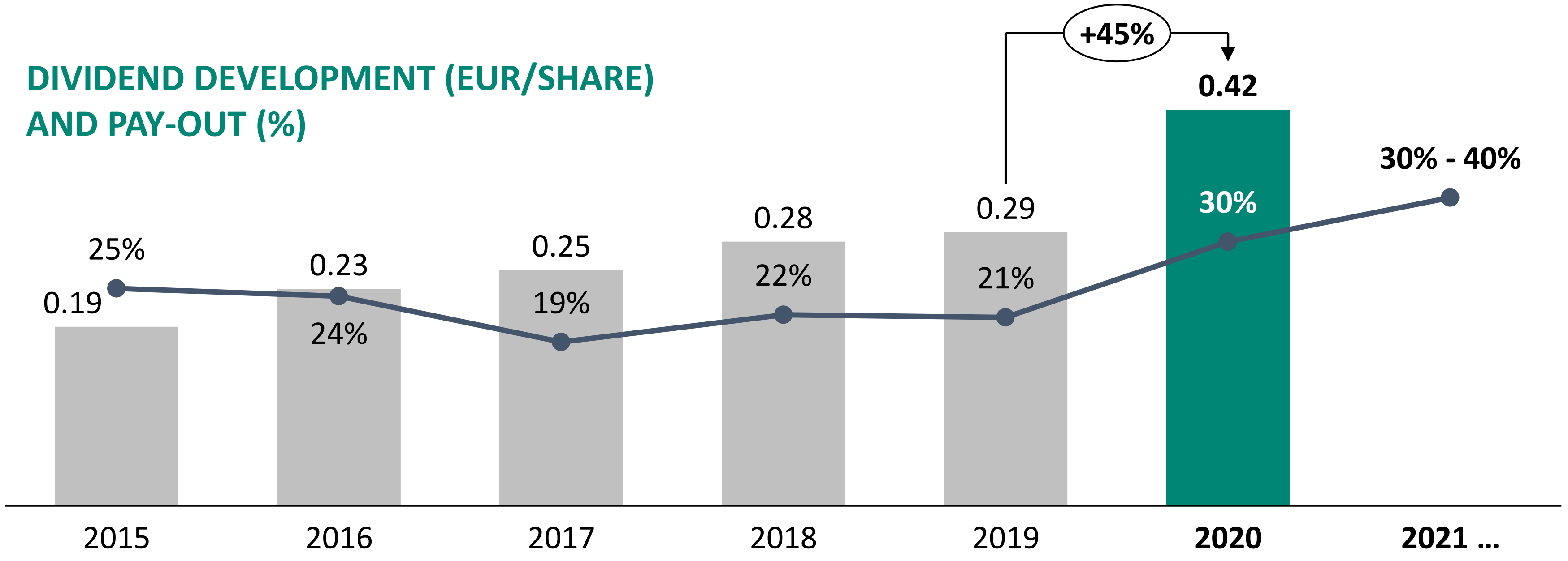
… Maintaining a net debt ratio < 2x EBITDA

… Dividends in a range of 30% to 40% pay-out

Note: Assuming market developments without relevant contractions, significant currency devaluations, non-recurring costs and acquisitions.

Shareholders remuneration

- **Increase of dividend pay-out for 2020 to 30%: €0.42/share (€28 M).**
  - Interim dividend of €0.097/share paid in July 2020 and €0.183/share paid in December 2020.
  - Final dividend of €0.140 to be paid in July 2021 (subject to approval by the General Shareholders Meeting).
- **New dividend policy from 2021 with pay-out in a range between 30% and 40%.**
  - 50% of the dividend will be paid as interim dividend in December of the current year.
  - Remaining 50% in July of the following year.



Outlook 2021

MARKET

COVID-19 impact and vaccination speed limit the visibility of 2021

- In most countries, we expect a slight market recovery driven by infrastructure projects and construction stimulus ...
- ... with the exception of Spain: lower volume of civil works and slowdown in construction; we foresee a lower activity in the first half of the year and a recovery after the summer and especially from 2022 onwards with the boost from European funds.

EBITDA

- Contribution of efficiency plans and development of strategic initiatives.
- Slight overall improvement in volume.
- Sharp increase in energy costs.
- Higher inflation.
- Exchange rate impact.

Note: Reflects Cementos Molins' current expectations, without significant variations in exchange rates, without non-recurring incomes & costs.

Basis for information presentation

Cementos Molins actively takes part in the management of the companies which consolidates through the equity method, whether this is in conjunction with another shareholder or by means of relevant participation in its decision-making bodies.

Following the guidelines and recommendations of the European Securities and Markets Authority (ESMA), whose objective is to promote the usefulness and transparency of the alternative performance measures that are included in the regulated information or in any other information submitted by the listed companies, **the information that is included in this "4Q 2020 Results" is based on the application of the proportionality principle in the consolidation method of its investees**, applying the final shareholding percentage in each one of them. This way, Cementos Molins deems that the management of the businesses and the way that their results are assessed for the decision-making process are reflected in a suitable manner.

Therefore, the following parameters are defined in the presentation as:

- "Sales": Net turnover reported in the individual and consolidated financial statements of the various companies included in the consolidation perimeter, multiplied by the participation percentage held in each one of them.
- "EBITDA": Operating result before financial statements and taxes, amortizations, and results for the impairment and sale of assets of the different companies accounted for in the consolidation perimeter, multiplied by the shareholding percentage held in each one of them.
- "EBIT": Net result before financial results and taxes (operating result), multiplied by the shareholding percentage in each one of them.
- Operating Cash Flow": Net cash flows from ordinary activities, minus the paid financial expenses and adding the collected financial income of the different companies included in the consolidation perimeter, multiplied by the shareholding percentage in each one of them.
- "CAPEX": Additions in property, plant and equipment, and intangible fixed assets, of the different companies included in the consolidation perimeter, multiplied by the shareholding percentage in each one of them.
- "Net Financial Debt": Financial debt, after subtracting the treasury, temporary financial investments and long-term deposits, multiplied by the shareholding percentage in each one of them. Cash surpluses are indicated with a negative sign.
- "Volume": Physical units that have been sold of portland cement and concrete from companies included in the consolidation perimeter (without withdrawing internal sales), multiplied by the shareholding percentage in each one of them.
- "Comparable variation %": It considers the variation that the indicator would have reported at constant currencies and without hyperinflation adjustment in Argentina (IAS 29).