Buzzi Unicem

PRESS RELEASE

Interim results at September 30, 2015

- **Net sales at €1.998,1 million (€1.898,7 million in 2014); Ebitda at €352,1 million (€302,5 million in 2014)**
- **Sales volumes slowing down during the summer; in the nine months slight increase for cement (+1,3%), decrease in the ready-mix concrete sector (-2,3%)**
- **Good momentum of demand in the United States, economic slump in Ukraine and Russia, deliveries subdued in Central Europe, in Italy cement consumption still down**
- **Very satisfactory economic trend in the United States, favorable in Poland and the Czech Republic; remarkably lower results in Russia and Ukraine, penalized by the depreciation of the local currencies**
- **For full year 2015, outlook unchanged of recurring Ebitda in improvement from the previous year and at approximately €450 million in absolute value (€405 million in 2014)**

Consolidated data		Jan-Sep 15	Jan-Sep 14	% 15/14
Cement sales	m ton	19.2	19.0	+1.3
Ready-mix sales	m mc	8.9	9.1	-2.3
Net sales	€m	1,998.1	1,898.7	+5.2
Ebitda	€m	352.1	302.5	+16.4
Net profit (loss)	€m	120.3	55.4	n.s.
Consolidated net profit (loss)	€m	117.6	51.4	n.s.
		Sep 15	**Dec 14**	**change**
Net debt	€m	1.073.9	1,062.7	(11.2)

The Board of Directors of Buzzi Unicem SpA met on 10 November 2015 to examine the interim financial report as at 30 September 2015.

The prospects of global growth for the current year were revised downwards due to the exposure to the slowdown of Chinese economy, greater than expected, whose path back from the high levels of investment and indebtedness had a negative impact on raw materials prices and on international trade dynamics. In mature countries, economy continued to expand, albeit with different intensities: in the United States GDP growth accelerated more than expected in the second quarter and growth continued in the third quarter at a slower pace, driven by domestic consumption. In the Eurozone business improved during the summer months in line with expectations, driven by foreign trade, with a sharp acceleration in exports and a simultaneous slowdown in imports, where the stimulus arising from consumption was partially offset by a decrease in investment, particularly in construction. Among the major economies, GDP grew almost at the same level in the second and third quarter in Italy (+0.3%) and Germany (+0.4%), but stagnated in France.

In the second quarter and in the following months the macroeconomic framework in emerging economies was dominated by the slowdown in China, which weakened the international prices of raw materials, with negative effects on the growth of the largest exporters; in Brazil and Russia this intensified the recessionary pressures and confidence mood deteriorated. The most accredited analysts, while assessing the transition path of Chinese economy towards a more balanced development model, acknowledged the growing discrepancy between national accounting data and the information obtained from indicators related to GDP dynamics, and calculated that the actual growth may have been more than two percentage points lower than national accounting data. World trade, after the sharp decline which occurred in the first quarter and the stagnation in the second one, continued to disappoint the expectations during the summer months. Oil fixing weakened again and futures contracts anticipate a very modest recovery in prices over the next twelve months. Consumer price inflation in advanced economies hovered around zero, reflecting the weakness of commodity prices, while it was quite high in Russia and Brazil, also due to the weak local currency. Monetary policies remained strongly expansionary in developed countries and more accommodating in China, India and Russia. Volatility in the financial and international currency markets, which was reduced in July after an agreement between Greece and European leaders, rose rapidly starting from mid-August, with spreading fears of a sharp slowdown in China and its possible impact on the rest of the world.

During the third quarter of 2015, in the construction sector the pace of growth was satisfactory in the United States, Poland, the Czech Republic and stable in Luxembourg. On the other hand a slowdown in Russia and more difficulties in Italy and Germany were registered. In January-September 2015 our cement and clinker sales totaled 19.2 million tons, an increase of 1.3% over the previous year. Favorable variances were recorded in the United States of America, Poland, Russia (only thanks to the contribution of Korkino cement plant) and the Czech Republic, while in Central Europe the market remained subdued. In Italy some recovery in exports could not compensate the frail domestic market, which returned to very weak levels during the third quarter. Ready-mix concrete sales, which stood at 8.9 million cubic meters, decreased by 2.3% over the first nine months of 2014, with a still higher production in the Netherlands, Luxembourg, Poland, the Czech Republic and a slight positive sign in Italy; on the other hand the decline in Germany and the United States was reaffirmed.

The trend of cement prices in local currency during the first nine months was clearly on the rise in the United States and Ukraine (high inflation); modest changes occurred in Germany (favorable) and in Luxembourg, the Czech Republic and Russia (unfavorable). In Poland and Italy instead the decrease in price was more pronounced. Ready-mix concrete prices reported a brilliant development in the United States and a slight growth in the Czech Republic, as well as small but negative changes in Italy, Germany, Poland and the Netherlands, while in Luxembourg the decrease was more significant. Production costs continued to benefit from a quite favorable trend in fuel and electricity prices. The capacity utilization in the United States, Poland and the Czech Republic was higher than the previous year, resulting in a lower incidence of fixed costs per unit of output, while in Russia and Central Europe the incidence increased.

Consolidated net sales increased by 5.2% from €1,898.7 million to €1,998.1 million and Ebitda stood at €352.1 million, up €49.5 million (+16.4%). The 9M-15 figure was penalized by non-recurring costs for €3.2 million (€4.6 million in the same period of 2014). Net of non-recurring items Ebitda would have increased by €48.1 million (+15.6%); thus recurring Ebitda to sales margin improved from 16.2% to 17.8%. Foreign exchange fluctuations had a positive net effect thanks to the strengthening dollar, which was partly offset by the loss in value of the Russian ruble and the Ukrainian hryvnia. Like for like, net sales would have been up by 0.5% while Ebitda would have increased by 8.7%. After depreciation, amortization and impairment charges of €145.2 million (€166.5 million in 9M-14, including €30.9 million referring to goodwill in Ukraine), Ebit amounted to €206.9 million (€136.1 million in 2014). Net finance costs increased from €50.7 million to €83.7 million, of which €28.3 million were referred to non-cash items. The result of equity-accounted associates stood at €50.0 million (€36.2 million in the same period a year earlier) and gains on sale of investments amounted to €5.7 million (€0.1 million in 2014). As a consequence of the above, the profit before tax of the first nine months of 2015 came in at €178.9 million compared with €121.8 million at September 2014. The income statement closed with a net profit for the period at €120.3 million, of which €117.6 million attributable to owners of the company (€51.4 million in 2014).

Cash flow was equal to €265.5 million (€221.8 million at September 2014). Net debt as at September 30, 2015 amounted to €1,073.9 million, up €11.2 million over year-end 2014. In the first nine months, the group invested a total of €225.7 million in property, plant and equipment, €125.5 million thereof for expansion projects, quite all relating to the new production line in Maryneal (TX). As at September 30, 2015, total equity, inclusive of non-controlling interests, stood at €2,552.8 million compared with €2,362.1 million as at December 31, 2014. Consequently debt/equity ratio was equal to 0.42 (0.45 at 2014 year-end).

Italy

Our sales of hydraulic binders and clinker, exports included, declined by 2.6% from 9M-14. The greater contribution of exports could mitigate the domestic market decline, partly due to the decrease in the scope of operations, which does not include the North East region any more. Average selling prices, even if during the summer months the trend inverted, posted a decrease of 6.0%, characterized by an increasing export quota. In the ready-mix concrete sector, volumes and prices were stable compared with the 9M-14 results. On the costs front fuels showed a favorable trend which offset the increase in electric power costs. In the ready-mix concrete sector some unexpected serious insolvency situations again occurred, which led to bad debt expense equal to €5.6 million (compared with €2.9 million in 2014). Overall net

sales in Italy came in at €282.8 million, down 4.0% from €294.7 million and Ebitda closed again in negative territory at -€19.7 million compared with -€9.0 million in 2014. However it must be pointed out that the 2015 figure includes on the one hand a non-recurring income of €5.6 million referred to the partial release of provisions for antitrust risks and on the other hand non-recurring costs for dismantling and the transportation of equipment of €1.8 million, restructuring expenses of €1.5 million and provisions for legal claims of €0.3 million (compared to net non-recurring income of €3.4 million in 2014). Net of non-recurring items, Ebitda decreased by €9.2 million. For complete information it should be remembered that last year the company achieved other operating revenues of €4.6 million from the swap of CO_2 emission rights (nil in 2014).
In September Buzzi Unicem submitted to SACCI SpA a binding offer to purchase its cement and concrete business units under the composition plan of SACCI itself. In October the Court of Rome declared the admissibility of the application for composition proceedings submitted by SACCI. The binding offer made by Buzzi Unicem is included in the plan, which will be subject to the vote of the creditors in the meeting set for January 18, 2016.

Central Europe

In Germany, for the first nine-month period, cement volumes sold decreased by 4.9% from the same period a year earlier, with stable prices (+0.2%). The decrease in sales is due to the particularly challenging comparison with the excellent results achieved in the first months of 2014 and also to the weaker oil-well cement demand. The ready-mix concrete sector recorded a higher decrease in output (-8.4%), with prices slightly down (-1.6%). Overall net sales stood at €429.8 million (€466.3 million in 2014), down 7.8%, and Ebitda at €52.6 million (from €52.7 million). However it should be pointed out that the 2014 figure included non-recurring costs of €3.4 million. Net of non-recurring costs and income, Ebitda decreased by €4.0 million (-7.1%). Among the operating costs, the trend was favorable for both fuels (-8.0%) and electric power (-17.2%). During this period the company incurred other operating costs of €2.6 million from the purchase of CO_2 emission rights within the group (nil in 2014).

In Luxemburg, during the period, our sales of cement and clinker, inclusive of internal sales and export volumes, were down 4.8%, reflecting the still difficult comparison with the good results achieved at the beginning of 2014 and the slowdown in exports to neighboring countries. Average selling prices were quite stable (-0.6%). The ready-mix concrete production showed a strong recovery (+19.0%) with weak prices. Overall net sales came in at €77.2 million, down 4.4% from the same period last year (€80.7 million); Ebitda decreased from €13.0 to €11.6 million (-11.2%). As for production costs, the trend of energy factors was favorable for both electric power (-12.7%) and fuels (-7.2%). During the period the company achieved other operating revenues of €0.5 million from the swap and sale within the group of CO_2 emission rights, deemed in excess compared to production volumes (nil in 2014).

In the Netherlands, ready-mix concrete production totaled 0.5 million cubic meters (up 19.4% from the same period a year earlier), with net sales at €48.5 million (€42.7 million last year). Ebitda, also thanks to the efforts put in place by the management to restore balance in the company, finally went back to positive territory, from -€0.7 million the previous year to +€1.6

million. However it must be pointed out that the 2015 figure includes restructuring expenses of €0.5 million. Net of non-recurring items, Ebitda increased by €2.7 million.

Eastern Europe

In Poland, in the third quarter the business continued with a regular trend: cement volumes sold in the first nine months reported a 23.9% increase. Moreover the comparison with last year is less significant, as it was affected by some difficulties of implementing a new price list. Ready-mix concrete output, thanks to the good recovery in the third quarter, reported an increase in the levels of the previous year (+7.1%). The average price level in local currency was lower for cement (-12.0%) and slightly down for ready-mix concrete (-1.1%). Net sales, on which foreign exchange fluctuations had little impact, increased from €68.1 to €76.2 million (+11.9%) and recurring Ebitda from €15.5 to €20.3 million (+31.1%). Net of foreign exchange effect net sales and Ebitda would have increased by +11.4% and +30.6% respectively. As for the main operating costs the price trend was unfavorable for electric power (+5.5%) and favorable for fuels (-15.1%). During the period the company achieved other operating revenues of €1.1 million from the swap and sale within the group of CO_2 emission rights, deemed in excess compared to production volumes (nil in 2014).

In the Czech Republic, our hydraulic binders sales slightly improved the already good levels achieved in the same period last year, with an increase of 3.2% and average sales prices in local currency slightly down (-0.7%). The ready-mix concrete sector, which includes also Slovakia, thanks to the continuing recovery during the third quarter, also showed a positive trend in volumes (+2.5%), with rising prices (+2.7%). Overall net sales, on which foreign exchange fluctuations had little impact, increased from €100.1 million to €100.8 million (+0.8%), and Ebitda increased by €5.4 million, from €19.2 to €24.7 million (+28.3%). Net of foreign exchange effect, net sales and Ebitda would have increased by 0.3% and 27.6% respectively. Among the operating costs in local currency the trend was favorable for both fuels (-12.7%) and electric power (-6.1%). During the period the company achieved other operating revenues of €0.9 million from the swap and sale within the group of CO_2 emission rights, deemed in excess compared to production volumes (nil in 2014).

In Ukraine, the first nine months set forth cement sales down by 4.0%, with higher average prices than in 2014 (+19.8% in local currency). Net sales decreased from €71.9 million to €52.4 million (-27.2%) while Ebitda decreased from €11.8 million last year to €4.3 million. The hryvnia sharp depreciation heavily penalized the translation of the results into euro: at constant exchange rate, net sales variance would have been positive (+15.4%) and recurring Ebitda would have decreased by €5.0 million. Among the main operating costs in local currency, a price trend hike was recorded for both fuels (+57.7%) and electric power (+38.7%).

In Russia, volumes sold in the first nine months of the year, which benefited from the contribution of the Korkino cement plant, were higher by 9.2% compared to the same period of 2014; like for like, unit sales would have been lower by 15.9%. The category of oil well cements, used in the extraction industry, continued to show good resilience. Prices in local currency did not change (-0.7%); it should be remembered, though, that the average price of the products delivered by the Korkino plant is lower compared to the mix of the Suchoi Log plant. Net sales decreased from €176.2 million in 2014 to €136.2 million (-22.7%) while Ebitda came in at €40.5 million compared to €64.8 million last year, down 37.5%. This figure includes non-recurring costs of €0.7 million (€4.2 million in 2014). Ruble depreciation negatively impacted the results translation into euro. Net of foreign exchange effect, changes in scope and non-recurring items, net sales and Ebitda would have decreased by 7.4% and 21.4% respectively. Among the main operating costs in local currency, the price trend was stable for fuels (-0.7%) and favorable for electric power (-5.6%).

United States of America

Cement sales during the first nine months of the year, despite unfavorable weather conditions from March to May especially in Texas and a significant contraction in deliveries of oil well cements, were higher by 2.9% compared to the same period of 2014, thanks to the good performance of the Midwestern regions. Ready-mix concrete output, mainly located in the Southwestern regions, decreased from last year (-4.5%). The trend in average selling prices in local currency continued to be positive for both cement (+8.3%) and ready-mix concrete (+10.7%). Overall net sales totaled €823.5 million vs. €619.0 million and Ebitda increased from €135.2 million to €216.2 million (+60.0%), including €3.9 million non-recurring costs. The exchange rate effect had a very positive impact on net sales (by €146.2 million) and on Ebitda (by €38.4 million). The capacity utilization of our facilities was generally high and favored fixed costs absorption. As for the cost of energy factors, the trend was favorable for fuels (-14%) and quite stable for electric power. The upgrade and expansion of the plant in Maryneal (TX), with completion expected in early 2016, are progressing as scheduled and led to capital expenditures of €121.5 million in the period under review.

Mexico (valued by the equity method)

Cement sales continued to be favorable and higher than expected also during the third quarter and the average prices in local currency in the first nine months of the year showed a gradual improvement over 9M-14. Also ready-mix concrete sales maintained their excellent development, mainly supported by the production realized in the metropolitan area of the capital city. The exchange rate of the Mexican peso against the euro remained quite stable. With reference to 100% of the associate, net sales stood at €475.2 million (+26.1%) and Ebitda increased from €138.4 to €195.8 million (+41.5%). Among the main operating costs in local currency both fuels and electric power had a favorable trend. The equity earnings referring to Mexico, which are included in the line item that encompasses the investments valued by the equity method, amount to €41.3 million (€28.0 million in 2014).

Outlook

The trend of the first nine months of 2015 followed fairly closely the evolution already outlined in the first half-year.

In Italy, during the summer months and even more to the end of the quarter, expectations of recovery in demand for cement and ready-mix concrete cooled down completely. Sales prices bottomed in June but are still far from a profitable level. As no sales of CO_2 emission rights are planned, the operating loss will be unfortunately confirmed higher than that of 2014.
Central Europe should close the year with recurring operating results in line with 2014, which reflect trading conditions more static than expected at the beginning of the year.
In Poland and the Czech Republic, we estimate that the market will still be basically favorable also during the final quarter. In the troubled political and economic scenario of Ukraine building activities continue at a weak pace, therefore we expect results to stabilize at a slightly positive level. In Russia, cement demand is affected by the difficult economic situation and in the Urals area it decreased more than elsewhere. Consequently, for this country, we confirm our expectations for operating results clearly lower than in the previous year, supported by the contribution of the Korkino plant but worsened by the strongly negative foreign exchange rate.
In the United States volumes should remain at a satisfactory level during the last part of the year, thus permitting to confirm the already achieved significant development of operating results. Nevertheless there are risks associated with the low oil price, which impact on the oil-well product category and on Texas economy in general.
Overall, therefore, the best estimate we can currently formulate is consistent with the one already disclosed to the market in the half-yearly financial report and suggests an improving recurring Ebitda for the full year 2015 compared to the previous financial year at around €450 million in absolute value.

The manager responsible for preparing the company's financial reports, Silvio Picca, 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.

Casale Monferrato, November 10, 2015

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BUZZI UNICEM SPA

CONSOLIDATED BALANCE SHEET (in thousands of euro)

	30.09.2015	31.12.2014
ASSETS		
Non-current assets		
Goodwill	571.352	571.213
Other intangible assets	9.867	10.326
Property, plant and equipment	3.039.365	2.835.410
Investment property	23.539	23.822
Investments in associates and joint ventures	378.294	371.914
Available-for-sale financial assets	2.423	2.377
Deferred income tax assets	56.416	61.470
Other non-current assets	40.956	44.561
	4.125.529	**3.925.297**
Current assets		
Inventories	365.534	377.003
Trade receivables	425.450	360.499
Other receivables	87.525	87.982
Available-for-sale financial assets	2.856	3.595
Cash and cash equivalents	376.537	412.590
	1.263.488	**1.241.669**
Assets held for sale	3.764	2.636
Total Assets	**5.392.781**	**5.169.602**
EQUITY		
Equity attributable to owners of the company		
Share capital	123.637	123.637
Share premium	458.696	458.696
Other reserves	129.844	46.465
Retained earnings	1.817.061	1.711.064
Treasury shares	(4.768)	(4.768)
	2.524.470	**2.335.094**
Non-controlling interests	28.342	27.038
Total Equity	**2.552.812**	**2.362.132**
LIABILITIES		
Non-current liabilities		
Long-term debt	1.216.088	1.304.359
Derivative financial instruments	41.890	18.588
Employee benefits	441.646	441.569
Provisions for liabilities and charges	85.305	86.959
Deferred income tax liabilities	423.419	402.882
Other non-current liabilities	18.873	19.137
	2.227.221	**2.273.494**
Current liabilities		
Current portion of long-term debt	194.605	158.156
Short-term debt	2.671	-
Derivative financial instruments	390	2.687
Trade payables	228.906	226.399
Income tax payables	24.032	8.240
Provisions for liabilities and charges	19.270	17.266
Other payables	142.870	120.018
	612.744	**532.766**
Liabilities held for sale	4	**1.210**
Total Liabilities	**2.839.969**	**2.807.470**
Total Equity and Liabilities	**5.392.781**	**5.169.602**

CONSOLIDATED INCOME STATEMENT	**3Q 2015**	**3Q 2014**
Net sales	**1.998.105**	**1.898.703**
Changes in inventories of finished goods and work in progress	(19.040)	(22.335)
Other operating income	51.999	52.189
Raw materials, supplies and consumables	(796.223)	(778.466)
Services	(485.186)	(469.911)
Staff costs	(338.746)	(319.070)
Other operating expenses	(58.840)	(58.567)
Operating cash flow (EBITDA)	**352.069**	**302.543**
Depreciation, amortization and impairment charges	(145.217)	(166.472)
Operating profit (EBIT)	**206.852**	**136.071**
Equity in earnings of associates and joint ventures	49.959	36.209
Gains on disposal of investments	5.725	149
Finance revenues	36.096	69.853
Finance costs	(119.773)	(120.513)
Profit before tax	**178.859**	**121.769**
Income tax expense	(58.584)	(66.400)
Profit for the period	**120.275**	**55.369**
Attributable to		
Owners of the company	117.599	51.431
Non-controlling interests	2.676	3.938

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Profit for the period	**120.275**	**55.369**
Items that will not be reclassified to profit or loss		
Actuarial gains (losses) on post-employment benefits	1.607	(35.928)
Income tax relating to items that will not be reclassified	64	10.800
Total items that will not be reclassified to profit or loss	**1.671**	**(25.128)**
Items that may be reclassified subsequently to profit or loss		
Currency translation differences	84.189	63.193
Income tax relating to items that may be reclassified	-	6.008
Total items that may be reclassified subsequently to profit or loss	**84.189**	**69.201**
Other comprehensive income for the year, net of tax	**85.860**	**44.073**
Total comprehensive income for the period	**206.135**	**99.442**
Attributable to		
Owners of the company	203.808	98.472
Non-controlling interests	2.327	970